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Our Collective Call to Action: Next Steps to a More Inclusive Financial System

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ABOUT THE ASPEN INSTITUTE FINANCIAL SECURITY PROGRAM

The Aspen Institute Financial Security Program's (Aspen FSP's) mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. Aspen FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private and public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans. To learn more, visit AspenFSP.org, join our mailing list at http://bit.ly/fspnewsletter, and follow @AspenFSP on X and The Aspen Institute Financial Security Program on LinkedIn.

Objective

This publication aims to introduce U.S. policymakers, industry leaders, and consumer advocates to a set of key priority issues that, if addressed, would unleash critical changes in our financial system that would drive us toward greater household financial stability, resilience, and long-term financial security. By identifying and describing the key priority issues and the levers that can be brought to bear to address these issues, this report equips changemakers with insights and expert guidance to chart a collective course to build a more inclusive financial system.

Such collective action across public, private, and social sectors—facilitated by a National Strategy—is exactly what is needed to make concerted progress on these priority issues to improve household financial security and build a stronger, more inclusive economy for all.

Methodology

The insights presented in this report are informed by a series of expert working group convenings on inclusive financial systems. With more than 60 expert participants, these convenings included representation from a broad cross-section of organizations and sectors, each bringing a distinct perspective on an inclusive financial system.

Further, this report incorporates findings from previous Aspen FSP publications, encompassing research reports, publicly available datasets, household interviews, and past interviews with government, social sector, and private sector financial specialists. The synthesis of these sources, coupled with expert perspectives and research methods, forms the basis of the recommendations presented in this report.

WHAT'S IN THIS REPORT

This report begins with an introduction to the significance of an inclusive financial system and the purpose of a National Strategy to create one. Next, it examines the priority issues recommended for inclusion in a National Strategy. Each Priority Issue is introduced, presenting the problem and proposing illustrative actions to address it. Each section further outlines the potential impact for household finances and the overall financial system. The report opens with an Executive Summary and then is structured as follows:

Executive Summary: The Priority Issues to Catalyze National Financial Progress

The U.S. financial system is the most powerful and innovative in the world. At its best, it is an engine for shared prosperity. However, the financial system does not work for, nor deliver, equally for all people. Despite the continued expansion and innovation within the U.S. financial system, persistent exclusion, gaps, and disparities persist. To build a truly inclusive and well-functioning financial system, we must provide all people with the financial tools needed to succeed and achieve long-term financial security.

The purpose of a National Strategy for an Inclusive Financial System ("National Strategy") is to accelerate progress. A National Strategy identifies the priority issues, defines objectives for those issues, and pinpoints barriers and opportunities relevant to the achievement of those objectives. It then outlines a prioritized set of actions to pursue in a coordinated manner with partners across government, financial services, and the social sector. This strategy builds upon efforts underway within each sector, including regulatory tech sprints, financial innovations in AI, investments in real-time payment platforms like FedNow, and regulatory modernization like changes to the Community Reinvestment Act.

The inaugural National Strategy should focus on a short list of key priority issues ("Priority Issues") where the potential benefit for household finances—including financial stability, resilience, wealth, and well-being—is highest. Informed by expert discussion across the public, private, and social sectors, the following Priority Issues emerged where concerted, coordinated action will catalyze the greatest progress. These are the Priority Issues recommended:

1. **Resilience (for households):** Managing financial shocks and short-term cash needs for households.
2. **Risk:** Pricing risk more accurately and fairly to unlock affordable credit for more households.
3. **Incentive:** Reimagining business models of providers with actions that help all people build financial stability and long-term security.
4. **Verification:** Increasing security, safety, and trust through more efficient identity verification and authentication.
5. **Competition:** Invigorating competition and responsible innovation in the marketplace through consumer-permissioned data sharing, or "Open Finance," that enables better-quality, lower-cost, or more useful financial services to benefit more households.

We firmly believe that concerted progress on these Priority Issues will unlock a financial system that is not only more inclusive, but also more competitive, innovative, and stronger than today's. Doing so will result in a financial system that engenders trust, confidence, and greater wealth for more people.

The pages ahead detail why these Priority Issues were selected, what each entail, and the types of tools and actions available. Across government, financial providers, and the social sector, we each have an immediate role to play. No single actor or sector can address the persistent exclusion, gaps, and disparities that persist within our current financial system alone. Building an inclusive financial system requires a holistic, deliberate, and coordinated approach that aligns the efforts of a wide range of stakeholders across all sectors. Therefore, our collective call to action is to support the creation of the National Strategy and align our work with these Priority Issues—identifying opportunities where we can amplify our collective impact on how people access, use, and benefit from our full financial system.

Defining Open Finance

"Open Finance" refers to the "network of entities sharing personal financial data with consumer authorization."[1] In this paper we use the term open finance because of the role of non-depository institutions in data sharing, but Consumer Financial Protection Bureau and others use the terms "open finance" and "open banking" interchangeably. Open finance, if implemented correctly, gives consumers more access to and protection of their financial data, and enables better-quality, lower-cost, or more useful financial services to benefit more households.

Introduction: Why the U.S. Needs a National Strategy for an Inclusive Financial System

At its best, the U.S. financial system is an engine for shared prosperity—giving families the financial tools they need to manage their day-to-day finances, absorb sudden changes in income or an unavoidable expense, and build financial wealth.

However, the financial system does not work for nor deliver equally for all people. In its current structure, the U.S. financial system best serves high-wealth people. In building an inclusive and well-functioning financial system that works for everyone in the U.S., we must focus on people with low financial security today. In providing access to inclusive, useful, and affordable financial products and services, we ensure everyone can have the financial tools needed to succeed and achieve long-term financial security.

The Current State of the U.S. Inclusive Financial System

An inclusive financial system enables all people to access, use, and reap the benefits of a full suite of financial products for stability, resilience, and long-term financial security.

The true measure of national progress toward building an inclusive financial system lies not merely in increasing the access and usage of financial services, but in the better financial outcomes these products yield and the impact that has on people's lives. As introduced in *The State of the U.S. Inclusive Financial System* report and shared in Chart A (page 7) the 'Financial System North Star Dashboard,' benchmarking and assessing inclusion within the financial system has two distinct dimensions:

1. **Overall Financial Outcomes:** The impact on household finances enabled by the full financial system, represented by four "North Star" measures related to financial stability, resilience, wealth, and well-being; and

> **An inclusive financial system enables all people to access, use, and reap the benefits of a full suite of financial products for stability, resilience, and long-term financial security.**

2. **People's Direct Experience:** How people access, use, and benefit from each of the five types of financial services—banking and payments, short-term savings, long-term savings and investing, credit, and insurance—that compose the full suite of financial services households need to achieve stability, resilience, and long-term financial security.[2]

The overall financial outcomes of resilience, stability, wealth, and well-being draw from established household financial frameworks, such as the Consumer Financial Protection Bureau's (CFPB) *Financial Well-Being Scale*, the Financial Health Network's *Financial Health Pulse*, the World Bank's *Global Findex*, and the Aspen Institute's *Financial Security Framework*.

While these financial outcome frameworks center on the important role of the financial system in enabling household financial security, each also acknowledges the importance of related systems. Labor markets, the justice system, macroeconomic conditions, wages, digital connectivity, social support programs, and healthcare also influence these household outcomes.[3] For a National Strategy, the focus should be on the role of the financial system specifically in household finances.

In 2023, only 28 percent of U.S. adults reported high or very high financial well-being.[4] Over the last few years, household surveys like the Financial Health Network's Pulse, the Survey of Household Economics and Decisionmaking (SHED), and the Survey of Consumer Finances

(SCF) have showed household gains during the pandemic on account of pandemic-era relief followed by an erosion thereafter.

As the 'Financial System North Star Dashboard' in Chart A illustrates, progress has been uneven. There has been notable progress in some areas, notably in credit and in banking and payments (denoted in green in Chart A). However, progress has stagnated in other areas, particularly in short-term savings and long-term savings and investing (denoted in yellow and red in Chart A). Without foundational progress on savings and investing, achieving the larger goals of financial stability, resilience, and long-term financial security is more difficult. Consequently, lasting gains in financial outcomes for more people necessitates concerted progress across all aspects of the financial system.

The Purpose of a National Strategy: Accelerate Progress

Financial inclusion is not a naturally occurring phenomenon; it demands purposeful intervention. Despite the continued expansion and innovation within the U.S. financial system, exclusion, gaps, and disparities persist. Inclusion requires our financial system to be able to serve the needs of *all* people across the income and wealth spectrum—especially individuals and communities that have been underserved or excluded from mainstream financial services.

Achieving greater financial inclusion requires a holistic, deliberate, and coordinated approach to identify relevant barriers and opportunities, leverage linkages across policy areas, and align the efforts of a wide range of stakeholders.[5] Globally, more than 50 countries have implemented explicit national financial inclusion strategies to help coordinate national action, such as the United Kingdom's Financial Inclusion Commission.[6] Results indicate that countries that adopt national strategies accelerate progress in financial inclusion and have economies which grow faster and deliver better outcomes than their less inclusive peers.[7]

Therefore, the purpose of the National Strategy is to jointly identify priority issues, define financial inclusion objectives, identify barriers and opportunities relevant to the achievement of those objectives, and outline a prioritized set of actions to pursue in a coordinated manner with partners across government, financial services, and the social sector.

"Financial inclusion is not a naturally occurring phenomenon; it demands purposeful intervention."

Chart A. Financial System North Star Dashboard: The Current State of the U.S. Financial System[8,9]

Four Measures Track Overall National Progress			
	Financial Well-Being Overall national measure of household financial security		
	28% U.S. adults with high or very high financial well-being (CFPB, 2023)		
	Financial Stability Ability for households to meet day-to-day financial needs and build savings	**Financial Resilience** Ability for households to manage a sudden drop in income or an unavoidable expense	**Financial Wealth** Ability for households to invest and plan for the future
	49% U.S. households with routinely positive cash flow, who report spending is less than income (SHED, 2022)	**51%** U.S. adults who indicate it is possible and not difficult to come up with emergency funds in 30 days from any source (World Bank, 2021)	**$27,000** Median net worth for U.S. households in the bottom 50% of the wealth distribution (SCF, 2022)

	Three Aspects of an Inclusive Financial System		
Five Types of Financial Services	**Access** **Degree to which the financial service is accessible to all people**	**Use** **Degree to which the financial service performs the function people need so that people can utilize it**	**Benefit** **Degree to which the financial service facilitates financial stability, security, and other financial outcomes for people**
Banking and Payments	**95.6%** Households with a transaction account (FDIC, 2021)	**81.5%** Households considered 'fully banked' (FDIC, 2021)	**$214** Average bank account fees paid annually by 'financially vulnerable' households (FHN, 2022)
Short-Term Savings	**51%** Households report having a dedicated savings account (SCF, 2022)	**3.6%** Average amount of personal income saved (FRED, 2023)	**46.3%** Households with 6 weeks of income in liquid savings (SCF, 2022)
Long-Term Savings & Investing	**68%** Private sector workers who have access to retirement benefits (BLS, 2021)	**52%** Private sector workers who contribute to a retirement plan (BLS, 2021)	**51%** Working age households with retirement risk (NRRI, 2020)
Credit	**53%** U.S. adults with a prime credit score or higher (CFPB, 2019)	**29.2%** Debt burden: Median leverage ratio for households with debt (i.e., total debt relative to total assets) (SCF, 2022)	**74%** U.S. households who indicate they have a manageable amount of debt or no debt (FHN, 2022)
Insurance	**35% | 43% | 57%** Private sector workers with access to long-term disability, short-term disability, and life insurance, respectively, via their employer (LIMRA, 2021)	Requires more data collection and reporting	Requires more data collection and reporting

Color Legend: Green, Yellow, and Red all denote different types of trends.

= has a positive trend   = has a flat or near-flat trend   = has an adverse trend

Tools & Policy Choices Available to Shape the U.S. National Strategy

In developing the National Strategy, policymakers should consider the range of tools and policy choices available to the federal government, as well as to financial services providers and the social sector. It is only through concerted action that progress can be made and longstanding financial disparities addressed. A National Strategy should evaluate, use, and harmonize the full range of tools available:

Chart B. Summary of Available Tools and Policy Options

Tools & Policy Choices Available for a National Strategy Across Stakeholders[10]		
1 Regulate	Government	The government is uniquely positioned to set and enforce the rules that promote inclusion via their ability to regulate conduct, set standards, intervene to encourage innovation or competition, license providers or products, and implement mandates.
	Financial Services Providers	Financial services providers can play a supporting role by enabling self-regulatory organizations (SROs) to set additional norms or standards to facilitate regulatory objectives.
2 Protect	Government	Regulators have purview to protect people from harm via bad actors and predatory, abusive, unfair, or deceptive products or practices.
	Social Sector	The social sector can further support consumer protection by facilitating public accountability of business practices—ranging from public customer reviews or ratings, to redress or grievance mechanisms, to advocacy.
3 Invest	Government	In a financial system, the movement (or lack thereof) of capital is consequential for inclusion as gaps or suboptimal levels of capital to underserved communities can perpetuate historical exclusion. The government can act directly as a financier and investor, or indirectly by encouraging and rewarding behaviors that increase inclusion, such as the flow of private sector capital.
	Financial Services Providers	Private sector capital can be mobilized toward financial services providers that are addressing areas of the financial system with gaps or disparities.
4 Collaborate	All Sectors	Partnerships, consortiums, and public/private collaborations can address a critical need that neither government nor a single company can address alone. This approach reduces the risks to individual private sector actors.
5 Build	All Sectors	Public or private investment in critical financial infrastructure may be needed, either through building such infrastructure directly via the government or the financial sector, or through public/private partnerships involving both. Crucial financial infrastructure should be universally available across payments, credit, savings, investing, and insurance.
6 Provide	Government	Where there are market gaps left by private or social sector actors, the government can step in to fill such gaps and directly provide financial services, or indirectly provide them through grants, subsidies, or guarantees.
	Financial Services Providers & Social Sector	Private and social sector actors build and provide financial products and infrastructure that is safe, responsible, fair, usable, and convenient across the full suite of financial services households need (e.g., banking and payments, short-term savings, long-term savings and investing, and insurance).
7 Inform	All Sectors	Many government agencies, financial providers, and social sector organizations collect data or conduct financial inclusion, consumer education, or counseling programs that already have goals related to financial inclusion. These should be considered and leveraged within the National Strategy.
8 Contract	All Sectors	In their role as employer, all organizations across sectors can foster inclusion within their workplace through private benefits and access to quality savings, investment, and insurance products. Further, the government contracts out aspects of financial services provision, such as a reloadable card provider to deliver public benefits. The specifications of these contracts and the standards they set have an impact on inclusion.
9 Grant	All Sectors	The government, as well as financial institutions via philanthropic dollars, can direct grants for services, research, or investments to social sector actors to build capacity and knowledge.
10 Encourage	Government	The government can encourage safe and responsible financial innovation and experimentation through such tools as regulatory sandboxes, innovation offices, tech sprints, pilots, and guidance on responsible innovation practices.

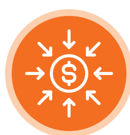
The Priority Issues for the National Strategy

The inaugural National Strategy should focus on a short list of key priority issues where the potential for household financial benefit is highest. These issues should be cross-cutting—implicating a multitude of actors involved in financial services and galvanizing their collective action to substantially improve household stability, resilience, wealth, and well-being. In prioritizing cross-cutting issues, the National Strategy will draw in and necessitate collaboration among diverse stakeholders from government, the financial sector, and the social sector with influence over these issues.

To identify this set of key issues, Aspen FSP established a Working Group made up of more than 60 expert participants across the public, private, and social sectors. Together, we identified more than a dozen issues where concerted, coordinated action will catalyze the greatest progress. From this set of issue contenders, five priority issues ("Priority Issues") were selected based on their potential impact across the full financial system to improve the financial stability, resilience, and long-term financial security of more households.

We firmly believe that concerted progress on these Priority Issues will unlock a financial system that is not only more inclusive, but also more competitive, innovative, and stronger than today's. Doing so will result in a financial system that engenders trust, confidence, and greater wealth for more people, as explored in the next section, 'The Impact of Solving these Priority Issues.' The recommended Priority Issues are as follows:

1. **Resilience (for households):** Managing financial shocks and short-term cash needs for households.



2. **Risk:** Pricing risk more accurately and fairly to unlock affordable credit for more households.

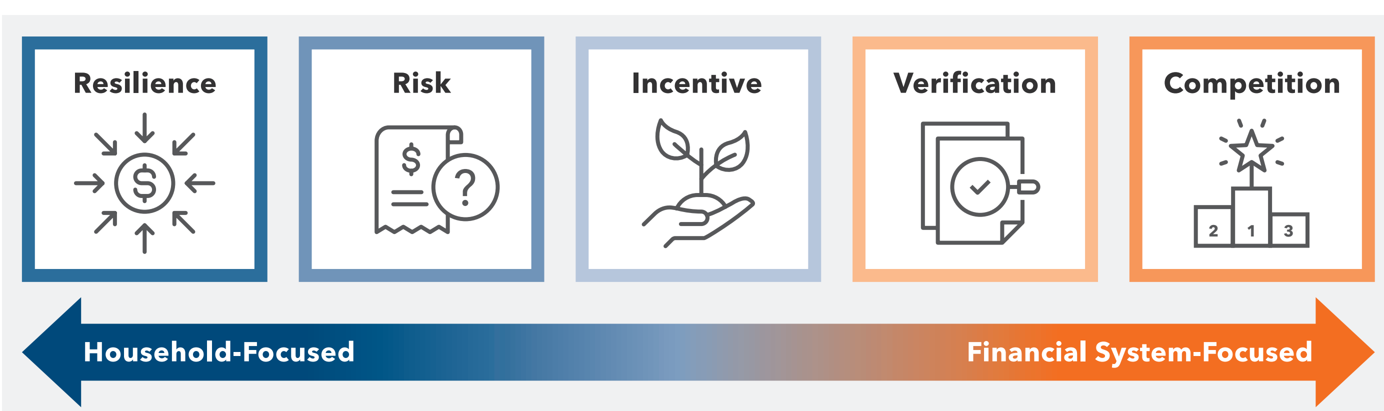
3. **Incentive:** Reimagining business models of providers with actions that help all people build financial stability and long-term security.

4. **Verification:** Increasing security, safety, and trust through more efficient identity verification and authentication.

5. **Competition:** Invigorating competition and responsible innovation in the marketplace through consumer-permission data sharing, or Open Finance, that enables better-quality, lower-cost, or more useful financial services to benefit more households.

Chart C. Introducing the Priority Issues a National Strategy Should Address

Shown on a spectrum from most household-focused (left) to most financial system-focused (right)



The Impact of Solving the Priority Issues

A focused approach to the Priority Issues is anticipated to yield the greatest gains in household financial security, as measured by the four "North Star" indicators of financial stability, resilience, wealth, and overall well-being. Moreover, implementing the five key Priority Issues will also enable new revenue opportunities for providers and, ultimately, contribute to a stronger, more competitive national economy for all.

Household Financial Gains

Examining the indicators in the 'Financial System North Star Dashboard' (Chart A), there are two channels through which these Priority Issues will impact household finances:

1. **Greater Financial Access and Beneficial Use:** The full suite of financial products and tools people need—banking and payments, short-term savings, long-term savings and investing, credit and insurance—will become more accessible, usable, affordable, and beneficial for more households, particularly for traditionally underserved people and communities.

2. **Improved Financial Resilience and Security:** More households will experience the financial stability and resilience facilitated by these financial products. This includes the ability to meet day-to-day financial needs and manage a sudden drop in income or an unavoidable expense. A stronger financial foundation will enable more households to accumulate financial wealth and attain long-term financial security.

Today, half of U.S. adults and households lack financial stability and financial resilience—only 49 percent report routinely positive cash flow and roughly the same number indicate that they could come up with funds in an emergency without difficulty. For households in the bottom half of the wealth distribution, median net worth is $27,000. Each of these measures can be substantially improved by enabling households to access, use, and reap the benefits of a full suite of financial products for stability, resilience, and long-term financial security. Such gains can also facilitate greater trust in the overall financial system, thereby encouraging greater use of mainstream financial services.

New Revenue Opportunities for Providers

Financial providers also benefit, by unlocking new markets and opportunities to grow and better serve new and existing customers. In 2022, U.S. households spent an estimated $347 billion on financial products, an increase of 14 percent from the year prior.[11] Enabling providers to compete for new business is a key means by which both households and providers will benefit. Further, gains in household finances can improve the desirability of these households to a wider array of providers, reinforcing improvements at the household level with new opportunities for providers over time.

A Stronger, More Competitive Economy for All

There is a compelling economic rationale for building a more inclusive financial system. A 2019 analysis by McKinsey estimated that the United States' real GDP could be 4 percent to 6 percent higher if we created a more inclusive financial system to remove racial and other systemic disparities.[12] Further, research from the International Monetary Fund also shows a 2-to-3 percentage point GDP growth difference over the long-term between financially inclusive countries and their less inclusive peers.[13]

Furthermore, a stronger, more inclusive financial system is integral to national security. Domestically, inclusion of more people within the financial mainstream reduces social and political isolation, fostering social belonging, dignity, and respect.[14] Internationally, reinforcing and deepening the U.S. financial system enhances its global influence and reach to prevent illicit use by bad actors—such as terrorists, organized crime, and sanctioned entities.

> **The United States' real GDP could be 4% to 6% higher if we created a more inclusive financial system to remove racial and other systemic disparities.**

The Anticipated Impact for Each Priority Issue within a National Strategy

A dedicated focus on these Priority Issues will accelerate progress toward resolving persistent financial gaps, improve the financial security of millions of people, and contribute to a stronger, more competitive national economy for all. Concerted progress toward addressing the Priority Issues is expected to result in substantial gains across all key dimensions measurable in the 'Financial System North Star Dashboard' (Chart A). Here's a look at each Priority Issue and its anticipated impact:

Chart D. Anticipated Impacts of Addressing Priority Issues

Priority Issue	Anticipated Impact
1 **Resilience:** Managing Financial Shocks and Short-Term Cash Needs	Nearly half of households lack the financial tools and resources they need to manage financial shocks, such as an income loss, an unavoidable expense, or a timing mismatch in funds. Improved ability to manage financial shocks and short-term cash needs will facilitate sustained progress toward financial stability, resilience, and long-term financial goals.
2 **Risk:** Pricing Credit and Risk More Accurately	Nearly half of adults have either a below-prime credit score or possess a thin, stale, or nonexistent credit history, classifying them as unscorable. These adults often pay more for traditional credit products than their actual risk may imply, if products are available at all. Further, credit scores are crucial for uses beyond lending—impacting one's ability to obtain insurance, telecommunications, rentals, or even employment. Unfortunately, traditional forms of risk scoring based on the credit profile alone overlook the wealth of other types of predictive information on a person, such as transaction history. Broadening the types of financial data and analytics used can make credit risk scoring more accurate, fair, and inclusive. Doing so will improve the pricing of risk and credit for more people, as well as the overall safety and soundness of the financial system.
3 **Incentive:** Reimagining Business Models for Financial Security	Today, most financial providers measure their success based on shorter-term business results and on a product-by-product basis. This emphasis overlooks how the financial provider can best improve the finances of the household holistically and for the long-term. Instead, it is common for providers to prioritize revenue from fines and fees which penalize people facing financial challenges. Aligning the short-term financial incentives of providers with actions that enhance the long-term financial outcomes of households will make the full suite of financial products more useful and beneficial. Financial services that are both more accessible and beneficial contribute toward more people attaining financial stability, resilience, and wealth.
4 **Verification:** Improving Identity Verification and Authentication	Billions are lost each year by households, financial providers, and the government to fraud, scams, and bad actors—even as billions are spent on prevention. At the same time, many households lack acceptable forms of ID in order to access the financial system. Stronger, lower-cost, and more accessible methods of identity verification and authentication (including innovations in digital ID) will improve the cost and serviceability of underserved or vulnerable people by providers—while protecting people and government from fraud and blocking bad actors from the financial system.
5 **Competition:** Increasing Competition and Responsible Innovation Through Open Finance	U.S. households spend more than $300 billion in interest and fees annually.[15] Invigorating competition and responsible innovation within the financial system through responsible, safe, and consumer-permissioned financial data sharing, or Open Finance, can enable new types of financial services, improve product quality, lower cost, or broaden the availability of useful and beneficial financial tools to more people. Such an Open Finance marketplace enables financial data to be securely and efficiently shared among people, financial providers, and government agencies.

Each of the following sections examines the Priority Issues recommended for a National Strategy. Within each section the Priority Issue is described—presenting the problem, providing an explanation of the levers available, and proposing illustrative actions to address it. Each section also outlines the potential impact for household finances.

PRIORITY ISSUE #1

Resilience: Managing Financial Shocks and Short-Term Cash Needs

Many households lack the financial tools and resources they need to manage financial shocks—such as an income loss, an unavoidable expense, or a timing mismatch in funds. Improved ability to manage financial shocks and short-term cash needs is crucial to help more people attain financial stability and resilience and make sustained progress toward long-term financial goals.[16]

Financial resilience is the ability to manage such shocks and immediate cash needs. However, people have uneven access to the kinds of safe, affordable, and timely financial products that help prepare for such shocks and resolve them when they do occur. Emergency savings, low-cost short-term credit, real-time payments and access to wages, private and public insurance (e.g., unemployment, property, life, disability, etc.), and personal financial management tools each have a role.

The Problem: Only Half of U.S. Households are Financially Resilient

Currently, only 51 percent of U.S. adults say that coming up with emergency funds within 30 days from any source is possible and not difficult, according to the Global Findex measure of financial resilience. Financial instability affects people across the income spectrum. Adults in the lowest 40 percent of the income distribution, making $40,000 or less, struggle most. Even middle- and high-income adults struggle, with 1 in 3 adults in the upper 60 percent of the income distribution expressing difficulty coming up with emergency funds, if they find it possible at all.[17] Consequently, people often turn to high-cost debt to cover shortfalls, leading to long-term financial instability. Twenty-six percent of adults report unmanageable levels of debt.[18]

Chart E. U.S. Households with Financial Stability, Resilience, and Wealth

Taken from the 'Financial System North Star Dashboard' in Chart A

Financial Stability Ability for households to meet day-to-day financial needs and build savings	**Financial Resilience** Ability for households to manage a sudden drop in income or an unavoidable expense	**Financial Wealth** Ability for households to invest and plan for the future
49% U.S. households with routinely positive cash flow, who report spending is less than income (SHED, 2022)	**51%** U.S. adults who indicate it is possible and not difficult to come up with emergency funds in 30 days from any source (World Bank, 2021)	**$27,000** Median net worth for U.S. households in the bottom 50% of the wealth distribution (SCF, 2022)

Why This Matters: Financial Resilience Is Integral to Build Wealth

Efforts that help households build long-term wealth hinge on establishing financial stability and resilience first, as further explored in *Foundations of a New Wealth Agenda: A Research Primer on Wealth Building*. For example, a household's current level of liquid savings directly influences their ability to accumulate long-term wealth. Without sufficient liquid savings, households often deplete funds earmarked for the long-term (if such funds are even available). Notably, 9 percent of workers reported early withdrawals from retirement accounts in 2020.[19] However, households with at least $3,000 in emergency savings were about 3.2 times less likely to report using their retirement savings; and households who have at least $5,000 in emergency savings were 3.85 times less likely to tap into retirement savings.[20] Unfortunately, only 46 percent of households have six weeks' worth of income in liquid savings, a benchmark identified by the JP Morgan Chase Institute as essential for withstanding simultaneous income and expense shocks.[21]

How We Can Build Financial Resilience for More People

Achieving financial resilience necessitates access to products and services that manage cash flow and liquidity needs for today, while also building reserves to manage future financial shocks. Innovations—such as emergency savings, low-cost small dollar credit, personal financial management tools, real-time payments and access to wages, and insurance products—hold promise, but have yet to attain the scale needed to displace high-cost or unmanageable alternatives.

As a priority issue, a National Strategy should prioritize recommendations that broaden access to a full suite of financial products that facilitate financial resilience. These financial products and tools will help more people manage short-term financial shocks—such as an income loss or an unavoidable expense—along with their immediate cash needs arising from discrepancies in timing between income and expenses.

Together, we propose the following levers and corresponding actions to make concerted progress toward expanding access to beneficial, responsible, and affordable financial products and tools to more households to manage day-to-day finances and short-term financial shocks (as seen on the next page).

Chart F. Resilience Levers and Actions

Lever	Action
1 **Facilitate Financial Access to Public and Private Benefits:** While the financial system cannot solve persistent income shortfalls, it can help households connect with benefits they are eligible for.	→ Financial providers work with employers to research, evaluate, and test payroll innovations. → Financial providers work with employers to provide and enroll workers in affordable emergency savings and insurance products that help people manage future financial shocks. → Employers promote participation in private benefits to their workforce (e.g., usage of emergency savings and retirement savings). → State benefits administrators and federal benefits agencies (e.g., HHS, USDA) develop interoperable standards, practices, and infrastructure to enable the rapid and smooth delivery of public benefits. It is estimated that more than $60 billion a year in benefits go unclaimed.[22]
2 **Encourage and Scale Financial Products with Demonstrated Benefit:** Government agencies and regulators give financial providers tools to encourage new product innovations and scale those with demonstrated benefit.	→ Federal agencies expand subsidies to support innovations (e.g., risk pooling) in credit and insurance focused on helping households balance immediate cash shortfalls. → Federal regulators and government agencies support an Open Finance marketplace (see Priority Issue #5) whereby new types of consumer-permissioned financial data become available to the financial marketplace. This enables innovation among financial providers so that: – Financial providers design better personal financial management tools that help households to budget expenses, accumulate emergency savings, and manage their overall cash needs. – Financial providers design new tools to automate financial decisions and actions, using personalized financial data and insights. – Financial providers use the new types of data they gain access to—particularly cash flow and transactions data—to improve the accuracy of risk assessment for small dollar loans, thereby expanding low-cost access to more people (see Priority Issue #2).
3 **Displace Harmful Financial Products:** Encourage more financial providers and employers to offer affordable and responsible emergency savings, insurance, and small dollar credit products and personalized financial management tools to displace harmful ones.	→ More financial providers expand their product offerings and encourage participation in low/no-cost emergency savings and financial management tools. → Financial providers and employers work together to expand access to affordable workplace benefits, like emergency savings accounts, and insurance products like disability and life. → More banks and credit unions offer affordable small dollar installment loans or lines of credit to their customers, joining the six of the eight largest banks that offer low-cost small dollar loans.[23] → Regulators monitor the small dollar loan market and update their guidance for depository institutions to understand where additional flexibility may be called for to expand responsible access to small dollar loan products to a greater range of people. → Social sector organizations convene financial providers and consumer advocates to discuss commercially viable interest rates/fees that allow sustainable provision of quality short-term credit.

PRIORITY ISSUE #2

Risk: Pricing Credit and Risk More Accurately

Traditional forms of risk scoring based on the traditional credit profile alone overlook the wealth of other predictive information on a household. Adults with a below-prime credit score or a thin, stale, or nonexistent credit history (classifying them as unscorable) often pay more for traditional credit products than their actual risk may imply, if credit is available at all.

More accurate pricing of credit and risk, using broader types of data and analytics, can broaden access to affordable credit products. Credit is useful to manage short-term income or expense fluctuations, to facilitate asset purchases like a car, or to invest in wealth-building pursuits like home ownership or entrepreneurship. The accessibility and cost of these products is tied to the overarching credit reporting and scoring system. Improvements in the accuracy and risk-adjusted price of credit for households will not only improve the inclusiveness and fairness of credit for households, but also enhance the overall safety and soundness of the financial system.

The Problem: Current Credit Profiles Alone Are Not Fully Representative of Risk

Currently, only 53 percent of U.S. adults possess a prime or higher credit score.[24] A notable 22 percent of adults possess a thin, stale, or nonexistent credit history, classifying them as unscorable. An additional 23 percent of adults are classified below prime/subprime. A low or nonexistent credit score increases the uncertainty and perceived risk of a prospective credit customer by the financial provider. In turn, this leads many people to be declined or charged higher interest rates than their true risk level would otherwise indicate due to incomplete information. A CFPB study suggests that people with positive cashflow are less risky than people with less positive cashflow, when holding credit scores constant, by 20 percent or more depending on the methodology.[25] Financial providers are interested in serving a broader array of people but need better, more accurate information to serve them.

In the current rising interest rate environment, this problem is exacerbated, with low- and moderate-income households bearing a disproportionate burden. These households spend higher relative percentages of their income on financial services—8 percent of income compared with 3 percent for high-income households in 2022.[26] Improving risk assessment methods can mitigate such broad increases by improving the risk-adjusted price a household pays for their credit.

Chart G. Almost Half of Households Face Credit Challenges and One-Fourth Have Unmanageable Debt[27]

Taken from the 'Financial System North Star Dashboard' in Chart A

	Access Degree to which the financial service is accessible to all people	**Use** Degree to which the financial service performs the function people need so that people can utilize it	**Benefit** Degree to which the financial service facilitates financial stability, security, and other financial outcomes for people
Credit	**53%** U.S. adults with a prime credit score or higher (CFPB, 2019)	**29.2%** Debt burden: Median leverage ratio for households with debt (i.e., total debt relative to total assets) (SCF, 2022)	**74%** U.S. households who indicate they have a manageable amount of debt or no debt (FHN, 2022)

How We Can Improve the Accuracy of Pricing Credit and Risk

Many people have valuable information that would more accurately quantify their risk as a borrower—such as cash flow data from their payroll and bank accounts, and payment history such as rent and utility payments—that is not currently factored into their credit report or score. As a result, providers do not have access to the full set of data that would be more illustrative of a person's ability to repay than current credit scoring indicates. Making such information sources available and incorporating them into risk assessment would expand affordable credit options and increase the number of would-be potential borrowers.[28]

Advances in risk modeling techniques, such as machine learning and AI algorithms ("AI/ML"), present a further lever to enhance the accuracy and fairness of credit risk assessment. However, the age-old adage of "garbage in, garbage out," applies here as well, especially given historical biases in existing data. The potential benefit of AI/ML for household financial security can only be realized in full when new data and consistent auditing is enabled with a focus on fairness alongside accuracy.

As a priority issue, the National Strategy should prioritize recommendations that enable the financial marketplace to better price the risk that a given person carries, removing the barriers that hinder the collection and usage of information that more accurately prices risk and assesses a person's ability to repay.

This evolution in credit risk methodology carries additional financial benefits for households. Credit scores are important for uses beyond lending: credit scores have become a cornerstone method of assessing risk in related sectors that impact household finances, including telecommunications, rental housing, employment, and insurance. We believe that concerted effort is needed to improve the accuracy of assessing household financial risk in the financial system.

Together, we propose the following levers and corresponding actions to drive progress toward expanding access to beneficial, responsible, and affordable credit products to more households at a price accurately reflective of their risk (as seen on the next page).

Chart H. Risk Levers and Actions

Lever	Action
1 **Expand Financial Data Availability:** Improve availability of new categories of data proven to be predictive for credit decisioning in a controlled manner that minimizes data privacy or security risks.	→ Public and private data sources facilitate the reporting of accurate data from transaction accounts, including deposits, payroll, and payments data—both negative and positive—to generate more accurate profiles. This is developed alongside best practices or standards that address data privacy and data security risks. → Landlords and utility providers facilitate greater access to payment data for non-debt related recurring payment obligations, including rent and utility payments.
2 **Scale Beneficial Credit Scoring Methods:** Expand the responsible use of new data types and risk models within credit decisioning.	→ Financial regulators convene lenders to explore new approaches and create safe harbors for pilot programs. → Credit score providers and lenders expand the use of new risk models—including cash flow underwriting—some of which may include more advanced AI/ML models. These new models incorporate new data sources and test new techniques in credit underwriting, sharing best practices and lessons learned. As needed, these risk models are shared with self-regulatory organizations (SROs) to educate and inform financial regulators while safeguarding proprietary information. → Financial regulators provide clarity or guidance to allow more providers to incorporate the full spectrum of data into underwriting models.
3 **Champion Adoption:** Support widespread adoption of proven methods across the financial system.	→ Financial regulators clarify that newer methods, once proven to be safe and predictive (e.g., such as cash flow), are acceptable under relevant rules (e.g., Ability-to-Repay Qualified Mortgage). → Financial standard-setting bodies set data standards for the sharing and usage of new types of data for credit scoring (e.g., rent, utility payments, cash flow data from transaction accounts, etc.). → Government agencies enable a secondary market or capital support for lenders that provide high-quality, responsible products. For example, the CDFI Fund has a small dollar program but is limited in its available funding.
4 **Inform Consumers:** Be transparent to people regarding how their information is used and how they can improve their access to credit.	→ Financial providers involved in the marketing or origination of credit products update their financial information—such as in financial disclosures and credit report/score monitoring services—to inform people of how new types of information are used and can impact their ability to access financial products. → Consumer advocates develop standardized financial education materials for use by counselors, advisors, and the media to inform people of these changes.

PRIORITY ISSUE #3

Incentive: Reimagining Business Models for Financial Security

Most financial providers measure their success based on shorter-term business results and on a product-by-product basis. This emphasis overlooks how the financial provider can best improve the finances of the household holistically and for the long-term. Aligning the short-term financial incentives of providers with actions that enhance the long-term financial outcomes of households will make the full suite of financial products more useful and beneficial.

The Problem: How Many Financial Providers Make Money and Operate Is Misaligned with the Financial Experience of Low- and Moderate-Income People

In its current structure, the financial system best serves high-wealth people. To serve more low- or moderate-income people, financial providers often face a dilemma: balancing the design of a profitable financial product with genuine benefits for long-term financial security. This is partially rooted in provider incentives and in systemic harms that have facilitated historical exclusion of people, particularly affecting communities of color and those with lower incomes.

Financial providers often earn significant revenue from fines and fees, penalizing people facing financial challenges. The following illustrates the misalignment between provider incentives and individuals' financial well-being:

- **$7.7 billion:** Banks collected this amount in overdraft and NSF fees in 2022. Remarkably, 80 percent of overdraft fees come from just 9 percent of account holders—yielding an average profit of $720 annually from their bank accounts.[29 30 31]
- **$12 billion:** Credit card companies collected this amount in late fees in 2020, constituting over 10 percent of all credit card interest and fees charged to consumers.[32]
- **$252 million:** California credit unions collected this amount in overdraft and NSF fees in 2022. Thirty local credit unions relied on this source for more than half of their revenue, reflecting a nationwide phenomenon.[33]

For many financial providers, fees and fines contribute significantly to profitability but often come at the expense of those facing financial vulnerability. In 2022, the typical 'financially vulnerable' household spent an estimated 14 percent of their income on interest and fees alone—compared with just 1 percent for 'financially healthy' households.[34]

In addition to the profit incentive, the operational structure of most financial providers also hinders a holistic approach to household finances. According to expert discussion from the Working Group, the prevalent business structure is by product line, treating individuals as consumers of each product. This structure helps to meet investor expectations around profitability. However, this narrow perspective creates internal team silos and obstructs a holistic evaluation of the impact on household finances. Moreover, a product-focused approach to profits overlooks the potential for a household to be profitable when assessed across multiple products. For example, a person may not be immediately profitable on their deposit account, but over time becomes so as they build savings, utilize affordable credit products to manage short-term shocks, and eventually engage in transactions like purchasing a car or a home, or in starting a business.

How We Can Align Financial Incentives to Benefit Households

Low- and moderate-income people require financial products that facilitate real-time access to funds, affordable credit, and investment for smaller amounts. Financial providers have not always provided these products as the cost of customer acquisition, risk management, and account servicing can be (or is perceived to be) higher than the revenue generated. The typical revenue model focuses on individual products rather than taking a holistic view of a household's financial life and needs. As a result, offering a sustainable set of products to underserved people often exists as a priority for one or more departments (e.g., sometimes named 'diverse segments,' or 'corporate social responsibility'), but not across core lines of business.

As the 'Financial System North Star Dashboard' (Chart A) illustrates, about 28% of adults have high, or very high, financial well-being. Concerted focus on this Priority Issue can accelerate progress across the full range of measures of financial access, use, and benefit and ultimately lead to wider financial security.

As a priority issue, the National Strategy should prioritize recommendations that seek to reimagine business models of financial providers—removing mismatches between long-term household financial health and provider profitability and looking at households holistically. This will realign financial incentives so that both people and financial providers win when customers grow in their financial security.

Consequently, a shift is needed across the financial system that realigns the data, operations, and profits of financial providers toward a holistic, longer-term view of household financial needs. Together, we propose the following levers and actions to make concerted progress toward removing these mismatches, realigning incentives, and reimagining better business models to foster a symbiotic relationship between people and providers.

Chart I. Incentive Levers and Actions

Lever	Action
1 **Shift from a Product-Based to a Customer-Based View:** Providers look holistically and measure customer profitability and impact across lines of business as opposed to the more commonly siloed approach by product.	→ Financial providers promote internal efforts which address data and operational silos within product-focused companies that prevent teams from seeing the overall financial health picture for a household across all products. → Financial providers revise incentives for marketing and sales to consider financial health or related metrics in acquisition and retention efforts. → Financial providers consider customer-based lifetime value rather than product-based lifetime value in business decision-making, incorporating a holistic and long-term household view. → Financial providers support intrapreneurs in their organizations to move financial inclusion initiatives to core lines of business.
2 **Champion Collaboration:** Providers work together to measure and champion promising approaches and solutions.	→ Financial providers develop a consortium to work on solutions specific to improving the financial outcomes of financially vulnerable families. Such a consortium would develop, test, and implement household-centered Key Performance Indicators tied to financial health or well-being.
3 **Measure the "Win-Win":** The overall financial system has more data available to measure mismatches, quantify problems, and scale promising solutions.	→ Financial providers identify the relevant metrics for which they will measure the household impact and outcomes of their financial products. Such measures would differ for multi-line and mono-line providers. → Social sector organizations support financial providers to quantify and measure, consolidating data across providers and sharing best practices and insights.

PRIORITY ISSUE #4

Verification: Improving Identity Authentication & Verification

Establishing stronger, more cost-effective, and accessible methods of identity verification and authentication is crucial toward improving the financial serviceability of underserved and vulnerable people by providers—while protecting people and government from fraud and blocking bad actors from the financial system for purposes of national security.

Verification: Improving Identity Authentication and Verification

A fully inclusive financial system enables all people to access, use, and benefit from the full suite of financial products and services. While financial providers want to provide their services to as broad a range of people as possible, they must be able to verify and authenticate their identity, monitor their behavior, prevent bad actors from using the financial system, and do so at reasonable cost.

This problem has three facets: 1) identity exclusion, 2) the cost of fraud and financial crimes prevention, and 3) the substantial direct financial toll on households, providers, and government due to illicit financial activities.

Identity exclusion persists as a barrier to financial access across all types of financial services (see Chart A). Identity exclusion affects those without mainstream forms of identification (such as a driver's license, a U.S. passport, or a social security number), people who have recently moved or are experiencing homelessness, or those with gender identities that don't align with previously issued ID. For instance, 7 percent of U.S. citizens lack a government-issued photo identification, including up to 13 percent of Black citizens of voting age.[35]

Meanwhile, the cost of fraud and financial crimes prevention is on the rise. Globally, financial institutions spent $214 billion in financial crime compliance in 2021.[36] Providers indicate these costs can make the serviceability of low-income people prohibitive. Further, when financial providers monitor for suspicious behavior, legitimate people can be inadvertently locked out of their accounts and blacklisted from the financial institution—inhibiting the beneficial use of financial services and eroding trust in the overall U.S. financial system.[37] In 2022, financial providers filed 1.8 million suspicious activity reports (SARs) to the U.S. federal government.[38]

The repercussions of fraud and bad actors are profound, with households losing nearly $8.8 billion to scams in 2022, and the government is believed to have lost $280 billion in COVID relief fraud.[39] [40] In 2021, almost 42 million people fell victim to identity fraud.[41]

How We Can Improve Identity Verification and Authentication for Safety, Security, and Trust in the Financial System

The U.S. financial system needs a more efficient method of verifying and authenticating a person's identity—one where the burden for legitimate people and actions is diminished, and bad actors are more effectively and efficiently blocked from the financial system at reasonable cost.

Digital identity credentialing is one such promising solution. It is an electronic representation of personally identifying information used to verify a person's identity. For example, a mobile driver's license represents the information contained in a state-issued physical driver's license, but stored on a mobile device and read electronically. A mobile driver's license can be used like a credit card: either as a physical card or as digital records stored in digital wallets that require biometric verification prior to each transaction. A digital identity may be issued by a non-government entity based on personal information from either governmental or non-governmental sources.[42] Further, a digital-first identity system could leapfrog issues of identity exclusion present in traditional, physical forms of identification.

Together, we propose the following levers and corresponding actions to make concerted progress toward improving identity verification and authentication practices, creating a more secure and inclusive financial system:

As a priority issue, the National Strategy should prioritize recommendations to foster new and effective methods of identity verification and authentication—including digital identity credentialing ("digital ID")—that enhance access to mainstream financial products while effectively blocking bad actors, encompassing fraudsters, terrorists, and blacklisted or sanctioned entities. These methods should strike a balance between effectiveness and affordability for implementation and maintenance.

Chart J. Verification Levers and Actions

Lever	Action
1 **Scale Digital ID:** Digital identity is implemented as a tool within financial services to enable new methods of safe, lower-cost identity verification and authentication.	→ Financial regulators clarify guidance on the acceptance of digital ID, thereby de-risking such practices for financial providers while maintaining adequate consumer protection for this emerging technology. → Financial regulators update the Federal Financial Institutions Examination Council's biometric guidance to include behavior- or action-based authentication. → Government agencies expand the use of mobile driver's licenses beyond TSA to other crucial programs, like enrollment and renewal in public benefits (e.g., SNAP, WIC, or CHIP). → Government agencies develop national standards for digital ID credentials, including mobile driver's licenses.
2 **Offer New Digital Services for Validation:** Government agencies help facilitate digital verification.	→ Federal and state agencies—such as the Social Security Administration (SSA) and state departments of motor vehicles—allow people opening a new financial account to request electronic validation of their name, SSN/license number, and date of birth from government agencies. → Government agencies offer consumer-facing services (including apps and web services) to allow people to use their physical identity credentials to confirm their identity digitally.
3 **Harmonize Identity Exclusion Programs:** Public and social sector efforts to reduce identity exclusion work in tandem and support each other.	→ Social sector leaders harmonize efforts to reduce identity exclusion by supporting programs that assist with identity origination and credentials that are broadly accepted as forms of identity. → Municipal, state, and federal agencies expand efforts to reduce identity exclusion, including municipal and tribal IDs.
4 **Improve Fraud Prevention:** Providers upgrade identity verification and authentication methods for better fraud prevention.	→ Financial providers work with their existing customers to drive adoption of digital ID in both in-person and digital environments. → Financial providers lower incidents of account origination fraud by notifying customers whose credentials may have been stolen and developing a shared repository of bad requests across providers.
5 **Champion Responsible Machine Learning/AI:** Fraud and suspicious activity monitoring does not replicate previous bias but rather more accurately identifies real bad actors and actions.	→ Financial providers revise and continuously improve their fraud and financial crimes detection algorithms to simultaneously improve accuracy and to mitigate historical bias that unfairly targets low- or moderate-income households, immigrants, or other traditionally underserved communities. → Financial providers support intra-company data sharing to improve accuracy of risk detection, as well as best practices.

PRIORITY ISSUE #5

Competition: Increasing Competition and Responsible Innovation Through Open Finance

Invigorating competition within the financial system through safe, responsible, consumer-permissioned access to financial data can further foster responsible innovation that lowers costs, improves product quality, and makes available more useful and beneficial financial products and tools to more people. Open Finance is a marketplace that enables financial data to be securely, efficiently, and privately shared among people, financial providers, and government agencies. Invigorating competition will also improve the overall competitiveness of the U.S. financial system—helping to ensure the U.S. continues to be home to the strongest, most powerful financial system in the world.

The Problem: Competition Barriers Result in Higher Costs and Diminished Benefits

Barriers within the current structure of the U.S. financial marketplace can hinder responsible innovation and competition, leading to higher costs, diminished product quality, and limited innovations for the benefit of households. High switching costs between financial providers often create a "lock in" effect for customers—a strategy observed globally as "capture then extract rents" where initial benefits are later reversed, making a financial product less advantageous over time, according to the Bank of International Settlements (BIS).[43]

Households benefit when they engage in comparison shopping. In the homeownership market, the CFPB estimates that a failure to comparison shop for a mortgage costs the average homebuyer about $300 per year and many thousands of dollars over the life of the loan.[44]

Open Finance is a marketplace that enables financial data to be securely, efficiently, and privately shared among people, financial providers, and government agencies.

Rather than relying on financial providers to opt into data sharing, which advantages a relative few, development of Open Finance can enable safe, permissioned data sharing across the full financial system. This can empower all people to explore more cost-effective, or suitable options by—for example—using their financial data to get automated or personalized financial recommendations. This can foster a competitive environment that encourages responsible innovation that helps more people with their finances.

Open Finance presents both a new revenue opportunity for financial providers and the potential for more financial benefits to households. In 2022, U.S. households are estimated to have spent a record $347 billion on interest and fees, an increase of 14 percent from the year prior.[45] This spending is driven disproportionately by financially vulnerable households and people of color—two groups of people who have been traditionally underserved by the financial system—and for whom the benefits of competition would be greatest. The typical 'financially vulnerable' household spent an estimated 14 percent of their income on interest and fees alone—compared with just 1 percent for 'financially healthy' households.[46] Meanwhile, the typical Black and Hispanic household spent 7 percent and 5 percent, respectively, of their income, as compared to 3 percent for white households.

How We Can Unlock Competition for a Thriving Financial Marketplace

The potential of Open Finance, if effectively regulated and managed, will drive financial benefits to previously un- and under-served people in today's marketplace. In the U.S., innovation in consumer-permissioned data sharing can particularly enhance personal financial management, simplify payments, and broaden access to lending and credit.

The current rulemaking by the CFPB related to Personal Financial Data Rights, or Section 1033, is a crucial step. Yet, a more comprehensive Open Finance approach is needed that looks beyond Section 1033's current focus on bank accounts and credit cards.[47] This comprehensive approach to Open Finance should involve all actors and providers in a household's finances—spanning transaction accounts, payroll, utility, investment accounts, tax, and private and public benefits.

As a priority issue, the National Strategy should support recommendations to enable an Open Finance marketplace where consumer financial data can be securely, efficiently, and privately shared among people, financial providers, and government agencies. This will deliver more of the benefits of competition and responsible innovation to more people—namely lower costs, better services, and innovative, new user experiences and tools.

Together, we propose the following levers and corresponding actions to make concerted progress toward invigorating competition and extending these benefits to more people.

Chart K. Competition Levers and Actions

Lever	Action
1 **Develop Open Finance Standards:** Establish standards for all financial data providers to participate in consumer-permissioned financial data sharing.	→ Financial standard-setting bodies establish standards for secure, safe, and consumer-permissioned data sharing that respects individuals' privacy across the financial system—spanning bank accounts, payroll, utility payments, investment accounts, and credit products like student loans, mortgages, auto, and small dollar loans. → Financial providers create an Open Finance consortium to solve questions arising from regulatory guidance, coordinate action, and share best practices. → Regulators work with standard-setting bodies and providers to monitor data sharing risks (e.g., privacy risks, cybersecurity risks) and develop guidance—as needed—to mitigate such issues and concerns.
2 **Build Open Finance Data Infrastructure:** Build an interoperable infrastructure to facilitate permissioned, safe data sharing among financial providers.	→ Data providers work to develop utility-like data and technology sharing systems and tools to implement the permissioned, data sharing standards described in Lever #1.
3 **Leverage Open Finance:** Government agencies enable permissioned financial data sharing and use such data within their operations.	→ U.S. policymakers explore enabling permissioned data sharing for the household financial data they house, ranging from tax, pensions, and Social Security to social benefits like SNAP and WIC. These standards should be harmonized and interoperable with data standards developed by financial standard setting bodies. → Government agencies become users of Open Finance data from the private sector. For example, people can share their bank account credentials with the IRS to receive any future EIP (Economic Impact Payments) or demonstrate their eligibility for tax credits like Saver's Match. → Government agencies coordinate together to report on the status of Open Finance across government, as well as on emerging risks or opportunities.

Unifying Our Efforts: A Collective Call to Action

There are, of course, other issues beyond the Priority Issues that, if addressed, will also contribute to a more inclusive financial system. Addressing issues like rectifying appraisal bias in mortgage lending, broadening access and participation in employer-based emergency savings and investment accounts—particularly for low-income, contract, and gig workers—and eliminating "junk" fees are each an important endeavor and impact the financial system in a different way.

Across government, financial providers, and the social sector, we each have an immediate role to play. We are calling for your support in identifying the opportunities where your work directly impacts how people access, use and benefit from the full financial system.

For those seeking inspiration on their role as champions in constructing a more inclusive financial system, consider the following as prompts—taken from the 'Financial Systems North Star Dashboard':

- **Banking and Payments**: How can we improve the value and usability of transaction accounts so fewer people turn to higher-cost, unsafe providers? Moreover, how can we reduce the cost of banking services for financially vulnerable households and bring to life the promise of Open Finance?
- **Savings:** How can we increase access to dedicated savings accounts and help more households to build the six weeks of income in liquid savings needed to manage financial shocks and achieve financial resilience?
- **Long-term Savings and Investing:** How can we expand both access and participation in retirement accounts to more people, while reducing early or hardship withdrawals, so that more households build long-term wealth?
- **Credit and Lending:** How can we broaden access to affordable credit products at prices commensurate with their risk profile so that people can attain financial resilience when a financial shock happens and use credit responsibly to attain the long-term goals of homeownership or business ownership?
- **Insurance:** How can we help more people take advantage of affordable and useful insurance products to protect against financial shocks to their income and the value of their assets?

An inaugural National Strategy would accelerate progress and bring concerted action to long-standing financial gaps and disparities. Our combined efforts will enable more people to access, use, and benefit from the full suite of financial products, improve the financial security of millions of people, and contribute to a stronger, more competitive national economy for all.

We are calling for your support in identifying the opportunities where your work directly impacts how people access, use and benefit from the full financial system.

Appendix

Expert Participation

The Aspen FSP team is grateful to all experts who participated in the Working Group on Inclusive Finance and its subcommittees. The findings, interpretations, and conclusions expressed in this report—as well as any errors—are Aspen FSP's alone and do not necessarily represent the views of its funders or the Working Group on Inclusive Finance. The following is the full list of individuals and their representing organizations:

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Tracie Anderson	TransUnion
Troy Dennis	Mastercard
Usman Ahmed	PayPal
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