ACCESS TO FINANCIAL SERVICES AMONG LOW-INCOME POPULATION GROUPS: AN APPLIED ANALYSIS OF FINANCIAL INCLUSION IN THE REPUBLIC OF MOLDOVA

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Abstract. *Financial inclusion is one of the key elements that can contribute to achieving the sustainable development goals, ensuring independence, protection, and the opportunity for well-being for all social groups. This study analyzes the access possibilities to financial products for low-income groups in the Republic of Moldova. The research objective is to determine the extent to which individuals with low incomes can access financial products. The study is based on bibliographic research, documentary analysis, and statistical data analysis covering the period 2020–2024. Indicators for measuring the level of financial service access were used, as well as comparative methods with other countries. The results show that the main barriers to financial inclusion stem from low income levels and a lack of financial education, especially in rural areas. The conclusions of this study will contribute to the development and implementation of effective tools and programs for financial inclusion, aimed at reducing the vulnerability of low-income groups and improving their financial capacity, which will result in increased autonomy and financial stability for these groups, as well as greater adaptability to economic changes and financial risks.*

Keywords: *financial inclusion, low income, vulnerability.*
JEL Classification*: G40, I2, I32*

1. Introduction

Access to financial services is essential for full and active participation in economic and social life.

The lack of access or the inefficient use of such services affects not only individuals, but also entire communities, exacerbating social inequalities and limiting economic development potential. Financial inclusion - defined as access to and effective use of a wide range of quality financial services, at reasonable costs, for all population segments—is globally recognized as a crucial factor in reducing poverty, promoting economic prosperity, and ensuring financial stability. Therefore, financial inclusion is not only an important right of citizens, but also a necessity for building a fair and sustainable social and economic environment.

In this context, initiatives to promote access to and the efficient use of financial services must be tailored and accessible to the entire population, with a particular focus on vulnerable groups, in order to combat exclusion and support social cohesion. This research focuses on low-income groups in the Republic of Moldova - a category of people who often face significant barriers in accessing financial services, such as low levels of financial and digital literacy, rigid regulatory frameworks, underdeveloped infrastructure, high costs of financial services, and insufficient income. Consequently, there is an urgent need to develop customized financial education programs, to adapt financial products and services to the specific needs of vulnerable populations, and to create a policy framework that supports financial inclusion.

The purpose of this research is to identify the extent to which low-income individuals in the Republic of Moldova access financial products and services, taking into account the country's specific economic and social conditions. In addition, the study aims to analyze the impact of financial inclusion on the economic well-being of vulnerable groups and to identify the policies and strategies that can enhance financial inclusion in the Republic of Moldova.

This paper is structured into five chapters, which include the introduction, literature review, description of the methodology and data used in the research, the results obtained, and final conclusions.

2. Literature review

Research on financial inclusion begins with the concept of financial literacy, which refers to the knowledge and understanding of financial concepts and risks, as well as the skills and attitudes needed to apply such knowledge and understanding in order to make effective decisions across a wide range of financial contexts. The ultimate goal is to improve the financial well-being of individuals and society and to facilitate active participation in economic life (OECD, 2021).

The scientific importance of financial inclusion is evidenced by the existence of specialized journals such as the Journal of Financial Literacy and Wellbeing, edited by Lusardi and Messy (Lusardi, 2023) and published by Cambridge University Press.

Identifying the factors that hinder financial inclusion is one of the key areas of study in this field.

Research on the interaction between financial inclusion and social inequalities can be found among scholars in Spain (Marta de la Cuesta-González, 2021). These researchers analyze the relationship between vulnerable financial consumers and banking institutions in Spain, highlighting the challenges related to access, usage, and perception caused by banking pressure, lack of financial education, and precarious personal situations.

Vulnerable individuals face unfair treatment, disadvantageous fees, and a lack of trust in institutions, which often leads to financial self-exclusion.

The authors propose institutional reforms, financial education programs, and tailored banking services, emphasizing that the issue is not the lack of access itself, but rather the unequal quality of services provided to these groups.

Another study highlighted that household income is a determining factor in the adoption and promotion of digital financial practices (Vik, et al., 2024). An important aspect highlighted by foreign researchers is the correlation between financial vulnerability, income, and other socio-demographic characteristics (WorldBank, 2024).

The importance of adapting financial services to the needs of vulnerable groups is emphasized by (Sebai & Talbi, 2023). The authors demonstrate that the inclusion of large populations in the financial system helps to diversify sources of financing for banks and reduce risks, but the positive effects are manifested only in the presence of a quality institutional framework.

As a result of the analysis of existing research, we find that access to financial services depends on the level of income more than on financial education. Thus, our research interest is related to the analysis of the degree of access to financial services by the population of the Republic of Moldova in conditions where the poverty level is very high (poverty rate 31%).

3. Data and methodology

The level of access to basic financial services - key elements of financial inclusion such as payment cards, insurance, savings/deposits, and credit - was analyzed.

For the dynamic analysis of financial product usage, primary data were used from financial supervisory institutions: the National Bank of Moldova, the National Commission for Financial Markets, and the statistical database of the National Bureau of Statistics (NBS).

To analyze the socio-economic context, we relied on data provided by the NBS. In particular, we focused on the 2024 study (NBS, 2024), which offers detailed information on household income and expenditures, consumption structure, poverty rate, and other relevant socio-economic indicators. It should be noted that this research is based on aggregated data available through open access on the official website of the (NBS, 2025).

The analysis period covered the past five years, from 2020 to 2024. This timeframe was selected to include the post-pandemic period and to evaluate the impact of the COVID-19 pandemic on financial inclusion.

The methodology combined both quantitative and qualitative approaches. Descriptive data analysis was conducted, including the calculation of indicators such as means, rates, and percentages to characterize the level of access to financial services and the structure of household income and expenditures. A comparative analysis was also carried out, assessing trends across time (2020–2024) and between different socio-economic groups (urban/rural environments, the socio-economic status of the household head, and income level), in order to identify disparities and emerging trends.

It is important to mention that this research has certain limitations. Data on household income and expenditures were collected through the Household Budget Survey (HBS), which may be subject to sampling errors. Moreover, the data on access to financial services do not provide detailed information on the quality and relevance of these services in relation to the specific needs of various socio-economic groups.

4. Results

According to World Bank data on financial inclusion (Demirgüç-Kunt, et al., 2022), 76% of the adult population globally holds at least one bank account.

This global statistic is significantly influenced by national legislative regulations that mandate the use of bank accounts for salary payments, government transfers, and both domestic and international remittances. The accelerated digitalization of financial products and services has had a positive impact on financial inclusion by facilitating the adoption and continued use of other financial services, such as depositing, saving, and accessing credit.

However, it is important to note that merely holding a bank account does not necessarily equate to full financial inclusion, as the effective use and real benefits derived from such services can vary substantially.

In the Republic of Moldova, between 2020 and 2024, an upward trend was observed in the number of payment cards in circulation, reaching approximately 3.75 million in 2024 (fig. 1). Relative to the total population, this indicator suggests that each citizen of the Republic of Moldova holds, on average, 1.5 bank cards - a level comparable to the European Union average of 1.6 cards per capita.

Nevertheless, it is crucial to point out that only 58.7% of all cards in circulation are active, which indicates a relatively low usage rate of this financial service in Moldova. This discrepancy between the number of issued cards and their activation rate can be attributed to several factors, including low levels of financial and digital literacy among certain population segments, costs associated with card usage (such as bank fees), limited acceptance of card payments in some geographic areas, and a traditional preference for using cash in daily transactions.

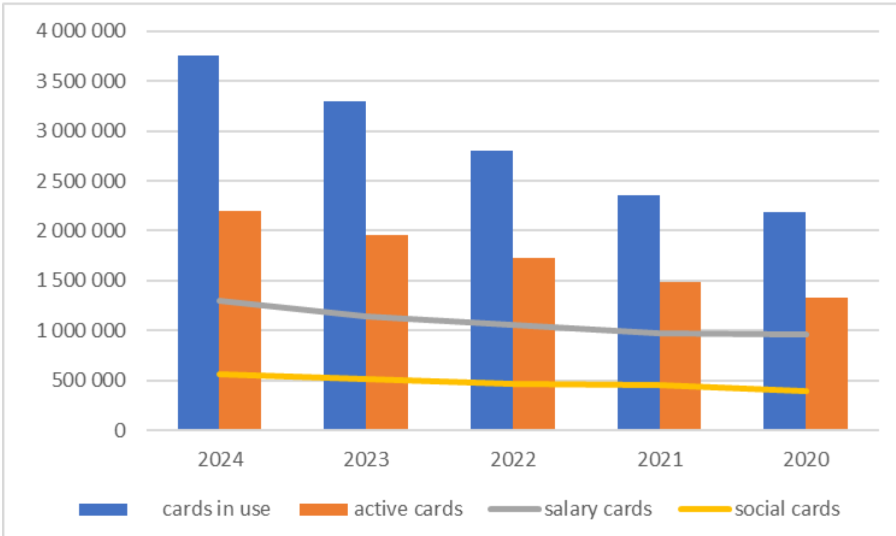

Figure no. 1. Number of payment cards in circulation, 2020-2024
Source: based on NBM data

Social cards, which are intended for beneficiaries of social assistance and government transfers, represent a relatively small share of the total number of payment cards in circulation, yet they stand out with a significantly higher activation rate (79.2% in 2023). In the past, these cards were mainly used for cash withdrawals from ATMs; however, their use for cashless payments has increased considerably in recent years, driven by social distancing restrictions and recommendations imposed during the COVID-19 pandemic. In just four years, the share of cashless payments made with social cards rose from 52% in 2019 to 76% in 2023, approaching the general average of 85.5% for cashless payments. This positive development suggests that, under the right conditions, even financially vulnerable groups can successfully adopt and use digital financial services.

Despite the positive trend observed in the use of payment cards, data related to other financial products and services remain significantly below the European average, indicating a low level of diversification in the financial instruments used by the population.

For example, when it comes to accessing private insurance services, the population of the Republic of Moldova shows reluctance. Insurance density (gross premiums written per capita) reached only USD 53.34 in 2023 (NBM, 2024). In contrast, the average insurance density in the European Union is around USD 2,200 (EIOPA, 2022), highlighting a considerable gap in the degree of financial protection provided by insurance products.

This reluctance toward insurance products can be attributed to several factors, including the low level of financial education among the population, a lack of trust in insurance companies, the perception that insurance is expensive and inaccessible, as well as competing priorities for households' limited financial resources.

Regarding access to credit services, low income levels represent a major barrier for many individuals, especially for low-income social groups that are often deemed ineligible for bank loans. This situation is caused by the strict eligibility criteria imposed by financial institutions, which are based on the assessment of applicants' repayment capacity, as well as the lack of collateral or assets that can be used as guarantees for obtaining credit.

A similar situation is found in the case of savings products offered by the banking and non-banking sectors in the Republic of Moldova. Although, according to data from the National Bank of Moldova (NBM), bank deposits remain the most commonly used savings instrument among the population, access to these financial products is limited for people with low incomes, who do not have sufficient financial surplus to save.

In this context, it is essential to note that 31.6% of the general population in the Republic of Moldova lives below the absolute poverty line, which highlights the economic vulnerability of a significant portion of the population.

Starting from the central research question - to what extent does the population of the Republic of Moldova access financial services under such a high level of poverty? - we conducted a detailed analysis of the income and expenditure patterns of different social groups to identify the factors that influence financial inclusion.

One of the critical aspects analyzed is the ratio between available household income and expenditures for various purposes (fig. 2). At the beginning of the analyzed period, the urban population reported relatively small differences between income and expenditures, which suggested a more precarious financial situation. However, by 2021, the situation changed, and by 2023, the urban population reported a higher positive gap between income and expenditures compared to that observed in rural areas. This evolution can be partly attributed to rising incomes in urban areas, due to economic development, the creation of new jobs, and easier access to services and economic opportunities.

It is important to note that the available data indicate that just over 40% of the population's total expenditures are allocated to the purchase of food and non-alcoholic beverages, and approximately 20% are allocated to covering utility costs (heating, water, electricity, etc.). This expenditure structure indicates a rather limited consumption model that largely ensures only the satisfaction of basic needs. Such budgetary constraints limit the population's ability to save, invest in education, or access other financial services that could contribute to improving quality of life and increasing financial resilience.

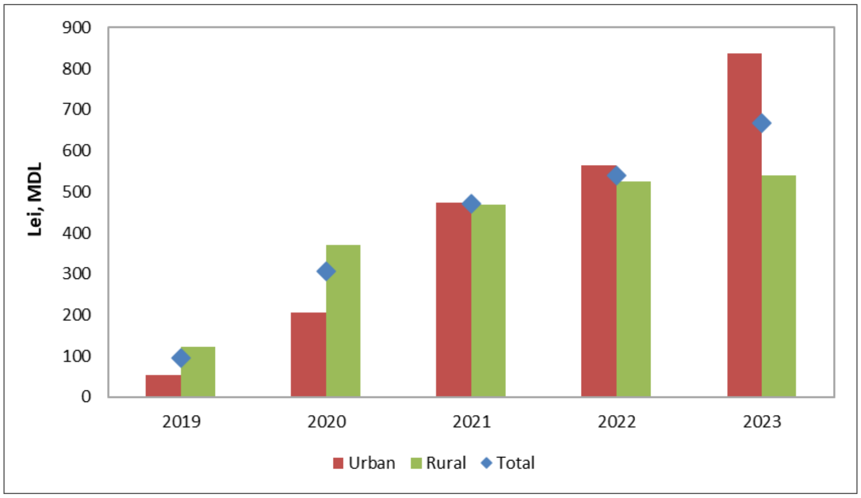

Figure no. 2. Dynamics of the difference between income and expenses by average and total.

Source: based on the NBS data

The analysis of population income data based on the socio-economic status of the household head indicates that self-employed agricultural workers represent one of the lowest-income groups (fig. 3).

It is important to note that the economic situation of this group has not significantly improved over time, which highlights the persistent vulnerability of individuals working in the agricultural sector.

Another vulnerable group is represented by pensioners, whose incomes are often limited to state pensions, which do not always keep pace with the rising cost of living.

The fact that these two population groups register the lowest incomes is largely linked to the income structure, where wages and self-employment (in the case of the self-employed) constitute the main sources of income.

Thus, both groups are largely deprived of the benefits associated with wage employment, with their primary income sources being social transfers (pensions, allowances, etc.).

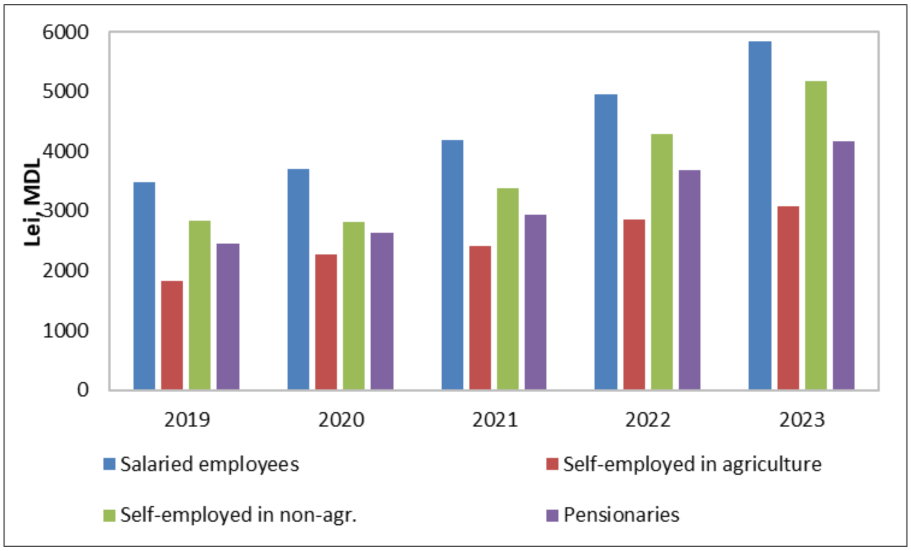

Figure no. 3. Income dynamics based on the socio-economic status of the household head
Source: based on the NBS data

In order to encourage financial inclusion and reduce the economic vulnerability of disadvantaged groups, it is necessary to promote financial education and ensure an adequate income level for all citizens. It is important to note that in the Republic of Moldova, as well as at the European level (OECD, 2023), efforts to promote financial education are primarily focused on young people, through the inclusion of financial education modules in school and university curricula. However, low-income adults have fewer opportunities for financial literacy, as they are no longer part of the formal education system.

Therefore, additional efforts are needed from public authorities and non-governmental organizations to provide specially designed educational courses and programs for adults, tailored to the needs and characteristics of this target group.

As for pensioners, data presented by the National Bureau of Statistics (NBS, 2025) show that they generally maintain modest but positive differences between income and expenditures, suggesting a small financial surplus over the past three years.

Nevertheless, it is important to note that this small gap reflects pensioners' strong dependence on fixed pensions, which limits their ability to adapt to rising living costs or to improve their financial situation by accessing financial services.

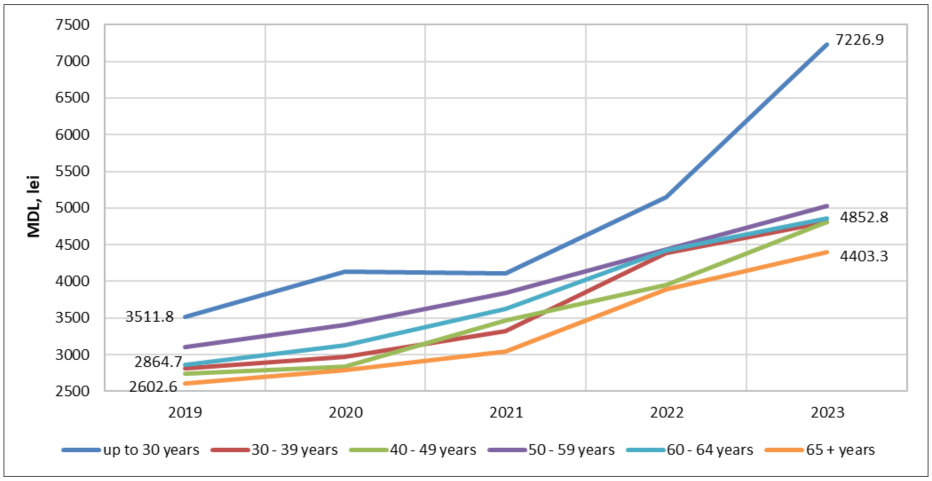

Figure no. 4. Income dynamics by age of household head
Source: Based on the NBS data

The fact that age is a critical factor in determining income levels and financial vulnerability is also evident from the distribution of income according to the age of the household head (fig. 4). As shown in the figure, households headed by individuals aged 65 and over consistently report the lowest incomes throughout the observation period (2019–2023).

Despite some modest increases over time, the incomes of this group remain significantly lower than those of younger groups, highlighting the persistent economic challenges faced by elderly households.

This situation underscores the need for public policies that provide financial and social support to older individuals, as well as for financial education programs tailored to their specific needs.

5. Conclusions

This research has shown that the overall level of financial inclusion in the Republic of Moldova remains modest, with significant disparities among different socio-economic groups. In particular, low-income groups face considerable barriers in accessing and effectively using financial products and services due to economic constraints, low levels of financial literacy, and the lack of financial products tailored to their specific needs.

Disposable income is confirmed as the main determining factor of access to financial services. Individuals living below the poverty line (over 31% of the population) lack the financial resources needed to efficiently use financial tools such as savings, insurance, or credit, thus perpetuating a cycle of financial exclusion.

Although bank account ownership is relatively widespread, the active use of payment cards - especially for cashless transactions—remains limited compared to the European average. This suggests a basic functional usage focused on cash withdrawals, rather than full financial integration, which would imply the use of a variety of financial services to manage resources efficiently and mitigate risks.

The analysis identified pensioners and self-employed agricultural workers as the most financially vulnerable groups. Their heavy reliance on social benefits - which are often insufficient to cover basic needs - significantly limits their access to more complex financial products such as credit or insurance, and reduces their ability to save and build assets for the future.

Moreover, the low level of financial literacy among these groups makes them more susceptible to financial fraud and reduces their ability to make informed and responsible financial decisions.

To improve financial inclusion in the Republic of Moldova, it is essential to implement an integrated approach that combines efforts to promote financial education, develop accessible and relevant financial products for vulnerable groups, and create a policy environment that supports financial inclusion.

Financial education programs should be adapted to the specific realities and needs of different target groups, emphasizing the development of practical skills in budgeting, saving, and responsible credit use. Additionally, innovative financial products must be developed, taking into account the limited income and financial literacy of vulnerable groups—such as low-interest microloans, savings accounts with low minimum deposits, and affordable insurance products.

Furthermore, authorities should create a regulatory framework that fosters financial inclusion by encouraging competition and innovation in the financial sector, protecting consumers from abusive practices, and promoting transparency and accountability.

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