



Building A More Inclusive U.S. Economy

Facing challenges together

Over the last year it's become clear that the wellbeing of our people, our economy, and our planet are all interconnected. We need to ensure that an increasingly digital world is one that drives inclusion, not divides. For Mastercard, building an inclusive economy means promoting [financial security](#), ensuring all [small businesses](#) can grow, assisting [cities](#) through an inclusive recovery, and helping close persistent racial and gender [opportunity](#) gaps.

To accomplish this, partnerships are crucial. We're working collaboratively with governments, nonprofit organizations and community leaders, applying all our resources - from technology and philanthropy to insights and expertise - to ensure individuals and small businesses can recover and thrive in a more equitable economy.

Inclusive Technology From Digital Divides to Digital Inclusion

While our digital economy has improved quality of life for many and lifted millions into the middle class, the pandemic has exacerbated inequalities and exposed inequities in our financial systems.

THE DIVISIVE CHALLENGE:

- While there has been a massive shift to digital payments this year, close to 50 million people across the U.S. remain underbanked
- People are feeling financially insecure and are living paycheck-to-paycheck with 40% of Americans saying they don't have \$400 in the bank for an emergency^I
- Workers need better safety nets – especially those relying on gig jobs. According to a survey in the early days of the pandemic, 68% of gig workers reported having no income at all^{II}
- Governments are working hard but still struggle to get assistance to people quickly and securely – both at the local and national levels

INCLUSION IN ACTION:

- Globally, Mastercard has brought 500 million financially excluded individuals into the digital economy, now we've doubled the goal to 1 billion by 2025
- We're working with 200+ cities across the U.S. to enable digital financial aid disbursements, providing data science expertise to help channel investments to underserved communities, providing cybersecurity and fraud assistance, and increasing access to vital city programs
- We partner with gig platforms like Lyft to help gig workers get fast, secure access to earnings. And working with Stride to offer cardholders affordable benefits coverage plans - the first time that differentiated health, dental, and vision benefits will be made available via a payments network

Inclusive Commerce Helping Small Businesses Recover and Grow

Small businesses (SMEs) are the backbone of the economy, yet nearly a quarter of all SMEs closed this year, many will not re-open. A sustainable economic recovery requires us to ensure SMEs have all the support they need to survive and thrive in this digital economy.

THE DIVISIVE CHALLENGE:

- Electronic payments have grown exponentially over the last year, but when the pandemic began 60 percent of small businesses didn't have the digital tools to be able to continue operating
- Cash flow challenges are causing businesses to close, especially underserved microbusinesses who are not traditionally viewed as 'creditworthy'
 - (38%) of small business owners in the U.S. and Canada are experiencing cash flow issues associated with late payments and slow processing times for cash and checks

INCLUSION IN ACTION:

- We committed \$250 million over five years to support small businesses around the world
- Identity theft protection for the 28 million small businesses (those eligible to participate in the Small Business Administration's Paycheck Protection Program)
- Providing U.S. small business owners access to its Local Market Intelligence™ solution that helps them understand consumer spending trends in their communities
- \$8 million in grants to Community Development Financial Institutions to digitize loan processes and ensure more capital can securely flow to more underserved businesses across the U.S.

Inclusive Opportunity Leveling the Playing Field

The U.S. financial system has systemically disadvantaged and excluded Black communities. Recent events have put a spotlight on the appalling wealth and opportunity gaps faced by Black Americans and change requires urgent action.

THE DIVISIVE CHALLENGE:

- The typical Black family in America owns one tenth the wealth of the typical white family^{III}, and nearly half of Black households are unbanked or underbanked^{IV}
- Affordable basic financial services are needed – Black people are spending 50 percent more per month for basic banking services and over a lifetime more than \$40,000. Many are subject to predatory lending, sky-high interest rates, and hefty fees^V
- Black business owners have been disproportionately impacted by the pandemic - experiencing a 41% drop in active business from February to April 2020 compared to 17% for white business owners^{VI}
- Black business owners struggle to get the capital they need to stay open
- City leaders are struggling to ensure assistance reaches minority communities who have been the hardest hit

INCLUSION IN ACTION:

- Mastercard has committed \$500 million to close the racial wealth and opportunity gap in Black communities, starting in seven cities across the U.S.
- We are working to dramatically reduce the cost of essential financial products for Black families through Mastercard Money Connect Solutions, allowing people to send money to relatives affordably, enable simple real-time bill payment and check deposits by phone.
- Our partnerships with Community Development Financial Institutions aim to triple capital flow, from \$250 million to \$750 million, to Black-owned businesses.
- We are investing directly in Black - and minority - led startups and increasing procurement with Black-owned goods and service providers.
- We provide data insights to city leaders to help understand spending trends and attract investment and direct resources to potentially overlooked neighborhoods.

SOURCES:

[I] Federal Reserve Board 2018

[II] <https://www.appjobs.com/blog/coronavirus-effect-on-gig-economy>

[III] <https://www.brookings.edu/blog/up-front/2020/02/27/examining-the-black-white-wealth-gap/>

[IV] Federal Deposit Insurance Corporation (CFIG listening tour findings)

[V] <https://www.nytimes.com/2020/06/30/business/banking-race-black-inequality.html>

[VI] https://www.newyorkfed.org/medialibrary/media/smallbusiness/DoubleJeopardy_COVID19andBlackOwnedBusinesses