

# Financial inclusion and empowerment report

2019

Let's continue  
working for a  
better world

#TheRightWay

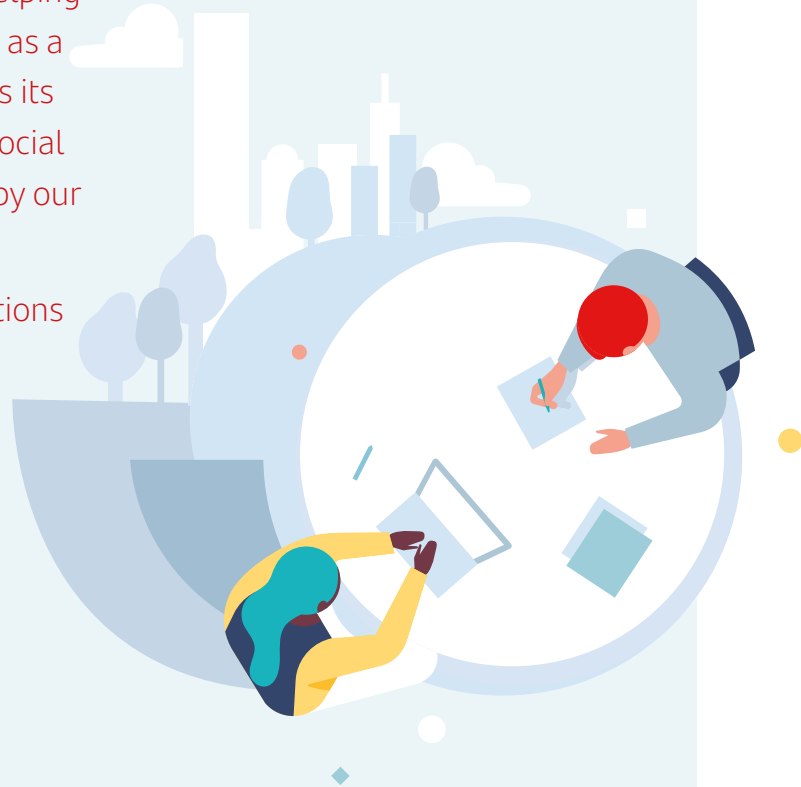
[santander.com](https://www.santander.com)

# Our approach

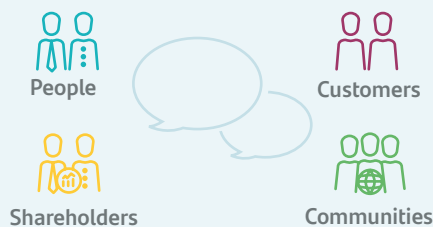
“ By delivering on our purpose, and helping people and businesses prosper, we grow as a business and we can help society address its challenges too. Economic progress and social progress go together. The value created by our business is shared – to the benefit of all.

Communities are best served by corporations that have aligned their goals to serve the long term goals of society. ”

Ana Botín



## By being responsible, we build loyalty



... Santander treats **me** responsibly

In our day-to-day businesses, we ensure that we do not simply meet our legal and regulatory requirements, but we exceed people’s expectations by being Simple, Personal and Fair in all we do.

I’m loyal to Santander because...

... Santander acts responsibly in **society**

We focus on areas where, as a Group, our activity can have a major impact on helping people and businesses prosper.

# Progress in 2019 towards our financial empowerment commitment

Boosting financial inclusion and empowerment is a top priority in our Responsible Banking agenda. In 2019 we made a commitment to financially empower 10 million people by 2025.

At Santander we promote financial inclusion across all our markets. Our strategy focuses on three aims - access to banking services, finance and resilience (via financial education).

Our approach is tailored to address the specific needs of different regions: LatAm, Europe and the US.



## ACCESS:

**607,505** people financially empowered in 2019

- In Latin America, our main focus is to ensure people can access basic financial services and are able to take cash in and cash out.
- In mature markets, our focus is on guaranteeing continued access to basic financial services in underserved or remote areas, most of them with a large majority of elderly population, and to help financially vulnerable groups access financial services.



More than 270,000 financially empowered people in Brazil.



## FINANCE :

**835,133** people financially empowered in 2019

- In Latin America we offer microfinance to unbanked or underbanked in Brazil, Mexico, Argentina and Uruguay, where we have helped more than 740k micro-entrepreneurs. Our microfinance proposals include a wide range of services such as micro credit, bank cards, checking accounts, deposits and insurance.



Prospera supports the growth of small businesses and helps low-income families in Brazil, Argentina and from 2019 also in Uruguay.



Launched in 2017, TUIIO offers a tailor-made range of banking products and services especially for low-income and underbanked populations in Mexico.

- In mature markets our product offering is focused on low income, financially vulnerable and people under financial distress. Initiatives, among others, include affordable housing programmes and specific programmes to relief financial stress such as mortgage payment deferrals.



## RESILIENCE:

**578,713** people financially empowered in 2019

- We offer financial education to the unbanked, underserved and financially vulnerable across all our markets, adapting our programmes to local needs.

In 2019, we progressed towards our target, financially empowering 2 million people.



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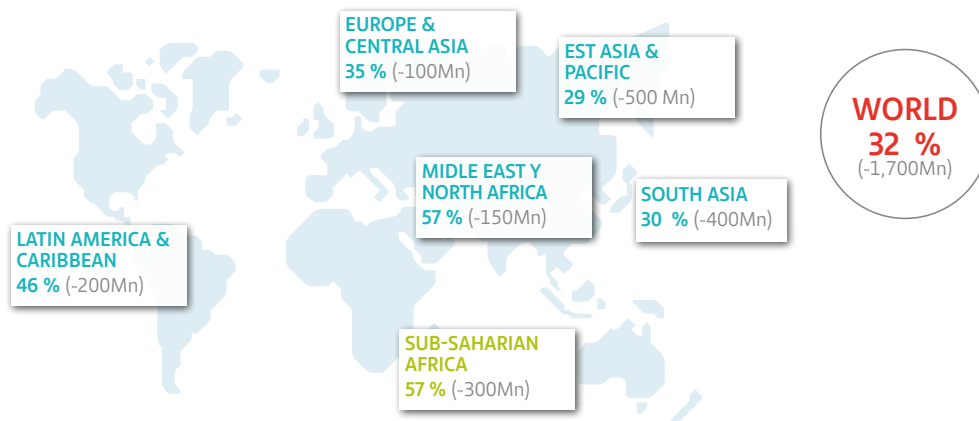
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## Overview

We believe that we can help more people prosper and enjoy the benefits of growth by empowering them financially: providing them access to tailored financial products and services, and improving their financial resilience through education.

# 1. Financial empowerment key to social inclusion

## Unbanked population by region (% adults over 15 without bank account)<sup>1</sup>



According to the World Bank, 1,7 billion people, or 32% of adults worldwide, have no access to financial services. The majority of these adults reside in the developing world, and are in low-income households.

There are many reasons why people are unbanked. Among the most common barriers to getting a bank account are too little money to use an account; the cost of accounts; the need to travel long distances to reach a financial institution; and the lack of financial education.

Financial inclusion increases prosperity in multiple ways. Access to finance can help increase people's earnings potential by providing funding for micro businesses. Finance enables people to benefit from education and health - fundamental pillars to human development. It can also help people save for retirement or unforeseen events such as a crop failure or a job loss that can push a family into extreme poverty. Financial inclusion also promotes gender equality: worldwide, most unbanked adults are women.

Switching from cash to digital payments also benefits governments and aid agencies, reducing the cost of administering social benefits and lowering "leakage" of state payments (such as pensions and public worker salaries).

Financial education is a first step towards financial inclusion, as it helps people make better decisions as to how to manage their money, thereby supporting financial stability and inclusive growth.

### Latin America in context

Latin America and the Caribbean is one of the world's regions with the highest percentage of adults without a bank account (46%). However, financial inclusion varies widely across the region. For example, 70% of adults in Brazil have a bank account, compared with just 37% in Mexico.

There is also a wide "gender gap" in terms of account ownership. The difference between men and women having accounts is 18% in Ecuador and 17% in Peru, while in Chile it is 6% and in Brazil 5%.

Only 45% of SMEs have access to finance from formal financial institutions. The lack of access to credit hinders SME growth and impacts innovation and development.

### High-income economies in context

In higher-income economies, most adults (94%) have a bank account. However, certain segments of the population remain underbanked, including SMEs and the self-employed. According to the European Central Bank 7% of euro area SMEs regard access to finance as the most important problem their firm is facing. In addition, across high-income markets there are certain segments of the population with low levels of financial literacy: the elderly for whom low digital capacity and low financial literacy represent the two most relevant factors contributing to their financial exclusion; or students who, according to the 2018 PISA financial literacy assessment, 15% in OCDE countries scored below baseline level of financial literacy.

Our strategy towards financial empowerment and inclusion reflects these different challenges.

**1,7** billion unbanked<sup>1</sup> people in the world

**56%** of unbanked adults are women

**27%** of unbanked adults live in the poorest households in their economy

### Financial inclusion is a priority for regulators and development agencies worldwide:

- Financial inclusion directly contributes to achieving 10 of the 17 Sustainable Development Goals of the United Nations.
- The G20 is committed to promoting global financial inclusion. In 2016 it reiterated its pledge to implement the G20 High-Level Principles for Digital Financial Inclusion.
- For the World Bank, financial inclusion is key to reducing extreme poverty and encouraging shared prosperity. It has therefore announced an ambitious global goal to ensure universal financial access by 2020 (UFA 2020).

1. World Bank updates its financial inclusion statistics every three years every three year. In 2020 the number of unbanked people in the world will be updated. Source: World Bank (2017), Convergences (2019), CGAP (2019), Centre for financial inclusion and Accion (2019), WEF (2019), The Economist (2019)

## Key issues and challenges

Great progress has been made toward financial inclusion in recent decades. Account ownership has grown fast: 68% of adults had a bank account in 2017. Rising prosperity and the spread

of digital technology has fueled this growth, which has been supported by the sector and codified by banks and regulators. However, challenges remain and more needs to be done.



### Moving beyond access to measuring demand-side indicators

Having achieved remarkable growth in the supply of bank accounts worldwide, the challenge now in many low and middle-income countries is to foster account usage and to place greater emphasis on measuring other demand-side insights, so banks have a better understanding of customers' needs, preferences, and how their lives have been impacted by financial inclusion products. Increasing activity rates on bank accounts requires, among others, the development of attractive products that meet consumer needs and are easy to understand. Meanwhile, we need to offer financial education tools that encourage people to save more or better manage their money.



### Leveraging advances in technology

Technology is driving financial inclusion in many ways. Mobile banking is helping address some of the barriers that prevent the unbanked from accessing basic financial services, such as removing the need for rural populations to travel long distances to reach a branch. Technology has made it cost-effective for banks to serve widely dispersed customers who transact with small amounts of money. Meanwhile, big data, artificial intelligence, and biometric technology are playing an increasingly important role in the approval and monitoring of loans, allowing providers to screen clients who lack an ID or a credit history. However, digitalization comes with challenges, especially for the financially excluded, who have little knowledge of financial products and services. To mitigate these risks, robust customer protection frameworks, and the implementation of financial education programmes, particularly for first time users with low literacy skills, should be ensured.



### Regulators and financial inclusion

Regulators play a key role in accelerating financial inclusion and ensuring it is delivered in a responsible way. In certain markets access to financial services has been fostered, among others, by changes in regulations, such as the allowance to provide financial services through banking correspondent models. In others, account ownership has surged as regulatory barriers have been removed which hindered remote account opening. Regulators will also continue to play a pivotal role in preventing customer harm- well designed consumer protection laws and adequate supervisions will be important.



### Narrowing the persistent gender gap in account ownership

More women have access to finance but the gender gap in account ownership in many developing countries remains a significant challenge. Women remain unbanked for multiple reasons, including the fact they are more likely than men to be out of the labour force and less likely than men to have access to an ID or own a mobile phone, which limits their ability to take advantage of growing digital channels for financial inclusion. Furthermore, few governments have specific financial inclusion programmes which target women.



### Embedding climate change into lending products

Increasingly, financial providers are helping customers adapt to the consequences of climate change, such as small holder farmers whose livelihoods depend on agriculture. Examples include loans to invest in drought resistant-seeds or irrigation infrastructure; technical assistance and awareness raising in local communities regarding climate-change risks; and the use of satellite data to deliver agronomy advice to farmers' mobile devices during the crop cycle.

About one in five bank accounts are inactive, with no deposit or withdrawal in the past 12 months.

World Bank, 2017.

1,1 billion unbanked adults have a mobile phone, but only 25% of them have access to the internet.

World Bank, 2017.

1. Worldwide compared with 51% in 2011.



## Financial education, a first step towards achieving financial inclusion

**Financial education is commonly defined as “the process by which financial consumers or investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being”.<sup>1</sup>**

Financial education complements financial consumer protection; an element that is key to protect consumers, improve individual decision-making and well-being, and support financial stability and inclusive growth. It needs to go hand in hand with financial inclusion, so that people who access the financial system for the first time are able to manage their money responsibly and effectively.

Financial Education has become even more important as financial markets, and the products on offer, have become increasingly complex, making it more challenging to make informed decisions.

- Low digital capacity and low financial literacy are the most relevant factors contributing to financial exclusion among older people<sup>2</sup>.
- 15% of students score below the baseline level of financial literacy in last PISA financial literacy assessment<sup>3</sup>. Students performing at this level can, at best, recognize the difference between needs and wants, can make simple decisions on everyday spending, and recognize the purpose of everyday financial documents, such as an invoice.

Given this, several multilateral organizations (such as the OECD, World Bank, the European Supervisory Authorities [ESAs] and the G20 Global Partnership for financial inclusion) have specific initiatives focused on financial education.

### Topics being looked at in financial education:



1

#### Lifelong learning

There is a strong consensus that learning about personal finance should be lifelong, starting with parents teaching their children, and extending on to retirement – so information must reflect the relevant needs at a particular stage in life.



2

#### Focus on financial innovation

Digital technology fosters financial inclusion – as long as people have access to the technology and understand how to use it. Financial education programmes are increasingly including content on digital financial products and services, as well as awareness of digital-related risks and controls.



3

#### Evaluation component

Financial education programmes should aim to demonstrate programme effectiveness, and measure outcomes.



4

#### New content

Behavioral economics, sustainable finance or advanced analytics and big data are gaining relevance in these days and could shape financial education programmes, providing new instruments to overcome behavioral biases when purchasing financial products. Also, financial education could boost and help promoting a greener sustainable development and further support consumers' understanding of the opportunities and challenges arising from big data and advanced analytics.

1. European Banking Authority (EBA) report on financial Education 2019-2020.

2. G20/OECD task force on financial consumer protection.

3. According to 2018 PISA financial literacy assessment over 13 participating OECD economies and 7 non-OECD countries (exercise aiming to provide a picture of 15-year-olds' ability to apply their accumulated financial knowledge and skills to real-life situations involving financial issues and decisions).

## Financial inclusion contributes significantly to the 2030 Agenda, supporting 10 of the 17 Sustainable Development Goals.



Source: CGAP and UNGSA (2016)



## 2. Our commitment to financially empower 10 million people

By delivering on our purpose, and helping people and businesses prosper, we grow as a business and help societies to address their challenges.

### Our strategy

Wherever we operate, we are promoting financial inclusion with a strategy that meets the needs of the local market, and has three core pillars: access, finance and resilience. Our strategy targets the unbanked, underserved and financially vulnerable in our core markets Latin America, Europe and the US.



#### ACCESS:

In **Latin America**, our main focus is ensuring people can access basic financial services and are able to perform cash in and cash out services. Amongst the main initiatives are our remote branches in Argentina and our network of retail agents in certain regions in Mexico providing Santander's financial services. In areas where our branches cannot reach, we leverage digital platforms to drive financial inclusion. A flagship initiative is Superdigital, our digital platform with approximately 500,000 active users in Latin America.

In **mature markets**, where account ownership is close to 100%, our focus is on guaranteeing continued access to basic financial services in small or remote areas, most of them with a large majority of elderly population, and to help vulnerable groups access financial services. We operate branches and ATMs in remote locations and sparsely populated in regions of both Portugal and Spain and we have developed specific programmes to support and help vulnerable collectives in the branch network, such as consumer helplines.



Further information on our Access initiatives across the Group



#### FINANCE :

In **Latin America** we provide microfinance to unbanked or underbanked populations in Brazil, Mexico, Argentina and Uruguay, with proposals that comprise a wider product offering than just credit, such as bank cards, checking accounts, deposits or insurance. Notable examples are our Prospera or Tuiio programmes.

In **mature markets** our product offering reflects different market needs and is focused on low income, financially vulnerable and people under financial distress. Our initiatives include affordable housing programmes and specific programmes to relief financial stress such as mortgage payment deferrals. We also provide loans to MSMEs that are underserved, some with the support of loan guarantee schemes provided by both EU and domestic institutions.



Further information on our Finance initiatives across the Group



#### RESILIENCE:

We offer financial education to the unbanked, underserved and financially vulnerable across all our markets. However, our financial education programmes are diverse both in terms of the content and target segment and largely based on local needs. Spain's "Finanzas para Mortales" programme – widely recognized as one of the country's leading financial education programmes- and Sanodelucas – Chile's online platform for financial education- are amongst the highlights.



Further information on our Resilience initiatives across the Group

**“ Banks are a key in the economy; we provide financing to large multinationals and also to entrepreneurs. Therefore we have a relevant role in the fight against financial and social exclusion ”**

**Ana Botín**, Group executive chairman.

**Our strategy directly contributes to 6 SDGs**

Please review section 7 for more detail

To act responsibly with society, we focus on areas where, as a Group, our activity can have a major impact on helping people and businesses prosper. And as a bank, we can play a major role in helping ensure growth is both inclusive and sustainable.

### Strategic target for 2019-2025

Boosting financial inclusion is a top priority in our Responsible Banking agenda, as our commitment to financially empower 10 million people by 2025 announced during the 2019 Investor Day shows.

In order to measure, assess and improve the Bank's contribution to financial inclusion, a Group methodology has been developed and agreed with all units that sets out a series of principles, definitions and criteria that can be used to consistently count those individuals who have been financially empowered through the different initiatives, products and services promoted by the Bank.

We have defined our metric (people financially empowered) and established a corporate methodology that is applicable across countries to ensure robust measurement. Our definition is based on the principles of value creation, relevance, rigor and transparency:

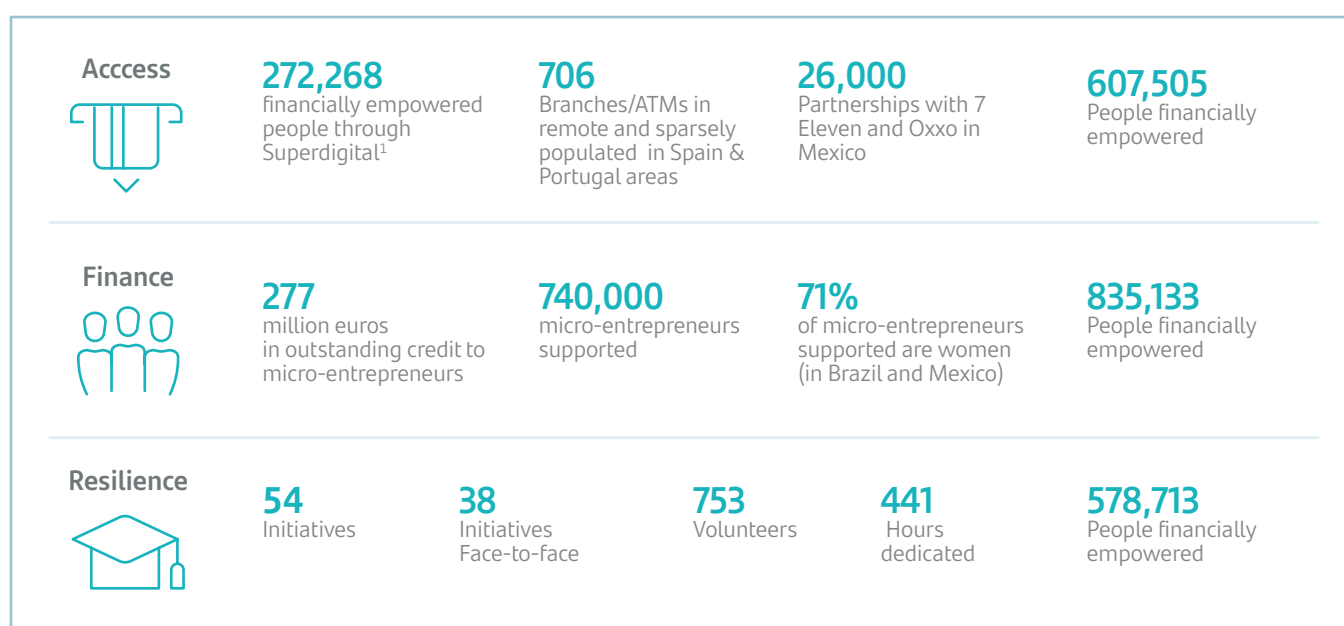
→ **Financially empowered people:** number of people, mainly unbanked (people who do not have a current account) underbanked or in a situation of vulnerability (on the basis of income level, financial knowledge or one-off circumstances related to finance) who, through our products and services and social investment initiatives are able to get access to the financial system, receive tailored finance and increase their knowledge and resilience using financial instruments.

**2019 Progress against our target:** We have made good progress towards the achievement of our target, having financially empowered 2 million people in 2019.



### Our financial empowerment proposal in figures (data as of 2019)

We are also working towards measuring impact, the long-term transformational changes in the wellbeing of our customers.



1. Only includes Superdigital customers with a salary below the country's per capita average household income in Brazil. Customers from other geographies will be included with the implementation of Superdigital's expansion plans.

# 3. Access

Helping unbanked, underbanked or financially vulnerable people access and use basic financial services

We aim to guarantee access to basic financial services for all segments of the population, leveraging on our traditional banking channels, including branches, ATMs and a network of retail agents, and using also digital banking to foster access.

Our approach reflects the different needs of developing and developed markets: in developing countries, we focus on offering bank accounts and making available cash-in cash-out services. Notable initiatives here are Superdigital, partnerships with a network of retailers in Mexico that offer Santander Services, and financial inclusion branches in Argentina.

In mature markets where account ownership is almost universal, the focus is on guaranteeing continued access to basic financial services and ensuring the right digital means are in place to allow access to banking services. We give support to different groups through different means, including: operating branches in remote locations to service underserved communities, mainly elderly people and adapting services to attend vulnerable groups (such as consumer helplines).

In addition to that, and in alignment to our Diversity and Inclusion strategy, we are adapting branches for people with physical disabilities or the elderly—including those with automatic doors and low-level counters; and testing our websites to ensure online accessibility for people with disabilities.



Further information on our Diversity and Inclusion Thematic

## Leveraging digital technology to boost financial empowerment

We want to give everyone access to financial services, regardless of factors such as income level, gender, educational attainment, geographic location or age. Digital technology helps us to overcome some of the barriers that prevent unbanked and underserved populations from accessing financial products and services.

For our customers, online banking involves taking greater control of their finances and enjoying the benefits of faster and safer transactions.

# 607,505

people empowered from access initiatives in 2019

## Role of technological advances in driving financial inclusion

Advances in technology that have the potential to transform the provision of financial services have emerged, helping banks enhance transaction account and payment products design, improve user experience, deliver operational efficiencies, and lower market entry barriers. However, financial innovation comes with challenges, including cyber security, consumer protection and data privacy, and digital exclusion. To address these risks there needs to be robust regulatory frameworks and responsible innovation that prevents the exclusion of disadvantaged segments of the population.

Source: World Bank and Bank for International Settlements (BIS, 2020)



## Banking without a bank

Superdigital is Santander's flagship mobile platform for making cash deposits, withdrawals and payments. Available in Brazil, Mexico and Chile, it leverages the rapid growth in smartphone adoption and improved network coverage in Latin America to increase financial inclusion in the region. To date the platform has almost 500,000 active users, with plans to reach five million active clients by 2023 across seven markets in Latin America. In the long-term, we aim to have 10 million active users on the platform given the growth potential of digital payment solutions in the region.

Developed with Santander's proprietary technology, Superdigital is very user-friendly. For instance, clients are able to make online financial transactions without having a bank account, chat with other users of the app, split expenses among groups, and receive automated alerts regarding their financial situation. At the same time, fostering

digital channels such as Superdigital allows us to drive greater operational efficiencies within the bank, enabling us to serve this segment in a sustainable manner.

"Superdigital provides people with a totally different experience from the one on offer in the traditional financial market," explains Fernando Oliveira, Superdigital's software development manager.

Smartphone adoption in Latin America will reach 78% of total connections by 2025, compared to 62% at the end of 2017.

GSM Association (2018).

**“It is a responsible way of banking. It works like a chat. It's like making payments and having your bank account in your WhatsApp”**

**Ana Botín**, Group executive chairman.



For further information, please visit [Superdigital Brasil](#), [Superdigital México](#), [Superdigital Chile](#)

## Traditional banking initiatives and services to guarantee access to financial services for all segments

### Developing countries

- We operate branches in remote locations in Argentina.
- In Mexico, we have implemented an agent network that allows Santander offer basic financial services through the points of service of retailers.
- In Brazil, we have developed a business value proposition targeting the base of the pyramid.
- In Chile, we offer a bank account for low-income customers.

### Financial inclusion branches

Santander Río has opened in 2019 four branches in Buenos Aires (in the neighborhoods of Santa María, Castelar Sur, La Juanita and Don Orione, which previously had no banking coverage) as means to encourage financial integration.

### Cuenta life

A project started in 2018 that offers an account to everyone, not requiring a minimum salary. The offer also provides specific products, with a total of beneficiaries of 57,274 in 2019.

### Rendas Massivas

The project targets customers at the base of the pyramid, who earn up to R\$4,000 per month. Our business model offers simple and efficient solutions with an attractive cost benefit proposal to the customer. The operating model offers easy access to financial solutions, with transparency and support to entrepreneurship, which includes targeted credit, priority expenses, educational development, and small business support. The value proposal promotes self-service through digital channels where clients are able to perform main financial transactions, besides accessing products and services.

### Partnerships with retailers

In Mexico, Santander offers customers the ability to carry out basic transactions through more than 26,000 convenience stores such as Oxxo, 7 Eleven and others.

### Developed countries

- We operate branches in remote populations in Spain and Portugal.
- We are supporting developments to reduce the use of cash in Poland.

### Branches in sparsely populated regions

In Spain, the Bank has 627 branches and 687 agent establishments in sparsely populated regions with under 10,000 inhabitants.

### Branches in small villages

Santander operates 79 branches in small urban areas, highlighting those in Azores and Madeira islands, providing services to over 103,623 customers.

### Card terminals in small towns

In Poland, Santander has participated in the "Cashless Poland" programme developed by the Polish government aiming to expand the card payment network in small towns and villages and amongst small and micro businesses. The programme allows participants to use a card terminal at no cost for the first twelve months. In 2019, the number of clients conducting business operations who have an account with the bank increased by 45%.

## 4. Finance

We are promoting products and services that meet the needs of everyone in the community, with a special focus on the unbanked, the underserved or those who are financially vulnerable.

Across our markets we offer specific banking products aimed at those groups who are not in the banking system, who are underserved or who are financially vulnerable. Our geographical footprint is wide and our clients' needs differ significantly across countries. As a result, our financial products and services are tailored to meet local needs.

**“ Working for financial inclusion is part of our purpose as a Bank. That is why I am proud that – along with the team at Santander– we have backed productive and educational entrepreneurial projects in La Juanita today, which are an example of innovation with social impact ”**

**Ana Botín**, Group executive chairman.

**835,133**

People empowered from initiatives that offer finance tailored to their specific needs in 2019

### Microfinance: an opportunity to drive inclusive growth and economic development in Latin America

In Latin America, where the financial inclusion gap is significant, we offer microfinance services to low-income and underbanked entrepreneurs since 2002. Our aim is to help our customers set up small businesses, which are the drivers of economic growth and social mobility.

Our product offering is wide, and includes amongst others: tailor-made microloans, savings products, checking accounts, cards or micro insurance.

We offer income-generating loans, with the goal of helping micro-entrepreneurs strengthen their business by providing them financing for their working capital needs. A significant proportion of our loans are disbursed to women borrowers, who generally are less likely than men to enjoy access to financial services in developing countries. By focusing on women, we drive greater impact for everyone in the community, given that women reinvest up to 90% of their earnings back into the household –including cash spent on food, healthcare and education– as opposed to 35% for men.

Technology and loan officers are the most important pillars of the current microfinance proposals.

Technology plays a key role in microfinance, enabling reductions in the cost structure and enhancing the value proposition. Our microfinance proposals rely deeply on technology, transferring the main benefits to customers. For example customers in Prospera Brazil can get a credit approved in less than ten minutes (vs 17 days in 2017). In TUIIO in Mexico, customers receive a card online with every bank account opening, and the agent will show them how to use it at the ATMs.

Loan officers are crucial in granting credit to a customer. Living in the communities where they operate, they establish close relationships with borrowers so that they are aware of their financial situation and able to provide advice during times of financial distress.

Loan officers are trained to provide our customers with financial and business advice, performing as consultants for small businesses. They are also able to provide clients with other financial products, such as insurance and checking accounts amongst others.



## Our main microfinance programmes in Latin America



**EUR 277 millions**  
in outstanding credit to micro-entrepreneurs at the end of 2019 (+73% vs. 2018)

**+ 740,000**  
micro-entrepreneurs supported

**71%**  
of micro-entrepreneurs supported are women (in Brazil and Mexico)

**EUR 19,8 millions**  
of profit before tax

**70%**  
of income generated circulated within local communities

**1,840**  
dedicated employees

**63%**  
Renewal rate

**90%**  
NPS (Prospera Brazil and Uruguay)

### Prospera Brazil

Banco Santander is recognised as the leading provider of microcredits among private banks in Brazil. Since its creation in 2002, Prospera Santander has supported the growth of small businesses, mainly micro-businesses, helping disadvantaged populations and low-income families escape from poverty.

The programme grants income generating loans to groups of micro-entrepreneurs who share the responsibility of repaying the full amount of the loan. A team of Loan Officers, who belong to and live in the communities being served, helps and guides the entrepreneurs throughout the life of the loan, offering financial advice. All the products offered have a high digital component, which delivers operating efficiencies and a better user experience. Now, it is possible to have a credit approved in less than ten minutes.

In 2019, 57 new Prospera branches were opened, the number of municipalities served increased from 584 to more than 1,600, while the number of active clients grew by 250,000 to more than 500,000.

### Tuio Mexico

Launched in 2017, TUIIO offers a comprehensive range of products and services specially designed for low income and under-banked populations, including tailor-made loans, savings products and insurance. All the products offered have a high digital component, which delivers operating efficiencies and a better user experience.

Tuio currently has 83 branches in the communities where customers live, and supplements its offer with financial, technological and entrepreneurial education courses for its customers "Tuio, Finanzas de tú a tú" programme. A course designed to facilitate the use of financial services and financial tips, digital simulations and calculators is available on the Tuio website. Tuio operates a group lending methodology, with microcredits granted to groups of neighbours composed of at least eight micro-entrepreneurs.

**€489**  
Average credit

**7 months**  
Average term

**69 %**  
Women

**€294**  
Average credit

**4 months**  
Average term

**92 %**  
Women



## Prospera Argentina

Since 2015, we offer microcredits and other products through our social inclusion branches in Argentina, which are located in low income areas in the surroundings of Buenos Aires that previously lacked any type of financial services.

First inclusion branch was opened in La Juanita in 2015. In 2019, 3 branches were opened, totaling 7. Leveraging on technology, digital agents offer a full digital onboarding outside branches, as well as a wide product offering, including loans, cards, PoS, or insurance.

Branches and ATMs are used by customers and non-customers, and play a key role in enabling transactions to cash out different social-related plans.

Other related initiatives add value to the proposal, such as Superclub Comprometidos, where selected micro-entrepreneurs are able to offer their products to customers, or Portrero Digital, a financial education programme in vulnerable communities.

**€445**

Average credit

**9 months**

Average term

**60 %**

Women



## Prospera Uruguay

Launched in 2019 as a pilot programme in the Salto department, Prospera Uruguay offers credits and insurance to entrepreneurs. Since then, the programme has scaled up across the country (current coverage of 84%), reallocating the sales force arising from the digital transformation of a financial institution in Uruguay. With every expansion Prospera has trained its sales agents, 95% of them women with extensive experience in marketing financial services.

In 2020 Prospera Uruguay aims to expand the product offering include savings accounts and payment solutions, amongst others.

**€712**

Average credit

**12 months**

Average term

**95 %**

Women



## Patricia Santos, Mexico

In early 2018 artisan Patricia Santos set up her own business with the help of a MXN 5,000 loan from Tuiio. Since then, her food business, La Magia del Sabor, has grown and she has now been granted a MXN 20,000 loan. Today, Patricia holds banquets for more than 300 people.

"Tuiio gave us workshops to help us manage the cash that had been given to us, it supported us, and gave us a bank card. But it was not just about giving us a card to withdraw all the cash in one go. We also learnt how to make online payments and to use the app... Initially we were like "what if I hit the wrong button and our money goes where it shouldn't?!" But we learnt how to do it... I also paint ceramics that I sell on the open market, I receive payments on my card and my products reach people I never thought it would... I am deeply grateful to Tuiio for its trust and for saying "go ahead, you can make it".



Full story of Patricia Santos.



See video



## Jacaranda Ivonne Miranda, Mexico

Jacaranda Ivonne Miranda has been running her women's clothing store in Toluca for 20 years.

Following a neighbour's recommendation, she turned to Tuiio to help her grow her business.

"With the credit they gave me in Tuiio I could invest on the most needed merchandise such as blouses, trousers and accessories.

I could also change from a local to a wider and better located store. I really liked the experience with Tuiio because, unlike other microcredit providers, has a very clear focus on business, they lend you to invest in your business first. Thanks to Tuiio my children can go to college and I can pay for rent, dentist and vacation.

I like Tuiio's way of working!

Besides, thanks to Tuiio this is my first Santander card, I can use it for many things and also provided me with a Santander terminal to receive the payments from my clients. When I visit the Tuiio branches, the staff is very friendly and attentive to resolve doubts. I've even been told that I can take courses to better manage my finances and business."

## Financial solutions for the vulnerable in mature markets

The financial inclusion gap in both Europe and the US is significantly smaller than in Latin America, but still certain segments of the economy struggle to make ends meet and experience financial difficulties, including the youth<sup>1</sup> aged 18-24, immigrants and refugees, and the elderly (aged 65 or over) lacking a pension plan. In the US there are 38 million people in poverty (12% of the population), while in the EU-28 there are 86 million people at risk of income poverty (17% of the population). Also, MSMEs still experience trouble when applying for finance despite their key role in the economy (accounting for 70% of total employment in the Eurozone). In the Euro Area SMEs have seen continued improvements in the availability of external sources of finance over the past decade, but still 7% of them regard access to finance as the most important problem their firm is facing, according to latest survey on the Access to Finance of Enterprises, published by the European Central Bank. In the United States the

March 2020 survey from the National Federation of Independent Business (NFIB) shows that 3% of small businesses surveyed do not have all their borrowing needs satisfied.

The focus of our financial empowerment proposals in mature markets is not to exclude and allow underserved segments (such as MSMEs), financially vulnerable people (such as people at risk of poverty), or people experiencing financial distress to remain in the banking system. Initiatives in this segment are designed to meet the needs of these collectives, focusing around affordable housing purchase programmes, debt refinancing programmes, or loans to MSMEs, some with the support of loan guarantee schemes provided by both EU and domestic institutions.

Sources: Eurostat (2017), US Census Bureau (2018), European Central Bank (2019)



### Spain

#### Mortgage payment deferral

Since 2011, we have helped over 140,000 families struggling to pay their mortgages through initiatives such as: the suspension of evictions to 9,362 families, with no evictions taking place since November 2012; settlement agreement to 13,760 families; and refinancing and restructuring of more than 134,100 mortgages, including 112,300 granted to families and 21,800 granted to companies, respectively.

#### Social Housing

To facilitate access to housing, Santander has contributed 1,000 homes to the Social Housing Fund, out of which 985 are for rent. Meanwhile, we have another 609 houses with more affordable rents for families in a vulnerable situation. Santander was the first large financial institution to adhere to the code of good banking practices in March 2012.

#### Loans to MSMEs with the support of EIB and EIF

In Spain, we recently signed - with the European Investment Bank Group, comprising the European Investment Bank (EIB) and the European Investment Fund (EIF) - a line of EUR 1,900 million to offer Spanish MSMEs financing with advantageous conditions.



### Poland

#### Loans to microenterprises with the support of EIB

In Poland, in cooperation with the EIB, we have negotiated a credit line of EUR 400 million available to SMEs and midcap companies, with a special focus on the development of micro-enterprises.



### Portugal

#### Iris Debt renegotiation programme

In Portugal, through our Iris debt renegotiation programme, we have renegotiated debt with 27,277 customers during 2019. The programme considers circumstances that could cause financial distress for people (such as an income reduction, or divorce,...) and offers the possibility to renegotiate their loans.

1. Although it has decreased from 24% in 2013 to less than 15% in 2019 the youth unemployment rate is still very high in the EU (with peaks of more than 30% in several countries) and more than double the overall unemployment rate (less than 7%). Source: European Commission (2019).



USA

### Santander Bank Inclusive Communities Plan

Santander Bank has developed an Inclusive Communities plan which includes the commitment to provide \$11 billion in loans, investments and charitable contributions for the 2017-2021 period. This plan increases Santander's Community Reinvestment Act activity by 50% compared to the prior five-year period.

Main lines of action:

- Affordable home purchase and home improvement products.
- Small Business Administration lending.
- New affordable housing and community development financial institution (CDFI) loan products.
- Lending to community development corporations and non-profits.
- Piloting pre-foreclosure counseling with community organisation.

## Customer protection policies and procedures

At Santander, protecting our most vulnerable customers is a priority, and we have developed a set of internal policies and procedures designed to ensure customers get the best possible service. These policies govern our approach to the approval, monitoring, renewal and refinancing of financial products and are focused around preventing customer indebtedness and ensuring product safety.

In Latin America our policies and procedures to achieve this include the following:

- We align Business as Usual practices from our Commercial bank to our microfinance businesses. We perform in-depth credit checks to assess a customer's repayment capacity based on expected income and overall indebtedness. We also complement our assessment with data from credit bureaus that consolidate borrowers' creditworthiness records.
- Client and loan officer decide together what is the best loan size, in what we call "conscious credit" a practice towards ensuring that loan size is adapted to customer cashflows.
- We lend to groups of close relatives and neighbours. Group members complement the role that banks need to identify and select borrowers with re-payment capacity, in a context where official data sources for credit history are not available.
- Our loan officers establish close relationships with borrowers so that they are able to provide advice during times of financial distress.
- All our loan officers are trained to provide our customers with financial and business advice, performing as consultants for SMEs.
- Refinancing options are offered for clients in need, helping them find the best terms to repay their loans.
- All of our loans are for income generating purposes, such as working capital or business investments.
- Regulations also helps us prevent over indebtedness. For instance, in Brazil we are bound by a maximum total borrowing in the market per customer of BRL 80,000.

At group level, our policies and procedures to ensure our customers - especially vulnerable customers - get the service and support they need include the following:







- Our Consumer Protection Policy sets out the operating standards that must be considered by all Group subsidiaries. It includes amongst others the principle of treating customers fairly, honestly and respectfully; the principle of transparent communication, so that information on financial products and services is clearly understandable; the principle of responsible pricing, including consideration whether the price is affordable for the customer; the principle of financial education in order to improve customer knowledge of financial products and risks embedded within; and the principle of taking into consideration customers' special circumstances and prevention of over indebtedness, ensuring that financing is not provided in cases where customers will have a manifest difficulty in meeting their obligations.
- In 2019 our Consumer Protection Policy was enhanced with the development of corporate guidelines for good practices on treatment of vulnerable customers, so we can cater for their individual needs and help prevent over-indebtedness. These new guidelines have been developed to establish a consistent approach throughout the Group regarding vulnerable customers and include a definition of "vulnerable customer" - someone who is especially susceptible to suffer a financial loss due to factors such as gender, age, incapacities, disabilities or impairments, limited access to education, and illiteracy. The guidelines require to specify whether a new product or service can be offered to a vulnerable customer and establish that all areas interacting with customers must ensure that their employees are properly trained to identify vulnerable customers and handle special customer circumstances and vulnerabilities. In 2020 we will continue to advance this workstream, aiming to embed our new guidelines for treatment of vulnerable customer across the entire customer journey.
- We have a dedicated Product Governance Forum which validates products monthly and reports to the Group's Compliance and Conduct Committee. This forum ensures that consumer finance products targeted at vulnerable segments have a suitability assessment, financing terms are reasonable and over-indebtedness is not encouraged. Since 2019, the Responsible Banking Unit is also represented on the Product Governance Forum.
- Santander's Remuneration Policy for our sales force establishes compensation must take into account customer rights and interests; prevent promotion of products or services not aligned to client needs; and incorporate quality and good conduct indicators. Furthermore, in 2019 we continued the cultural transformation of our sales force with a three year transformation plan to review and revise their remuneration. The action plan covers topics such as variable/ fixed remuneration ratio, linear business objectives that do not promote specific products, and relevant weight of quality components with adequate diversification of conduct metrics. Since 2017 we have reached, in 5 out of our 10 most relevant geographies, the objective of setting a 40% of variable remuneration based on conduct and quality components.
- Our risk management procedures include an assessment of whether a customer can afford a product. This covers issues such as his or her ability to regularly and steadily generate future income, the sustainability and stability of revenues, and the adequate balance between total liabilities and the revenue-generating capacity. For retail clients, local policies also include maximum debt ratios for granting loans, including consideration of basic expenses customers must cover on a daily basis.



## Financial support for vulnerable customers in the COVID crisis

Delivering on our commitment to help people and businesses prosper, at Santander we have taken extraordinary measures to support our most vulnerable customers during the coronavirus crisis. Our response has focused on actions designed to foster the economic resilience of SMEs, the self-employed and people at risk of poverty, including:

### → Liquidity and credit facilities at favorable terms and conditions:

-  **Spain:** Santander made available to SMEs and autonomous €45 Bn in credits lines, and advanced payment of pensions to retirees.
-  **Argentina:** \$1Bn pesos (€14.2mn) for loans to SMEs supporting teleworking.
-  **US:** \$25 million in loans to Community Development Financial Institutions (CDFIs) for on lending to small businesses.
-  **Mexico:** participation in the programmes for distributing credit facilities to 1 million of micro enterprises that was already announced by the President. Also 4 months deferral of loan repayments.
-  **Portugal:** €120Mn (31%) of the Portuguese State's line Capitalizar 2018 – Covid 19 channelled through Santander. €4 Bn in additional credit for SMEs to satisfy short-term treasury needs, with no changes to the spread or related fees.
-  **UK:** the Coronavirus Business Interruption Loan Scheme (CBILS) of up to or over £250,000 depending on the business size and Bounce Back Loans of up to £50,000 or 25% of annual turnover. No interest to be paid on either loan for the first 12 months.

### → Specific approaches in our microfinance operations for people at risk of poverty:

- **Tuiio Mexico:** Grace period of up to 8 weeks and extension of the credit term from the current 4 months to possible 8 month.
- **Prospera Brazil:** Payment deferral for 60 days (extendable for 60 more days if necessary) to all loans and reduced interest.

### → Suspension of certain banking fees and commissions

### → Temporary increase in credit card and overdraft limits

### → Mortgage holidays

### → Proactive support for vulnerable customers and specific helpline for all customers

## 5. Resilience

Financial education is core to our financial empowerment strategy, as financial knowledge gives people resilience to weather life's storms and unforeseen events.

### Santander's approach to financial education

Our definition of financial education reflects global best practice and guidelines, such as the OECD's principles for financial education and the Joint ESAs guidelines on financial education (including the EBA's recently published report on financial education).

Santander focus on financial education is based on four main principles:



**Making economic concepts more understandable**, which also helps people make better financial decisions.



**Reducing information asymmetries** between customers and financial services providers, promoting transparency and trust in financial markets.



**Protecting** the most vulnerable through specific approaches.



**Supporting stability of financial markets:** financially educated consumers can also positively impact the robustness, safety and transparency in the financial markets by encouraging genuine competition and applying intelligent consumption on financial products when managing their personal finances.

### Our financial education initiatives

Various financial education initiatives in different countries are divided into three groups.



**Initiatives aimed at consumers in general**



**Financial education for school students**



**Financial education days**

## 578,713

People benefited from financial education programmes in 2019

In Santander, we also ensure we "train the trainers", given the impact that teachers have on student learning and retention.

In addition to our financial education programmes targeting vulnerable customers, we also offer non-financial support to SMEs, including training and access to our networks. By doing this, we help our SME customers tap new segments, enter new markets -both domestic and international- and digitalize faster.

Santander's financial education programmes cover a wide range of needs, that addresses main challenges according to relevant organisms experts in the field such as the European Banking Authority.

1

**Limited awareness** of the existence of different forms of borrowing can potentially push consumers towards high-cost loans and other expensive forms of credit.

2

**Lack of understanding** of how best to manage revenue and savings to overcome low levels of savings can potentially encumber families' capacity to deal with unforeseen events.

3

**The fast pace of the digitalisation** of money and finance, together with the development of new products and services, requires continuous education to be fully understood.

The depth in content and the approach and format vary depending on the target segment as well as between developing and mature markets.

The majority of our financial education initiatives currently target the general consumer, with content that could be useful for the general public and we also have an important share of programmes targeting students. In recent years, we have been increasing the number of programmes targeting specific vulnerable groups, such as the consumer help lines and have tried to raise awareness on the importance of financial education through special days and targeted campaigns.

Our content is also updated regularly to reflect the outcome of the analysis undertaken to understand the causes for customer complaints. In particular, our complaints management systems help us identify customer knowledge gaps or information

asymmetries, tailoring our financial education programmes in order to tackle the issues that gave rise to complaints in the first place.

Our financial education programmes comprise a variety of formats ranging from face to face workshops delivered by volunteers, to online programmes that, leveraging technology, enable us to increase the scope of impact and reach a wider audience. The majority of initiatives reach their audience by means of online resources, exemplifying the significant role that online tools play in financial education today.

Some of the programmes are given in collaboration with community partners, which helps spread the cost of programme delivery, supporting the sustainability of programmes in the long run, while at the same time, sharing knowledge and collaborating with organizations and NGOs with a wide expertise in different fields.

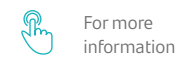
## Main initiatives by country

### 1. Initiatives aimed at consumers in general

#### Argentina

##### Network of financial educators

The network of financial educators is made up of workshops aimed mainly at teenagers, children, entrepreneurs and mothers. Each year, more than 2,000 people were trained as a result of this initiative.



For more  
information

##### Fundación Construyamos

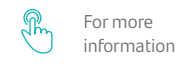
Programme that works with technical schools (Mendoza, Salta and BBAA) to find solutions to social problems. Projects are presented to the Bank and financial education classes are delivered. 450 beneficiaries.

##### Digital immigrants

Foundation programme for digital inclusion, with a focus on senior citizens. 203 beneficiaries.

##### Banca Women

Two trainings in the bank for the women's segment. 850 beneficiaries.



For more  
information

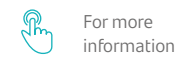
**11 initiatives** chosen by the bank employees focused on promoting financial education in different schools of Argentina. 563 beneficiaries.

#### Brazil

##### Portal Financial Education

Available to both clients and non-clients, it offers content covering budgeting advice, debt negotiation tips, and planned use of money and banking products.

An online course ("Vida Financeira") covering topics such as financial planning and goal setting in the short, medium and long term is also available. In 2019 more than 3,330 participants attended this online course.



For more  
information

##### Palestras FOPA Commercial Network:

We hold lectures (conference) on financial education for clients in companies that have Santander customers on their payroll. 15,682 beneficiaries.

##### Plataforma Próximos Passos

EAD courses platform, offers courses on career, entrepreneurship and financial education. 1,665 beneficiaries.

##### Microcrédito Parceiros em Ação

It promotes training, expert support and financial education for entrepreneurs in low-income regions where Prospera Santander Microfinance is present, offering the support of experts in financial education. 2,291 beneficiaries.

##### Voluntariado Educação Financeira

The volunteer programme enhances social transformation, through the engagement of its employees in voluntary actions. 5,036 beneficiaries.

## Chile

### SanodeLucas

A digital platform that provides financial information and knowledge and aims to guide and inform society as a whole to become financially empowered. 61,120 beneficiaries:

- Sanodelucas tips and advice. Information, articles and videos on basic aspects of managing individual and family finances.
- First steps. Initiative that seeks to train those who open a checking account for the first time in the proper use of commercial products.



For more information

## Mexico

### Financial Education Website

A financial education site aimed at helping users throughout their lives, teaching children the value of money and how to save for retirement or become financially independent and a home owner. 10,925 beneficiaries.



For more information

### Tuiio - Cinemovil

Fun space that promotes family integration and encourages financial education as well as good use of debit card. The programme is carried out in caravan by localities where Tuiio has presence. It was carried out in 34 localities (events). 17,785 beneficiaries.

## Poland

### Finansiaki

This project aims to tackle the low financial literacy of parents in Poland. It is addressed to parents of children aged 3 to 13 years and teachers from junior and elementary schools. The goal is to support the target audience in the dissemination of broadly understood financial knowledge (including the management of personal finances and the household budget, planning expenses, evaluating the quality of products and services and responding to advertising messages) and in promoting the right competences and attitudes in relation to financial education.

The core element of the programme is the website, which is accessible and adapted for use by persons who are blind or partially-sighted (WCAG 2.0 certificate). The website includes blog articles scripts and other resources to be used with the children.



For more information

### "Finansiaki! That's we"

As part of the financial education programme, this user-friendly guide has been prepared for parents whose children are about to start their first trip abroad with their own money. The guide is based on current knowledge in the field of financial behaviour of children and youth and has been prepared by independent experts and endorsed by the Warsaw University, Psychologist Faculty. First edition of the book comprised 6,000 copies.

### Cyber security educational programme

Educational programme organised together with the Polish Bank Federation (ZBP). 3,159 beneficiaries.

## Portugal

### Digital Platforms Santander

The "Biblioteca Digital" (Digital Library) is a section made available in Santander Portugal's website, where there is a repository of articles on savings and on how to prepare for retirement. In 2019, it was consulted by 3,037 people.



For more information

## Spain

### Finanzas para Mortales

In Spain, we held over 1,300 financial education sessions at schools, NGOs, and other institutions.

Launched by Santander, the University of Cantabria, and Santander Financial Institute (SanFi), "Finance for Mortals" has been recognised as one of the country's leading financial education programmes by the Central Bank and the National Securities Market Commission (CNMV in Spanish). The programme involves Santander volunteers who provide face-to-face financial education sessions at schools, institutes, NGOs, associations and vocational training centers across Spain. 10,019 beneficiaries.



For more information

**Finanzas para Mortales received the award for the best financial education initiative 2018 in the Para Todos Finance Awards, promoted by the Bank of Spain and the National Securities Market Commission.**



### Talleres de Educación Financiera

Free Financial Education workshops are offered as a way to support the integration of low-income youth and / or entrepreneurs into the labor market. 442 beneficiaries.



### SBNA Volunteer Programme: Financial Education

SBNA volunteer programme focused on providing financial education to low-to-middle income individuals. 36,806 beneficiaries.

### Santander Consumer: Financial Education & Inclusion Grants

Operational or programmatic support to promote the prosperity of low-to-middle income families and neighborhoods through education and literacy programmes. 1,936 beneficiaries.

## 2. Financial education for school students



### Financial Education Programme in Schools

Banco Santander and the Public Policy Centre of Pontificia Universidad Católica de Chile have been developing this programme since 2016, to improve the financial capabilities and knowledge of the country's educational communities through innovative and comprehensive methodologies. In its fourth version, the programme included:

1. Development of research concerning financial literacy and financial behaviour of teachers in Chile. A nationwide survey on financial education was carried out and was answered by 1,235 teachers. One of the key findings was that 7 out of 10 teachers do not feel confident teaching financial education related content to students in primary and secondary education.
2. "Finance for Daily Life" is a course that trains parents and mentors of students from different schools, including those in vulnerable sectors regarding the responsible management of their personal finances and their entrepreneurship. In 2019, the course was implemented in seven establishments in five communes of the Metropolitan Region (Maipu, Puente Alto, Pudahuel, La Pintana and Renca), granting 335 scholarships for people to attend.
3. "The future is saving" is a digital initiative that seeks to facilitate the learning process of financial issues, through games on a web platform.

### Olimpiadas Actualidad and Financial Education with ANP

The project seeks to stimulate the interest in reading current affairs and the financial empowerment of students from various schools in the country, through the delivery of knowledge and information, from the country's regional newspapers. Following the delivery of information, students will participate in events and financial education championship in all regions.



### Tuiio - Guardianes del Ahorro:

Financial Education Programme for children, which provides advice and tools for the care of natural resources, encouraging savings from childhood and avoiding unnecessary expenses. 1,389 beneficiaries.



### Finansiaki.pl

The aim of the project is to promote financial education of children aged less than 13. The bank's employees engage in skill-based volunteering activities and run classes in schools and kindergarden.



For more  
information

### Economic comic book

Lessons for secondary school students. 28,467 beneficiaries.

### Bakcyl - voluntary for secondary schools

Lessons about economy and financial education for secondary schools students. 5,096 beneficiaries.

### Liderzy Europy - economic volunteering

Economic game and lessons for secondary schools students. 1,068 beneficiaries.



### Junior Achievement

Programme in which the bank volunteers participate in financial education and entrepreneurship classes in schools across the country. 4,050 beneficiaries.



For more  
information





Spain

### EFEC

The Financial Education Programme in the Schools of Catalonia (EFEC) has a dual objective of making children aware of the use of money and the operation of a financial institution, on one hand, and of bringing financial education closer to the current teaching world, on the other. 3,400 beneficiaries.

### Tus finanzas tu futuro

In 2019, the fifth edition of "Tus finanzas tu futuro" was held by the AEB Foundation and Junior Achievement. The programme aims to stimulate reflection among young people (13-15 years) on the importance of financial education in their lives, includes sessions where they learn to make prudent and sound financial decisions and plan their finances to eventually become responsible consumers. In addition, they receive training on the concept of digital banking and cybersecurity. 914 beneficiaries.

### Finanzas para Mortales

In Spain, we held over 1,300 financial education sessions at schools, NGOs, and other institutions.



For more information



UK

### Initiatives to build resilience and empower young people

Santander UK supports financial education by partnering with organisations such as National Numeracy, Young Enterprise (YE) and the Financial Inclusion Alliance.

In 2019 Santander sponsored YE's My Money Week, a national activity week for primary and secondary school that provides the opportunity for young people to gain the skills, knowledge and confidence in money matters.

My Money Week is regarded as the highest profile and most recognised personal finance education initiative in England, having reached 197,470 people in 2019 across England, Wales, Scotland and Northern Ireland. For 2019 the focus was placed on financial decision making to help saving.



More information see  
My Money Week

### MoneyWise and WorkWise sessions

Internal volunteering programme designed to improve skills and knowledge on finance and the world of work aimed at young people in the UK. 23,826 beneficiaries.

## 3. Financial education days & awareness-raising campaigns



Mexico

### SNEF - Participation in the National Financial Education Week.

Each year, the Federal Government, with CONDUSEF, organizes the National Financial Education Week (SNEF), which unites the efforts of public institutions, private, social and educational institutions across the country in order to provide the population with information that promotes a better management of their personal finances, including a responsible use of financial products and services, throughout conferences, games and free leisure activities. During this week Santander provided financial education to 10,950 people.



Spain

### The Financial Education Day

Each year, the first Monday of October Santander holds "the Financial Education Day" to raise awareness among Spanish people on the importance of having basic economic knowledge and access to information to improve their financial literacy and to make conscious, informed and responsible decisions. During the day, students visit bank's facilities and attend financial planning workshops and meetings with Regional Directors.

### Financial education days for schools

The Faculty of Economics and Business of the University of Salamanca hosted the III edition of the financial education days for schools on the 22th November 2019. This initiative has been promoted by the Santander "Finanzas para Mortales" and the Santander Financial Institute (SanFi) in collaboration with the UCEIF Foundation. More than 300 secondary school students students of 14 centers received two training sessions by Santander volunteers of Salamanca, experts in finance, about "How better manage my economy" and "What I need to know about the most common financial products and services".

## Other approaches



### Consumer helplines

Having consumer helplines in place to meet different financial-related customer needs is a general regulatory requirement. In some countries, such as Spain, Brazil or the UK, these lines must also be offered for free. In some geographies Santander goes well beyond the regulation, offering other services to help people deal with financial difficulties. For example, in the UK:

→ **UK - Money Advice Trust:** Initiative to help people in the UK to tackle their debts and manage their money with confidence by giving free, independent debt advice through telephone and online advice services as well as offering training and resources to businesses and charities that come into contact with people in debt or financial difficulties. In 2019, Money Advice Trust supported 16,607 beneficiaries on Santander's behalf.



For more information

→ **StepChange and PayPlan** – They are two of Santander's free independent money advice partners who will look to tailor the most appropriate debt solution for our customers. In 2019, they supported on Santander's behalf up to 6,420 and 1,303. beneficiaries respectively.



For more information on StepChange



For more information on PayPlan

### Training for SMEs

We offer SMEs training and access to our networks to help them enter new markets - both domestic and international - and digitalize faster.

This training includes basic and advanced business management courses, as well as lectures and masterclasses both online and face-to-face, which aim to boost their financial management skills, and teach them how to use the range of financial tools and services available to them to promote and grow their businesses in an inclusive and sustainable way. Notable examples of such programmes include:

- **United Kingdom Santander Breakthrough:** Offers support through face to face events, insights and partnerships to help businesses prosper.
- **Spain Santander Advance:** Offers management courses for executives and a scholarship programme.
- **Brazil:** Santander Negócios e Empresas – Programa Avançar: aimed at Small and Medium Enterprises whether customers or not. The Avançar Programme offers content and solutions on financial management, business management, innovation, internationalization and team building, among other topics. 2,909 beneficiaries undertook financial education related content.



### Santander US Summer Youth Employment Programme

Santander Bank is proud to be a long-standing partner of New York City's Department of Youth and Community Development's Summer Youth Employment Programme ("SYEP"). Through SYEP, more than 60,000 young New Yorkers between the ages of 14 and 24 are matched with paying jobs during the months of July and August. For more than five years, Santander Bank has provided financial education counseling to help the young participants learn how to manage their money. Santander Bank employees offer financial counseling to more than 5,000 participants each year during the programme's orientation events. Santander Bank also partners on similar programmes in Newark, NJ, Boston and Philadelphia.

## 6. Partnerships

Forging partnerships to accelerate financial inclusion.

Using our global networks, we have developed partnerships that help accelerate financial inclusion in markets where we operate. We believe partnerships are an important tool for sharing knowledge, learning about industry best practices, and developing innovative approaches to bridging the financial inclusion gap.



CEO Partnership for Economic Inclusion. Meeting at Davos, January 2020

### CEO Partnership for Economic Inclusion (CEOP)

Santander, along with 9 other companies is part the CEOP, the first high-level private-private partnership to help accelerate financial inclusion globally. First convened in 2018 by the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA), Queen Máxima of the Netherlands, the CEOP brings together a diverse set of business leaders working in the banking, fin tech, payment technology, telecoms and consumer goods industries.

With a strong focus on finding sustainable and scalable solutions, the Group has agreed to use its complimentary assets, expertise and collective commitments to develop partnerships that meaningfully contribute to expanding financial inclusion among hard-to-reach groups such as women, farmers, migrant workers, and Micro,

Small & Medium Enterprises (MSMEs). To date, a number of initiatives have already reached the pilot or commercial phases in countries such as Mexico, Kenya, Pakistan, Malaysia and India. Further information can be found [here](#).



For more information

**“ We have been working with global partners to see what is hampering access to financial services, for example the lack of having an ID or the fact of having a shop very far away in a rural area... but thanks to technology we have been able to grow access to financial services tremendously ”**

**Queen Máxima of the Netherlands**, interview with Bloomberg TV on 25th September 2019



### Under the auspice of the CEOP, Santander and Mastercard joined forces to help farmers in Mexico

At the beginning of 2019 Santander and Mastercard launched a pilot programme designed to meet the financial needs of smallholder coffee farmers in Mexico. Thanks to this initiative, close to 2,000 farmers have been able to go cashless, receiving digital payments into a digital account associated with a debit card linked to additional financial services. In 2020 the project will be rolled out to other segments of the economy while also expanding the financial product offering to smallholder farmers.

### Partnerships with financial counsellors and community organizations

In some of our markets we complement our financial education programmes with collaborations with community-based organizations and charities that provide

free, independent, and professional financial counselling for people in debt. These organizations provide amongst others, advice when loans go into arrears, help people plan their household budget better and look for ways to increase their income.

#### Santander UK and Money Advice Trust partner to support the National Debtline and Business Debtline



In the UK, we provide funding to the Money Advice Trust which is responsible for operating the National Debtline and Business Debtline. The debtlines offer free and confidential advice and resources to help people, small businesses and the self employed with their debts.

We also collaborate with StepChange, Payplan y Christians Against Poverty which provide counselling services to financially vulnerable people.

In 2019, these 4 organization collectively supported 24.616 people in the UK on behalf of Santander.



For more information

#### Piloting pre-foreclosure counseling with community organizations in the US



In the US, and as part of our Inclusive Communities plan we have been piloting pre-foreclosure counseling with a non-profit Housing and Urban Development (HUD) certified partner to help intervene and provide individualized assistance and access to resources to avoid foreclosure.

### Other forms of collaboration Santander Innoventures

Since 2014 we operate our own fintech venture capital fund, Santander Innoventures, focusing on new technologies that are shaping the financial services space. With particular focus in the UK, US and Latin America, it invests in early-stage companies around the world that innovate in fields like artificial intelligence, payment solutions, access to credit, or financial inclusion.

Santander Innoventures' investment philosophy is based on a "invest + partner" model that provides more than just finance to portfolio companies; the fund also offers strategic support and technical advice, help with identifying key hires, and provides local service providers, recruiters and managers in all the markets where the Group operates.

As at end-December 2019, Santander Innoventures had invested more than EUR 124 million in 30 companies in 8 countries, being one of the most active bank-backed FinTech corporate ventures in the world.



For more information

### Examples of Santander Innoventures portfolio companies: affordable SME credits and consumer finance to the underbanked



**ePesos.** Based in Mexico, ePesos is a mobile payments company for the underbanked and unbanked in the country. Through its platform, ePesos offers SMEs without a bank account low-cost, short-term working capital solutions such as revolving credit facilities. Borrowers receive and repay funds through a custom-made mobile wallet. In addition, ePesos is partnering with HR software companies to provide affordable payroll advances.



For more information





**PayJoy.** Based in the US, Pay Joy is a startup using novel technology to deliver consumer finance to the underbanked in emerging markets. PayJoy allows consumers with no bank accounts or formal credit history to purchase smartphones on installment payments and get cash loans. It does so by analyzing the applicant's mobile number and valid photo ID to provide a credit opinion and by turning the smartphone into collateral through software that locks the phone when payments have not been made.




For more information

# 7. Through our financial empowerment and inclusion initiatives Santander contributes to the following United Nations Sustainable Development Goals

SDG	TARGET	DESCRIPTION	DATA
	1.1	By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1,25 a day	EUR 277 million in outstanding credit to microentrepreneurs at the end of 2019, helping them set up small businesses and supporting real increases in their income level
	1.2.	By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	70% of income generated gets reinvested in the local community, thereby fostering wider economic development
	1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	<p>Prospera Brazil recognised as good practice by the Brazilian Global Compact Network to achieve the SDGs in 2030</p> <p>Commitment to financially empower 10 million people by 2025. We empowered 2 million people in 2019</p>
	4.6	By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy	Over 580,000 unbanked, underbanked and financially vulnerable people benefited from financial education programmes in 2019



SDG	TARGET	DESCRIPTION	DATA
	5a	Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws	In Brazil and Mexico 7 out of 10 individual entrepreneurs helped through our microfinance programmes are women
	8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	124,559 million euros have been granted to SMEs and individual entrepreneurs <sup>1</sup>
	10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	More than 500 million euros to 800,000 micro-entrepreneurs in 2019 <sup>2</sup>
	17.6	Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries	Member along with other 9 companies of the CEO Partnership for Financial Inclusion (CEOP), the first high level private-private partnership to help accelerate financial inclusion globally

1. See Annual Report page 106 for further information.

2. See Annual Report page 107 for further information.

