EKIN SNY JMUN BACKGROUND GUIDE

Committee: The World Bank

Topic: Digital Banking as a Tool for Financial Inclusion

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Letter from the Chairboard

Izmir

Fellow Delegates,

It is our pleasure to welcome you to the 2026 EKIN SNY JMUN Conference! We are excited to serve as your chairboard throughout this year's World Bank committee!

Junior MUN conferences, especially ours, are a wonderful opportunity to explore global issues diplomatically and cooperatively. They additionally focus on building delegates' foundational skills, including conflict analysis and resolution, negotiation, public speaking, research, and teamwork that extend far beyond the conference into delegates' present and future lives.

Within this committee, you will represent Member States within the World Bank as they address the topic of Digital Banking as a Tool for Financial Inclusion. As financial systems rapidly evolve in the digital age, expanding access to secure, affordable, and efficient banking services has become central to reducing poverty, empowering underserved populations, and fostering sustainable economic growth. Bridging the gap between traditional banking systems and innovative digital solutions requires not only technical understanding, but also awareness of regulatory frameworks, cybersecurity concerns, infrastructure disparities, and socioeconomic inequalities.

Throughout the conference, you will examine how digital banking can reach unbanked and underbanked communities, support small and medium-sized enterprises, strengthen financial resilience, and promote inclusive development. Addressing this issue calls for practical, innovative, and forward-looking policy solutions that balance accessibility with financial stability and consumer protection.

We look forward to an engaging, lively, and successful conference!

Sincerely,

The Chairboard of the World Bank

Ms. Fabiola Thomas - Chair
Ms. Ela Çelenay - Co-Chair

1. Committee and Topic Introduction

The World Bank

The World Bank (WB) was created in July 1944 during the Bretton Woods Conference in New Hampshire, USA, where 44 countries met to discuss the post-World War II economic order. The devastation of Europe had shown the need for a coordinated international effort to rebuild economies. Firstly established as the International Bank for Reconstruction and Development (IBRD), its initial purpose was to fund the reconstruction of European nations devastated by the war. In 1946, the name World Bank was officially adopted. During the 1950s and 1960s, the WB expanded its focus from post-war Europe to the developing countries of Asia, Africa, and Latin America, recognizing that global economic stability required addressing poverty and underdevelopment. It financed projects in irrigation, transportation, energy, and education, laying the foundation for long-term development strategies.

In 1960, the creation of the International Development Association (IDA) allowed the WB to provide concessional loans and grants to the world's poorest nations, further strengthening its commitment to poverty reduction. In the subsequent decades, the WB diversified its work to include social programs, healthcare, environmental initiatives, and governance reforms. By the 1990s and 2000s, it had adopted a holistic approach to development, emphasizing sustainable growth, climate action, and global public goods, while continuing to support large-scale infrastructure and economic development projects. Today, with over 190 member countries, the WB remains a global institution providing both financial support and technical expertise to improve economic conditions worldwide.

The WB's mission is to end extreme poverty and promote shared prosperity. It achieves this by providing financial resources, knowledge, and policy advice to member countries, helping them overcome economic and social challenges. While its early work centered on rebuilding infrastructure, the WB now addresses a wide range of development issues, including healthcare, education, agriculture, environmental sustainability, and digital infrastructure. Its mandate empowers it to assist member countries in their development through financial support and technical expertise. It is tasked with providing loans, strengthening institutions and governance, and supporting investments that stimulate economic growth and job creation. The WB is a development-oriented organization, aiming to achieve tangible improvements in human welfare and national economic capacity. Its operations are designed to create lasting benefits, enabling countries to achieve sustainable development and to improve living standards for their populations. Nonetheless, its functioning is limited by several factors. The WB cannot directly enforce reforms within countries. In other words, the WB does not have the authority to enforce binding laws or compel countries to implement its recommendations. Its programs depend on national governments' willingness and capacity to implement projects effectively. Its financial resources, while substantial, are finite, and its loans must be repaid, which can constrain the scale and type of assistance that it can offer to the poorest nations. Moreover, political, social, and environmental conditions in countries can affect the success of the WB's initiatives, meaning that impact is not guaranteed and progress can be slow.

1. Committee and Topic Introduction (Continued)

Given these challenges, it becomes even more critical to focus on financial inclusion, which ensures that all individuals and businesses have access to affordable, reliable, and timely financial services, including savings, credit, insurance, and payments. The WB's core function is to enable people, particularly those in low-income or marginalized communities, to participate fully in the economy, manage financial risks, and invest in opportunities such as education, entrepreneurship, and housing. Currently, financial inclusion is gaining global attention as a critical trend for sustainable development, directly contributing to the United Nations' Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth). By providing equitable access to financial tools, financial inclusion not only fosters economic growth but also strengthens social stability, promotes gender equality, and lays down a foundation for long-term sustainable development.

Digital banking has emerged as a transformative solution that can accelerate financial inclusion. Through mobile phones, online platforms, and other digital technologies, digital banking overcomes traditional barriers such as distance, the high costs of transactions, and complex paperwork. It further allows individuals and small businesses to securely save money, make payments, access credit, and manage transactions anytime and anywhere. The convergence of financial inclusion and digital banking creates powerful value: it extends economic opportunities to underserved populations, encourages entrepreneurship, improves efficiency in financial systems, and enhances resilience against economic shocks. By integrating digital solutions into financial services, countries can achieve broader participation in the economy while fostering inclusive and sustainable growth.

The WB plays a central role in accelerating the spread of digital solutions and increasing financial inclusion, notably by aligning its development-oriented mission with the aforementioned. Through the provision of funding, technical assistance, and policy guidance, the WB supports countries and financial institutions in implementing digital financial solutions, such as mobile money platforms, digital credit systems, and inclusive payment networks. While the WB can provide expertise and resources, its impact depends on the cooperation of national governments, as it cannot enforce binding laws or compel reforms. Nevertheless, by facilitating access to digital financial services, it empowers underserved populations, stimulates local economies, and advances sustainable development objectives. In the context of discussions on financial inclusion, it is very important to leverage technology and international support to expand access to financial services, reduce poverty, and strengthen economic participation for all.

2. The Youth, Peace, and Security Agenda

The United Nations adopted the Youth, Peace, and Security (YPS) Agenda through Security Council Resolution 2250 (UNSCR 2250) in 2015. Key actors in the creation of the YPS Agenda included the Secretary-General's Youth Envoy, the United Nations Population Fund (UNFPA), and the Peacebuilding Support Office (PBSO). The UNFPA, in particular, has clarified definitions and broken down the YPS Agenda's mission into five key pillars. These pillars form the foundation for meaningful youth engagement in peacebuilding efforts and can also be advanced through digital banking: **Participation** is enhanced by giving youth access to financial tools that enable entrepreneurship and civic engagement; **Protection** is supported by secure digital platforms that safeguard the financial assets of youth; **Prevention** is strengthened through access to credit and savings which reduces economic vulnerabilities that can fuel conflict; **Partnerships** are key to ensure that youth gain equitable access to financial tools and that they are economically resilient; and **Disengagement and Reintegration** are facilitated by providing youth with financial resources and skills to transition out of violent or risky environments, rebuild livelihoods, and re-enter society productively.

The importance of youth inclusion in peacebuilding cannot be overstated. In 2016, the Institute for Economics and Peace estimated that one in four young people globally resides in conflict zones. A 2015 UNFPA report found that about 90% of direct conflict deaths occur among young men. These findings highlight the disproportionate impact of conflict on youth, as well as the critical role that they can play in shaping peace and security. UNSCR 2250 recognizes this impact and calls for increased youth participation in decision-making processes to guarantee that the unique needs of youth are addressed. Resolution 2250 also emphasizes the protection of young civilians under international law, promotes youth-led initiatives in civic engagement and tolerance to prevent conflict, encourages the inclusion of young voices in peacebuilding processes, and supports the disengagement and reintegration of youth affected by conflict. Together, these pillars frame a comprehensive approach to empowering youth as both beneficiaries and agents of peace.

One area where youth engagement is particularly significant is financial inclusion, particularly through digital banking and financial technologies (FinTech). According to the Organization for Economic Co-operation and Development (OECD), nearly half of all individuals aged between 18 and 34 use digital financial tools ranging from online bank accounts to mobile wallets and investment platforms. However, the report also underscores the need for improved financial literacy among young people. These insights highlight the importance of the WB in supporting sustainable economic development while addressing the unique needs of youth.

Youth, Peace & Security

3. Topic Background

Financial Literacy

Over the years, hands-on financial education has significantly expanded and has become a necessary discussion point under the Fourth Industrial Revolution. As such, platforms came into existence, with digital platforms providing tools that simulate financial environments and that allow users to learn while managing their own accounts and transactions.

Understanding key financial concepts is essential for navigating digital banking and achieving financial inclusion. Terms like debt, credit, billing, savings, interest, investments, and loans form the foundation of personal and business finance. **Debt** refers to money borrowed that must be repaid, often with interest, while **credit** is the ability to borrow funds based on trust in repayment. **Billing** involves receiving and managing statements for payments owed, such as utility bills or loan installments. **Savings** represent money set aside for future use, and **interest** is the cost of borrowing or the gain from savings. **Investments** involve allocating resources, like money or assets, with the expectation of generating profit, and **loans** provide financial support to individuals or businesses for various needs. By understanding these concepts, individuals can make informed financial decisions, manage their resources efficiently, and fully participate in the economy. This is a critical skill in the era of digital banking and financial inclusion.

In the context of digital banking, financial literacy is deeply integrated into the user experience. Mobile banking apps, online wallets, and interactive platforms often include tutorials, budgeting tools, transaction histories, and alerts that help users understand financial principles in practice. For example, the UN Capital Development Fund's (UNCDF) Financial Inclusion Program launched digital literacy initiatives in developing countries, providing youth and women with mobile-based financial education and guidance on using digital wallets effectively. By interacting with digital tools, users gain insights into interest rates, credit usage, and investment strategies, bridging the gap between theoretical knowledge and practical financial management.

3. Topic Background (Continued)

Financial Literacy (Continued)

Key aspects of financial literacy in digital banking include security awareness, which involves recognizing phishing attempts, safeguarding personal data, and reporting scams. This is especially important as digital transactions expand and fraud risks increase (EIF Working Paper, 2024). Promoting the adoption and usage of digital financial tools for budgeting, payments, and savings can improve overall financial efficiency and inclusion, particularly when paired with targeted education. Equally important is informed decision-making, meaning that users understand the terms, conditions, fees, and risks of digital financial products such as online borrowing, investment platforms, and e-wallets so they can make choices that align with their financial goals. Finally, efforts to bridge the gap in digital financial literacy should focus on vulnerable groups, such as the elderly and low-income populations, by delivering tailored guidance and support to ensure that they have equitable access to digital financial services in an increasingly digital financial ecosystem (EIF Working Paper, 2024). Further, the UNCDF established a Financial Literacy Training Toolkit for Refugees, which introduces a human-centered approach to financial education by equipping refugees with practical skills to make sound financial decisions and to engage effectively with financial service providers. Designed to reflect refugees' daily realities, the toolkit builds their financial awareness, confidence, and capabilities to manage money and access financial services (UNCDF, 2025).

From a financial inclusion perspective, improving financial literacy also ensures that both privileged populations and marginalized populations can effectively use digital banking services to participate in the formal economy. This teaches individuals to save, invest, and access credit responsibly, which is crucial for building long-term economic resilience. It is particularly important to examine the accessibility and effectiveness of digital literacy initiatives for all users, particularly youth, individuals living in rural communities, women, the elderly, and persons with disabilities, and to continuously strive to include them and empower them.

Country	Financial Literacy Score (Maximum Score: 21)
France	14.9
Canada	14.6
People's Republic of China	14.1
Republic of Korea	13.9
Germany	13.8
Indonesia	13.4
United Kingdom	13.1
Türkiye	12.5
Russian Federation	12.2
Brazil	12.1
Mexico	12.1
India	11.9
Argentina	11.4
Italy	11.0
Saudi Arabia	9.6

INFE = International Network for Financial Education, OECD = Organisation for Economic Co-operation and Development.

Figure 1: G20 countries' financial literacy scores.

3. Topic Background (Continued)

Financial Autonomy

Financial autonomy means having control over one's own finances. In other words, it corresponds to one's ability to make economic decisions, manage income and savings, and participate in the economy independently. In the era of the Fourth Industrial Revolution, where digital technology, automation, and data reshape markets, this autonomy is increasingly tied to digital access and digital skills. Digital banking, mobile wallets, and online financial tools empower individuals to save, spend, borrow, and invest with flexibility and speed, opening opportunities for entrepreneurship, employment, and economic resilience that were previously out of reach.

Globally, the UN and its partners recognize financial autonomy as a core component of inclusive development. Financial autonomy allows individuals to make independent decisions about earning, saving, investing, and spending, and is increasingly seen as essential for personal empowerment and economic resilience. In today's rapidly evolving digital economy, the ability to control one's finances directly affects access to education, entrepreneurship, and sustainable livelihoods. The UN Secretary-General's Strategy on Digital Finance and Financial Inclusion highlights the importance of accessible and inclusive digital financial systems for promoting economic empowerment. This strategy emphasizes that women, youth, and underserved communities often face systemic barriers that limit financial independence. Digital financial services can reduce these barriers by offering tools for secure transactions, savings, loans, and budgeting without solely relying on traditional banking infrastructure. The UN recognizes that promoting financial autonomy is not only a matter of individual empowerment but also a pathway to broader social and economic development. When individuals gain control over their financial lives, they can participate more fully in local and national economies. This participation, in turn, strengthens communities by enabling more people to start businesses, invest in education, and contribute to social welfare.

The United Nations Development Programme (UNDP)'s Financial Inclusion for Women and Youth Program in developing countries provides a concrete example of how digital financial services can enhance autonomy. The program helps young people and women access mobile banking, digital wallets, and online payment platforms. Through these tools, participants can manage small-scale businesses, save money, and invest in household or community projects independently. UNDP reports indicate that participants who adopt digital financial tools see measurable improvements in personal savings, business performance, and decision-making confidence. In addition to individual empowerment, the program fosters community-level development by encouraging peer learning and collective problem-solving. These initiatives demonstrate that financial autonomy can be expanded when access to technology is combined with targeted education and mentorship.

3. Topic Background (Continued)

Financial Autonomy (Continued)

In the context of the Fourth Industrial Revolution, financial autonomy is becoming increasingly crucial for meaningful participation in the global economy. Automation, artificial intelligence, and digital platforms are reshaping how work, entrepreneurship, and financial transactions occur. Individuals without the skills or tools to manage their finances digitally risk being excluded from new economic opportunities. Conversely, those with access to digital financial tools can leverage them to manage personal and business finances, invest in education or skills development, and participate in innovation-driven sectors. UN initiatives stress that financial autonomy is central to sustainable development because it empowers people to respond to economic shocks and adapt to rapid technological change. Programs like the UNDP Financial Inclusion for Women and Youth Program demonstrate that youth and women who gain financial autonomy can take advantage of emerging opportunities in e-commerce, digital services, and other technology-enabled industries. Policies that support digital access, financial education, and security protections are, therefore, key to ensuring that autonomy translates into real empowerment. Financial autonomy in the era of the Fourth Industrial Revolution is not just about money management; it is about the ability to navigate complex economic systems independently and confidently. By integrating technology, training, and inclusive policy, global efforts can ensure that individuals gain control over their financial futures while contributing to building resilient and equitable economies.

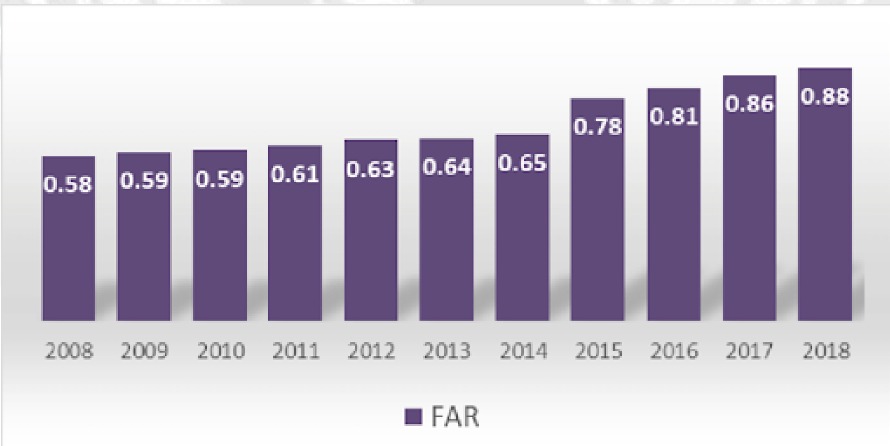

Figure 2: Financial Autonomy Ratio showing the share of loans in corporate financing for the 2008-2016 time period.

3. Topic Background (Continued)

Digital Divide and Exclusion

Digital exclusion refers to the barriers that prevent individuals and communities from accessing and/or effectively using digital technologies, including online banking, mobile financial services, and other digital platforms. These barriers encompass a lack of internet connectivity, limited access to smartphones or computers, low digital literacy, and economic or social constraints. In the context of financial services, digital exclusion limits the ability of people, particularly those in rural or marginalized communities, to participate in the formal economy, access credit, manage savings, and make secure digital transactions. As financial systems increasingly rely on digital tools, existing economic inequalities deepen, and those already left out risk being further marginalized.

Several UN initiatives have sought to address digital exclusion and promote inclusive access to technology. The UNCDF Mobile Money Program provides underserved populations in countries like Sierra Leone and the Philippines with access to mobile banking and financial services, enabling them to transact securely without having to rely on traditional banks. Similarly, the International Telecommunication Union (ITU) Digital Inclusion Program works to expand internet connectivity, enhance digital skills, and support equitable access to digital tools, particularly for youth, women, and individuals living in rural communities. These initiatives demonstrate that addressing digital exclusion requires technology, targeted education, and capacity-building programs to ensure meaningful participation.

Digital exclusion is directly linked to the rise of digital banking and counters financial inclusion. When individuals cannot access or use digital financial services, they are effectively excluded from being able to save, access loans, and use payment systems that can improve their economic security and livelihoods. By contrast, digital banking platforms that are accessible and user-friendly allow previously unbanked populations to manage money, build assets, and engage in entrepreneurial activities. Financial inclusion through digital banking, therefore, cannot be fully realized without addressing the structural, technological, and educational barriers that cause digital exclusion.

Addressing digital exclusion also aligns with several Sustainable Development Goals (SDGs). For example, SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth) advance when more people gain access to digital financial services, thus enabling income generation and savings. SDG 5 (Gender Equality) is supported by initiatives that specifically target women's access to technology and banking. Moreover, SDG 10 (Reduced Inequalities) is directly addressed by narrowing the gap between those with and without digital access. By combining digital banking, financial literacy, and targeted UN initiatives, efforts to reduce digital exclusion can help ensure equitable economic participation and sustainable development for all.

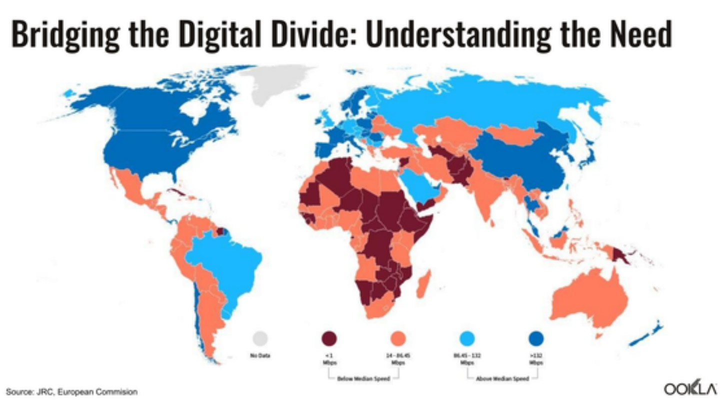

Figure 3: The Global Digital Divide (examining internet access) in 2025.

4. Past International Actions

Global Findex Database: Launched in 2011 by the WB, the Global Findex Database was created to systematically measure financial inclusion across more than 140 economies. Conducted every three years, it collects data on account ownership, digital payments, and mobile money usage among individuals aged 15 and above. The findings enabled governments and development institutions to identify financial access gaps, particularly among women, low-income communities, and rural populations, and to design evidence-based digital banking policies that promote poverty reduction and inclusive economic growth.

G20 Financial Inclusion Action Plan and the Global Partnership for Financial Inclusion (GPFI): Beginning in 2010, the WB started supporting the implementation of the G20 Financial Inclusion Action Plan. It also closely collaborated with the GPFI to strengthen global financial inclusion strategies. Through research, advisory services, and technical assistance, the WB encouraged countries to integrate digital banking, fintech innovation, and mobile payment systems into national frameworks, expanding the financial inclusion of underserved populations and promoting the sustainable development of the private sector.

SDG Indicator 8.10: Following the adoption of the SDGs in 2015, the WB aligned its financial sector initiatives with SDG Indicator 8.10, which emphasizes universal access to banking and financial services. The WB supported Member States in tracking indicators such as the number of bank branches and ATMs per 100,000 adults and the proportion of adults with bank or mobile-money accounts. Additionally, it promoted digital financial services as a scalable and sustainable pathway to inclusive economic development.

Universal Financial Access 2020 (UFA 2020): Launched in 2015 by the WB, UFA 2020's objective is to ensure that adults worldwide gain access to a transaction account as a gateway to broader financial services. The initiative supported regulatory reforms, digital payment infrastructure development, and mobile banking expansion, particularly in developing and fragile states, therefore significantly accelerating global account ownership.

Identification for Development (ID4D) Initiative: Introduced in 2014, the ID4D initiative was designed to help countries establish secure and inclusive digital identification systems, a prerequisite for accessing digital financial services. By strengthening civil registration systems and modernizing Know-Your-Customer (KYC) frameworks, the WB enabled vulnerable populations, including women, rural communities, and displaced persons, to open bank accounts and participate in the formal digital economy, thereby reinforcing digital banking as a key tool for financial inclusion.

5. Recommendations and Solutions

- **Support** the development of national digital financial infrastructure by funding interoperable mobile banking networks, secure payment gateways, and affordable broadband access, ensuring that underserved communities can safely access financial services while strengthening local economic resilience and promoting equitable growth.

- **Encourage** Member States to implement regulatory frameworks and risk-based KYC standards that simplify digital account registration, allowing informal workers, women, rural populations, and other individuals who tend to be marginalized to participate in the formal financial system while maintaining security and compliance with international best practices.

- **Foster** partnerships with fintech companies and local banks to pilot digital credit, savings, and microloan platforms in order to expand access to capital for small and medium-sized enterprises and to encourage entrepreneurship in low-income and rural communities.

- **Promote** large-scale digital financial literacy programs in collaboration with national governments and civil society. These programs would focus on teaching topics such as budgeting, online security, and the responsible use of digital banking tools, particularly to remote and vulnerable populations.

- **Advance** the integration of mobile-based insurance and emergency financial support into national social protection programs, ensuring that vulnerable groups have access to timely financial assistance, risk mitigation tools, and mobile banking services linked to formal institutions.

- **Establish** cross-border digital payment and remittance systems that reduce transaction costs, improve transparency, and provide secure tracking, enabling migrant workers and small businesses to safely transfer funds while fostering regional economic inclusion and financial connectivity.

- **Expand** the adoption of digital identity systems linked to mobile banking platforms, allowing unbanked populations to open accounts securely, access credit, and participate in the formal financial sector while respecting privacy and data protection standards.

- **Assist** Member States in implementing scalable digital payment solutions for public service delivery, therefore facilitating governments' distribution of subsidies, social benefits, and development funds directly to citizens through secure mobile and online banking channels.

GUIDING QUESTIONS TO CONSIDER

1. In what ways can digital banking reduce economic instability and contribute to long-term peace and development?
2. What risks do digital banking systems pose to economic stability, and how can the WB help mitigate these risks?
3. How can governments and the WB ensure that digital banking initiatives are inclusive, secure, and aligned with national development goals?
4. How can digital banking platforms be leveraged to expand access to credit and financial services for marginalized populations while maintaining transparency and accountability?
5. What strategies can the WB employ to promote the integration of digital financial literacy programs alongside mobile banking initiatives?
6. How can cross-border digital payment systems be designed to support migrant workers, remittances, and regional economic cooperation without compromising security or regulatory compliance?
7. In what ways can public-private partnerships enhance the development of innovative digital financial tools, and how can the WB facilitate these collaborations effectively?

RESEARCH AIDS

Significance:

Having solid research and becoming confident in your knowledge before walking into the committee is the first step in the process. Research well, become well-versed in the topic and your country. Don't forget that during the conference, you will be playing the part of a knowledgeable and experienced diplomat. Do the research, act the part!

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