

How to Promote Financial Inclusion in Vulnerable Regions

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Finalist

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* The views expressed herein are those of the author and do not necessarily reflect those of the Organization she is affiliated with or of the Jury.

Financial inclusion in Mexico

Financial inclusion is a matter of concern for all nations, as it has the potential to reduce poverty and promote prosperity (World Bank, 2022), thereby enhancing social development, generating economic progress, and fostering financial well-being.

According to the *Encuesta Nacional de Inclusión Financiera* (ENIF), 23% of Mexico's population between the ages of 18 and 70 lacks access to financial products (ENIF 2024). Figure 1 shows the main financial products available to the population.

Among the main issues that Mexico needs to address are poverty, economic inequality and lack of technology coverage. According to the National Financial Inclusion Po-

licy 2023, there are six main limiting factors that generate low financial inclusion. The most significant are limited access to financial services, limited adoption of digital payments, poor banking infrastructure and reduced financial protection. Various Mexican institutions and organizations have designed different actions to solve problems such as the dissemination of the concept of financial inclusion, the technological integration of financial products, the enhancement of banking and telecommunications infrastructure, the establishment and operation of the state-owned welfare bank, the *Banco del Bienestar*, and the organization of financial education forums. (CNBV, 2023).

Thanks to the creation of the *Banco del Bienestar*, financial inclu-

sion has been boosted. In the five years since its creation, it has grown to become the bank with the greatest coverage throughout the country, with 79.8% of the municipalities having at least one branch. These are located mainly in vulnerable areas, benefiting more than 27 million people who have a social program (Government of Mexico, 2024).

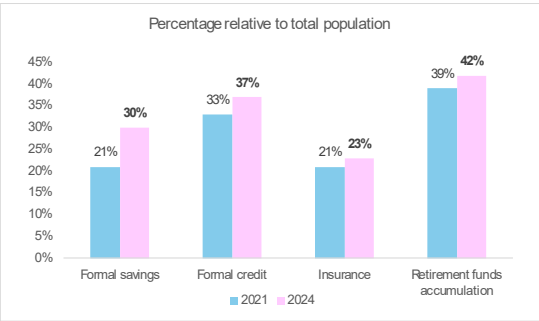
In the same way, Mexico's government has created the *Estrategia Nacional de Inclusión Financiera* (ENEF), whose main objective is to create financial capabilities, support the teaching of financial concepts, promote financial planning and reduce risks by creating trust between the user and the banking institution (Government of Mexico, 2016). Currently, different banking institutions have created different financial strategies that promote financial inclusion in communities with limited access to information.

State of Puebla

According to data from Mexico's National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía*), Puebla has the fifth largest number of inhabitants of the country's 32 states, with 6,583,278 people, 5.2% of the national population, with a gender split of 52% women and 48% men. Puebla's territory covers 34,309.6 square kilometres, with a total of 217 municipalities. Economically, it was ranked 11th among Mexico's states in 2021, in terms of its contribution to national GDP.

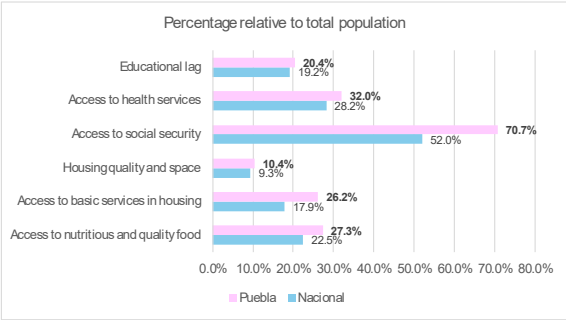
Analyzing the poverty of a state is fundamental to understanding its needs, the constraints on economic growth, and scarce access to education and health services, thereby gaining insights into the social and economic dynamics in order to develop specific strategies that contribute to the well-being and development of

Figure 1: Population with financial products



Source: Writer's analysis of data from ENIF (2024)

Figure 2: Social deprivation in Puebla



Source: Writer's analysis of data from Mexico's Welfare Secretariat (2023)

the population. According to Mexico’s National Council for the Evaluation of Social Development Policy (*Consejo Nacional de Evaluación de la Política de Desarrollo Social*), 43.92% of the population nationally lives in a state of poverty. The situation is even more serious in Puebla, with 62.4% of the population living in poverty (2020).

A person is classified as living in poverty when he or she has at least one of the following forms of deprivation: access to health services, social security, housing quality and open spaces, basic housing services and access to food. In addition, his or her income is not enough to access the goods and services that satisfy his or her food and non-food needs (Mejía, P, de Jesús, L. and Herrera Nebel, 2024, pp.80-81).

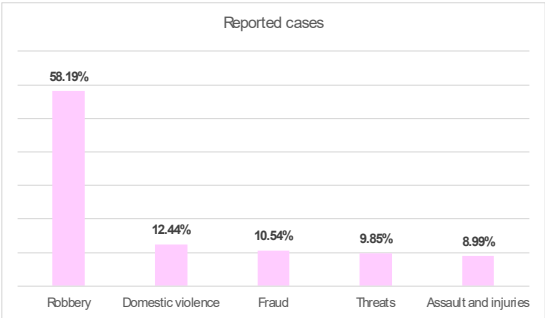
Figure 2 shows the main forms of deprivation faced by the population of Puebla, compared with the national population.

It is essential to create better strategies specifically for rural regions with high levels of poverty, by investing in education, health, infrastructure and job opportunities (OpenAI, 2025). At the same time, one of the most important factors to analyze is crime. According to the National Survey of Victimization and Perception of Public Safety (*Encuesta Nacional de Victimización y Percepción sobre Seguridad Pública*, ENVIPE), 31.1% of households in Puebla had at least one inhabitant who was a victim of a crime in 2023.

Figure 3 provides a comprehensive breakdown of the most frequently committed crimes during the initial six months of 2024.

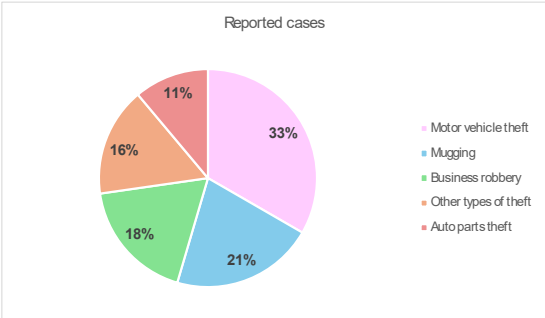
According to data from Puebla’s attorney general’s office (*Fiscalía General del Estado*, FGE), there were 21,849 reported robberies between January and July 2024, with the predominant categories being theft

Figure 3: Crimes with the highest incidence



Source: Writer’s analysis of data from ENVIPE (2024)

Figure 4: Most commonly reported types of robbery in Puebla



Source: Writer’s analysis of data from the Puebla state attorney-general’s office (July 2024)

of motor vehicles , theft from businesses, and theft of auto parts, as illustrated in Figure 4.

Financial infrastructure

In addition to this analysis of crime, it is important to evaluate Puebla's financial infrastructure, from bank branches to larger establishments with point of sale (POS) terminals. There are 461 branches in Puebla, yet 78.3% of the state's municipalities are devoid of such banking infrastructure. The state also boasts 2,107 ATMs, with the majority situated within the municipality of Puebla. However, 50.23% of municipalities also lack ATMs. Lastly, 25,009 POS terminals were in operation in 2024, with 22.12% of municipalities without these financial transaction points (CNBV, June 2024).

In Mexico, there are also banking correspondents that offer financial services through independent businesses, retail chains , and individuals. These correspondents can include department and convenience stores, pharmacies, grocery stores, and supermarkets, among others (CNBV, 2017). Banking correspondents are one of the best options for the population to access the services offered by banks.

Across the state of Puebla, there are a total of 2,338 banking correspondents, primarily located in retailers such as Oxxo, Yastas, Wal-

mart, and Soriana. The most popular banking operations in these stores are deposits and cash withdrawals. However, 52 municipalities, constituting 23.96% of the state, do not have one, since most are concentrated in the Puebla metropolitan area (CNBV, June 2024).

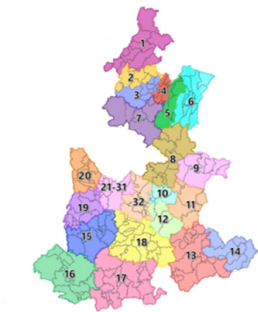
This uneven distribution of financial infrastructure limits access to financial services, with the population in vulnerable communities having to travel more than 7 kilometres on average to reach a bank branch (CNBV, 2019). Attention to these communities should be prioritized, creating strategies and actions that cover the largest population to broaden accessibility to these financial services.

Vulnerable regions of Puebla

The state is divided into 22 regions, as illustrated in Figure 5, each with municipalities that have similar characteristics and conditions. In 2020, the regions with the highest percentage of the population living in poverty were Sierra Negra, Huehuetla, and Acatzingo. By contrast, the Metropolitan Area had the smallest proportion of its population living in poverty (see Table 1).

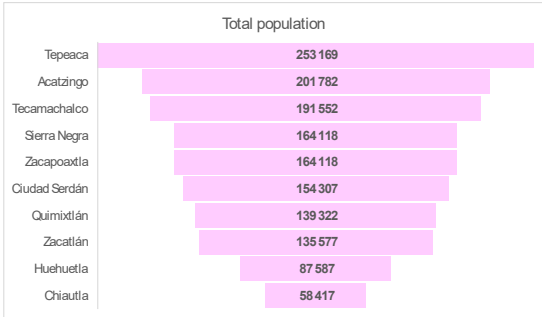
A deeper analysis of the 10 regions with the highest percentage of the population in poverty needs to be conducted in order to create a strategy that will benefit them.

Figure 5: Puebla state regions



Source: Writer's analysis of data from CONEVAL (2020)

Figure 6: Puebla, population by regions



Source: Writer's analysis of data from INEGI, (2020).

Table 1: Regional poverty in Puebla

Region ID	Region	Municipalities	Poverty*	Extreme Poverty*	Moderate Poverty*
14	Sierra Negra	6	88.52	39.63	48.89
4	Huehuetla	10	87.72	37.07	50.65
10	Acatzingo	6	86.63	19.27	67.35
9	Quimixtlán	7	85.49	25.24	60.25
11	Ciudad Serdán	7	79.99	16.58	63.41
32	Tepeaca	12	79.13	17.64	61.49
5	Zacapoaxtla	9	77.44	23.24	54.2
3	Zacatlán	9	77.27	21.66	55.61
16	Chiautla	9	76.16	20.18	55.98
12	Tecamachalco	5	75.85	14.44	61.41
1	Xicotepec	11	75.36	21.23	54.13
2	Huauchinango	7	73.7	21.97	51.74
7	Chignahuapan	5	73.42	15.8	57.62
8	Libres	11	72.71	12.9	59.81
18	Tepexi de Rodríguez	16	72.18	17.69	54.5
17	Acatlán	17	71.13	17.94	53.19
20	San Martín Texmelucan	11	69.94	12.69	57.25
19	Atlixco	10	69.34	16.25	53.09
15	Izúcar de Matamoros	13	69.04	15.21	53.83
6	Teziutlán	12	67.19	13.95	53.24
13	Tehuacán	13	64.79	12.61	52.18
21-31	Área Metropolitana de Puebla	11.00	44.67	6.55	38.12

*Percentage of total population in each category).

Extreme poverty: Three or more forms of social deprivation, below the minimum subsistence level

Moderate poverty: Difference between the population in poverty minus those in extreme poverty

Source: Writer's analysis of data from CONEVAL (2020)

Figure 6 shows how Tepeaca, followed by Acatzingo, have the largest overall populations, while ranking 6th and 3rd respectively regarding the prevalence of poverty. Chiautla, which has the smallest population, comes 9th.

All Puebla's regions share the burden that more than 80% of the population is without social security, while many inhabitants also lack basic housing services, are educationally disadvantaged, and live in poor quality housing quality (see Figure 7).

Access to technologies and infrastructure

Puebla's region's also suffer from limited access to information and communication technologies (ICT). For example, although Zacatlán has the highest level of access, ICT is only available to 20.9% of the population. At the lowest end of the range,

less than 10% of the inhabitants of Quimixtlán and Sierra Negra have access to the internet (see Figure 8).

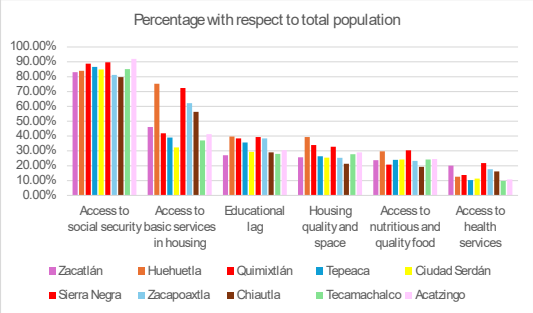
On the other hand, although less than 20% of the population in the regions has a device such as a computer, laptop or tablet, more than 50% have access to a cell phone (see Figure 9).

These regions have little financial infrastructure. There are even several municipalities that do not have at least one ATM (see Table 2).

Taking the 10 regions with the highest percentage of poverty as the target populations, it is important to note their lack of financial infrastructure and high crime rates. Both of these factors should influence the strategies that should be created to benefit the largest proportion of the population.

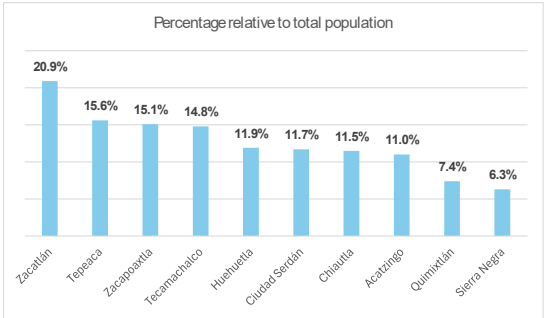
Based on the information analyzed above, the following data is set out in Table 3.

Figure 7: Prevalence of forms of deprivation in Puebla's regions



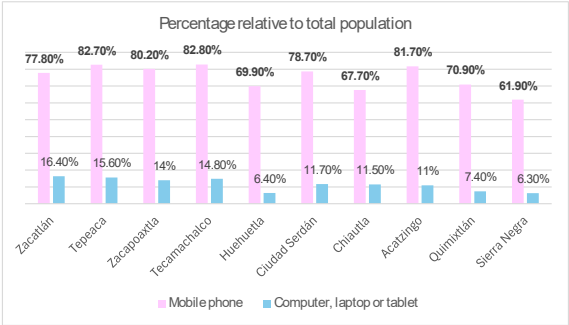
Source: Writer's analysis of data from CONEVAL (2020)

Figure 8: Internet access in Puebla's regions



Source: Writer's analysis of data from CONEVAL, (2020)

Figure 9: Access to cell phone, computer, laptop or tablet in Puebla's regions



Source: Writer's analysis of data from CONEVAL (2020)

Table 2: Financial infrastructure in Puebla's regions

Region	Municipalities	Bank Branches	ATMs	Banking correspondents	Welfare Bank Branches
Sierra Negra	6	2	8	26	8
Huehuetla	10	0	6	9	11
Acatzingo	6	3	9	89	10
Quimixtlán	7	2	7	21	10
Ciudad Serdán	7	7	17	54	13
Tepeaca	12	8	30	108	16
Zacapoaxtla	9	8	28	63	14
Zacatlán	9	7	19	47	9
Chiautla	9	3	5	15	7
Tecamachalco	5	9	32	84	10
Totales	80	49	161	516	108

Source: Writer's analysis of data from CNBV (June 2024)

Table 3: Target population

Region	Municipalities	Inhabitants	Bank Branches	Banking Intermediaries	Establishments Minutes with TPV	Business robbery
Sierra Negra	6	164,813	2	26	69	3
Huehuetla	10	87,587	0	9	20	0
Acatzingo	6	201,782	3	89	219	37
Quimixtlán	7	139,322	2	21	72	6
Ciudad Serdán	7	152,307	7	54	117	17
Tepeaca	12	253,169	8	108	344	38
Zacapoaxtla	9	164,813	8	63	209	3
Zacatlán	9	135,577	7	47	324	11
Chiautla	9	58,417	3	15	71	0
Tecamachalco	5	191,552	9	84	341	32
Total	80	1,549,339	49	516	1,866	147

Source: Writer's analysis of data from CNBV (June 2024) and FGE Puebla (July 2024)

Strategy: Banking correspondents

This paper argues that an optimal strategy for each region to attain access to financial services is to establish banking correspondents in businesses within each region. This strategy has the potential to reduce operating costs and leverage existing infrastructure, while offering several advantages, including the elimination of long-distance travel for access to financial services, the retention of funds within the community, and an increase in customer bases and profits.

To facilitate the training process and reduce risk, these banking correspondents should be able to make payments for services, withdrawals, and cash deposits only, and avoid operations that require more money and training, such as receiving remittances, depositing checks, paying checks, and applying for credit.

Table 4: Commercial businesses

Region	Municipalities	Retail trade	Wholesale trade	Municipalities without wholesale trade
Sierra Negra	6	1,963	93	Coyomeapan
Huchuetla	10	997	60	Atlequizayan
Acatzingo	6	6,411	731	-
Quimixtlán	7	1,353	39	Lafragua
Ciudad Serdán	7	3,082	177	-
Tepeaca	12	6,537	301	-
Zacapoaxtla	9	2,884	139	Jojota
Zacatlán	9	2,493	144	Coatepec
Chiautla	9	1,491	59	-
Tecamachalco	5	4,954	362	-
Total	80	32,675	2,133	5

Source: Writer's analysis of data from DENUE (March 2025)

By using data from Mexico's National Statistical Directory of Economic Units (Directorio Estadístico Nacional de Unidades Económicas, DENUE), compiled by INEGI, it is possible to analyze the number of businesses in each region. Within the retail sector, miscellaneous stores, beverages, accessories, clothing, footwear and pharmacies stand out. In the wholesale sector, grocery suppliers, coffee exporters, textile products, footwear, pharmaceuticals and raw materials stores feature (INEGI, 2024).

Table 4 presents the number of commercial businesses in each region. It is noteworthy that five municipalities do not have any wholesale businesses.

Strategy for each region

In order to address issues such as business closures, workforce shortages, and inadequate connectivity in commercial settings, this paper proposes the establishment of banking correspondents within wholesale businesses. These correspondents should be strategically located in communities with this type of business, thus ensuring that the local population has access to financial services in a nearby location.

Furthermore, the strategy should focus on businesses in the same sector, especially since several of them share the same owner, making it

easier to negotiate and train all their establishments. We recommend the creation of a digital “token” through which businesses can access a banking portal that allows them process transactions more rapidly without the need for face-to-face procedures, facilitating the model’s adoption (OpenAI, 2025).

Acatzingo, Ciudad Serdán, Tepeaca, Chiautla and Tecamachalco

Different strategies are proposed for each region, since some municipalities do not have wholesale businesses. In Acatzingo, Ciudad Serdán, Tepeaca, Chiautla and Tecamachalco, each municipality has at least one wholesale business. Banking correspondents should be established in the wholesale trade sectors for agricultural and forestry materials, and industry and waste materials, thus ensuring coverage for all municipalities.

Sierra Negra, Huehuetla, Quimixtlán and Zacapoaxtla

In these regions, banking correspondents can be established in municipalities with wholesale grocery, food and beverages, ice and tobacco businesses, as well as the categories noted above (agricultural, forestry, industry and waste). At least one municipality in each region does not have these types of commerce, which is why a banking correspondent should be installed in at least one of

the businesses that operate a point of sale (POS), since this guarantees it will have the necessary connectivity to offer financial services.

Zacatlan

In Zacatlan, eight municipalities have at least one wholesale business. Banking correspondents should therefore be created in these municipalities in the wholesale sectors for agricultural and forestry materials, and industry and waste materials. However, the municipality of Coatepec does not have any business with wholesale commerce or a POS. Banking correspondents should therefore be established in at least one of the 17 retail businesses in the groceries, food and beverages, ice and tobacco sectors, in order to achieve comprehensive coverage across all the region’s municipalities (DENUE, March 2025 and CNBV, 2024).

Despite the presence of banking correspondents in Puebla’s regions, they currently do not cover the entire population. These strategies are designed to cover all municipalities, so that individuals have more than one banking correspondent near them, generating greater financial inclusion by facilitating access to banking services through wholesale businesses.

The strategies could be implemented via retail businesses, but there would be a greater risk, because the fear of robbery would increase because they do not have the necessary

security. Additional difficulties include the business being closed, lack of connectivity and necessary equipment, and insufficient personnel.

Challenges and opportunities presented by banking correspondents

Banking correspondents have been identified as viable alternatives that provide financial services to people who do not have easy access to information and communication technologies (ICT). Advances in ICT can help reduce the operating costs of implementing this strategy, which represents an opportunity for traditional and digital banks to cover a larger population. However, a more robust study of relevant businesses in Puebla is recommended, to assess their interest in providing financial services and addressing the economic needs of the most vulnerable communities, as well as generating more customer accounts in these areas (CNBV, 2017).

Banking correspondents offer businesses several advantages, including increased income from transaction commissions and the potential for additional sales of their products. Yet it is important to note that in Puebla, there are disadvantages associated with this arrangement, arising from the prevalence of crime in the community. Since a robbery could occur at a business, it is advisable for

those which have installed banking correspondents to acquire insurance to cover this risk.

An in-depth cash-flow analysis should also be conducted to determine the optimal level of operations that could be carried out to provide such financial services. In addition, training is imperative to ensure that the correspondent's personnel can effectively operate the system and provide financial services in a satisfactory manner. A comprehensive analysis of the businesses interested in offering these financial services is also imperative to determine the minimum number of transactions needed for each business to be profitable.

Conclusion

Puebla is one of Mexico's poorest states, with almost 50% of its population living in poverty. In 21 out of 22 regions, more than 60% of the population is classified as being in this situation due to lack of social security or poor health (CONEVAL, 2020). Although all 50 banks in operation in Mexico are present in Puebla, analysis for this paper shows that their bank branches are predominantly located in the state's metropolitan area, leaving out the most vulnerable regions. (CNBV, 2024).

This lack of financial inclusion is an issue where the government and banking institutions could inter-

vene jointly, creating strategies and actions aligned with the national financial inclusion policy to integrate most of the population. The involvement of both the public and private sectors is essential to achieve the goal of extending access to financial services to vulnerable areas of Puebla and increasing basic financial literacy (CNBV, 2023).

The proposed strategy aims to increase financial inclusion and improve social and economic well-being in Puebla through the creation of banking correspondents, since the state does not have the coverage of this service in all its municipali-

ties. However, Puebla does have the infrastructure to generate such a network via at least 10,521 wholesale and 178,716 retail businesses across the state (DENUE, March 2025).

Although the present study focuses on Puebla, the analysis can be extended to all other Mexican states, where the level of financial inclusion is consistently low and access to banking infrastructure is limited. Applied across Mexico, the strategy has the potential to advance financial inclusion nationally, fulfilling one of the country's major social and economic development objectives.

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