

Expanding Financial Inclusion through Banco del Bienestar:

A Case Study of Mexico

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Cover photo: Morning at a Banco del Bienestar branch in an Indigenous community





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Figure 1. Mexico City (photo by R.M. Nunes)

Executive Summary

Successive Mexican governments have attempted to mitigate inequality through a variety of comprehensive social welfare programs. Despite these efforts, many Mexicans continue to live under conditions of poverty; this is especially pronounced among people who live in rural areas, who are women, and who are Indigenous.

In 2019, the López Obrador administration launched the Banco del Bienestar (BdB), the so-called social welfare bank. Intending to reach the hardest-to-reach populations in Mexico, notably those who were excluded from the financial sector, the Banco del Bienestar system

was intended to bring financial institutions closer to poor and marginalized Mexicans. It delivered government social-transfer programs as well as more conventional commercial banking services, including the disbursement of micro-credit. With an aggressive expansion strategy, the Banco del Bienestar (BdB) network of bank branches and mobile banking services grew rapidly between 2019 and 2024, growing from just 500 or so bank branches to over 3,100. It also implemented targeted strategies to enhance the BdB's reach, including services tailored to rural and Indigenous communities, digital access, and outreach programs to enhance financial literacy.

Despite significant strides in enabling more financial inclusion for more Mexicans, the Banco del Bienestar system has confronted several challenges: persistent digital divides, the prevalence of a cash-based and informal economy, the lack of institutional trust, and continued service gaps. Though the BdB has created more access to formal financial institutions, the network has continued to fall short in fully translating increased access into a regular usage among the population it aims to serve.

Financial Inclusion in Mexico

Poverty and Inequality

Despite decades of economic reform and steady economic growth, Mexico continues to face persistent and deeply entrenched inequalities. National data show that more than 29 per cent of the population lives in poverty, with 5.3 per cent in extreme poverty.¹ These numbers reveal that economic growth alone has not been enough

¹ "Mexico Poverty and Equity Brief: April 2025 (English)," Poverty and Equity Brief, World Bank Group. [↗](#); "Pobreza multidimensional, 2024" [Multidimensional poverty] INEGI, August 2025. [↗](#)

to address the barriers that keep large segments of the population excluded.

Furthermore, national averages mask sharp regional and social differences. Inequality in Mexico follows clear patterns; rural communities, Indigenous populations, women, and older adults are disproportionately affected. For example, in states like Chiapas, these gaps are especially visible. In 2020, 66.3 per cent of Chiapas's population lived in poverty, well above the national average.² Our fieldwork in the region highlights not just material deprivation, but also the ways in which poverty is worsened by limited access to services and social benefits, weak legal protections, and long distances from government institutions.

For example, among people who speak an Indigenous language in Mexico, 66.3 per cent live in poverty, more than double the rate of Spanish speakers (26.7 per cent).³ These disparities are the result of a long history of land dispossession, cultural discrimination, and uneven public investment. Today, these legacies are reflected in unequal access to basic services throughout the country, such as schools, health clinics, public transportation, legal documents like birth certificates, and formal job opportunities.

While 88 per cent of urban residents report having access to financial products and services,

Without a recognized proof of address, many individuals, particularly in informal or collective land arrangements, are effectively locked out of government social services and the formal financial system.

such as bank accounts, loans, or social programs, this number drops to 62 per cent for those living in rural areas.⁴ The gaps in Mexico's financial infrastructure are striking. Many Indigenous municipalities have no bank branches or automated teller machines (ATMs), and people there experience unreliable internet access, making even the use of digital platforms difficult. In these contexts, access to formal banking is essentially absent, so informal economies play a crucial role in supporting local livelihoods.

The problem goes beyond financial services infrastructure. A critical and often overlooked barrier for very poor individuals is their lack of proof of residency, a requirement for obtaining key documents such as national identification cards, school enrolment papers, and access to welfare programs. Without a recognized proof of address, many individuals, particularly in informal or collective land arrangements, are effectively locked out of government social services and the formal financial system.

Informality is a major issue in the region: slightly more than half of the population are employed in the informal sector, which is characterized by low-paid, insecure, or precarious jobs. Women,

especially Indigenous women, face additional disadvantages. Only 45 per cent of women over the age of 15 are active in the formal labour force.⁵

Financial institutions often lack the tools and training to meet

2 "Macro Poverty Outlook for Mexico: April 2023 (English)," Macro Poverty Outlook (MPO), World Bank Group. 

3 "Pobreza multidimensional, 2024."

4 "Encuesta Nacional del Inclusión Financiera (ENIF) 2024: Reporte de resultados," CNBV [Comisión Nacional Bancaria y de Valores], 2025.

5 "National Survey of Occupation and Employment," Instituto Nacional de Estadística, Geografía e Informática National (INEGI or Institute of Statistics, Geography and Informatics), ENOE, 2025. 

the cultural and language needs of Indigenous communities. As a result, bureaucratic hurdles, unclear information, and disrespectful or dismissive treatment at the point of service further exclude these populations. Because of this, people's trust in formal financial systems remains low, and cash continues to be the main way people conduct transactions in many marginalized communities in Mexico.

Government Social Programs

The Mexican government has made significant efforts to tackle the challenges of creating a more inclusive socioeconomic system. Over the last 30 years, social assistance programs — most notably Progresá, later renamed Oportunidades, then followed by Prospera — have aimed to reduce poverty through conditional cash transfers linked to education and health. Despite their similar structure and goals, each successive administration rebranded or replaced the program under a new name, often to mark political distinction attributable to the governing party, rather than to reflect substantive policy change. This pattern of frequent restructuring and renaming culminated in Prospera's dismantling under the former President Andrés Manuel López Obrador administration, and has disrupted program continuity and limited long-term effectiveness. In fact throughout that administration (2018–2024) this pattern continued with the introduction of a new suite of universal social programs and reshaping the institutional framework for delivering state assistance. In 2019, it ended Prospera and launched new flagship initiatives, including the creation of the *Banco del Bienestar*, (BdB hereafter).

The BdB arose from the transformation of the existing National Savings and Financial Services Bank (Bansefi), which had previously served as the financial mechanism for distributing Prospera social welfare benefits. Unlike its predecessor, however, BdB was designed not only to administer cash transfers but also to expand access to financial services in rural and underserved areas. It therefore represents more than a technical reorganization; it was an attempt to reconstruct the financial and welfare system by increasing the presence of the state through its bank branches in territories where the state had historically been absent.

By June 2024, nearly five years after the bank's launch, the BdB had opened 3,149 physical branches, with more than half of them in areas officially classified as "highly marginalized,"⁶ with almost 44 million opened accounts.⁷ This marks a major expansion, compared to the previous Bansefi system, which had just 538 branches and served 3.6 million account holders.⁸

Despite this rapid growth in physical infrastructure, significant gaps remain in Mexico's financial safety net. Over 10 million people live in areas where the closest BdB branch is more than two hours away on foot.⁹ For many of the country's poorest residents, particularly in rural and Indigenous communities, the shift to formal banking remains out of reach because many continue to rely on informal financial systems, including cash-based transactions. This continued reliance on the informal cash economy highlights not only the limits of physical access but also a deep-rooted mistrust in state and banking institutions, shaped by decades of exclusion and bureaucratic barriers.

6 "Banco del Bienestar Meets Key Goals Set by Current Administration," *Mexico Business News*, 25 July 2024. [↗](#)

7 "Base de Datos Ficha Institucional" [Institutional File Database], Banco del Bienestar, 29 July 2024. [↗](#)

8 "'Bank of the Poor' Will Have Largest Network of Branches in the Country," *Mexico News Daily*, 7 January 2020. [↗](#)

9 "Plataforma para el Análisis Territorial de la Pobreza" [Platform for the Territorial Analysis of Poverty], CONEVAL, 2024. [↗](#)

We critically examine the BdB as a central actor in Mexico's evolving approach to financial inclusion. We explore the bank's design and implementation, focusing on its two-stage expansion strategy, its contributions to advancing financial inclusion, and the persistent challenges that remain. On the one hand, the BdB represents an improvement toward expanding access to financial services. But on the other hand, it risks reinforcing exclusion if prevailing challenges, such as accessibility, transparency, and user-friendly services, are not addressed.

Defining Financial Inclusion

Financial inclusion involves more than simply having a bank account or downloading a mobile banking app. According to the World Bank, it means that people "have access to and use affordable financial products and services that meet their needs, which are delivered in a responsible and sustainable way."¹⁰ This definition emphasizes how financial inclusion must be responsible, sustainable, and connected to real improvements in people's lives.

The National Commission for the Protection and Defence of Users of Financial Services (Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros or CONDUSEF) offers a practical three-stage model to understand financial inclusion in the Mexican context. The first stage of the model involves access, which refers to having a financial product such as a debit card, savings account, or mobile application. *Transactionality* is the second stage, in which people regularly use these tools for everyday financial activities such as savings, transfers, or bill payments. The final stage is *impact*,

wherein previously excluded people experience tangible improvements in well-being, such as better financial planning, asset accumulation, or greater economic resilience — all of which contribute to a better quality of life.

The CONDUSEF framework highlights an important distinction from conventional understandings of financial inclusion. While access is a necessary first step, it is not sufficient on its own to achieve financial inclusion. Effective financial inclusion requires regular use as well as measurable impact on individuals' economic and social well-being.

From Bansefi to Banco del Bienestar

Before the creation of BdB, efforts to expand access to financial services in Mexico were primarily led by Bansefi, a state-run bank with 538 branches across the country. Bansefi was responsible for distributing cash-transfer programs like Prospera. In its early years, most payments were made in cash, often hand-delivered in envelopes to rural areas, which was intended to ensure cash transfers made it to those who were otherwise hard to reach. Nonetheless, cash delivery in this way still excluded many from accessing their benefits. Bansefi thus introduced debit cards and biometric ID systems, which helped make the process more transparent and secure.

Between 2007 and 2019, when the BdB was introduced, Bansefi grew its client base from around 3 million to 15 million users, including over 8 million Prospera recipients. Most of these users were low-income people, notably women, who had little or no prior access to banking services.¹¹ In terms of the services they sought, Bansefi's client base was diverse, including people who enrolled to access savings

¹⁰ Financial Inclusion: Overview," World Bank, 2025. 

¹¹ "Entregó Bansefi apoyos por 76 mmdp a jefas de familia" [Bansefi delivered 76 billion pesos in support to female heads of households], *Así Sucede*, Gobierno de México, 11 June 2018. 



Figure 2. Banco del Bienestar branch located in the community of San Andrés Larráinzar, Chiapas, on a social program deposit day for beneficiaries' accounts.

accounts, microloans, and remittance services, as well as those receiving social benefits.

The bank's infrastructure included physical branches and a network of banking correspondents (i.e., third-party bank partner and broker). Partnering with DICONSA, a state-operated network for distributing food and hygiene products in rural and marginalized areas, Bansefi expanded its reach into underserved and hard-to-access regions. It also partnered with over 2,700 outlets through its "L@Red de la Gente" initiative to extend its reach into rural communities.¹²

The continued use of cash was necessary in areas without internet or mobile coverage. In addition, low levels of financial literacy posed a major barrier to people's adoption of banking services. To address these challenges, Bansefi invested in rural infrastructure and launched targeted financial-education initiatives. With support from the Bill and Melinda Gates Foundation, for instance, it

deployed mobile classrooms and sent staff to remote communities to work alongside local organizations to teach people how to use debit cards, understand basic banking concepts, and manage their finances securely.¹³ These efforts were intended to build trust in formal financial systems and to expand meaningful financial inclusion.

These early efforts laid a foundation for Mexico's national financial inclusion strategy by showing that it was possible, and necessary, to tailor delivery methods to local realities. But Bansefi's limited branch network, technical capacity, and long-term financial constraints made its model increasingly difficult to sustain over time.

In 2019, Bansefi was restructured into BdB, a decision that reflected the new government's broader political and strategic priorities. The BdB was tasked with expanding digital banking and serving as a central platform for social program delivery. BdB built upon

¹² "Bansefi: Best Social Impact Bank Mexico 2016," CFI.co, 2016. [↗](#)

¹³ "Creating Change at Scale through Public-Private Partnerships" McKinsey & Company, 2009. [↗](#)

Bansefi's existing infrastructure and experience, but moved toward a more centralized and ambitious model that sought to redefine the role of state-led financial inclusion in Mexico.

BdB was officially created in July 2019 by a decree from Mexico's Ministry of Finance, transforming the former Bansefi into a key pillar of President López Obrador's "moral economy" agenda.¹⁴ While Bansefi had focused primarily on encouraging savings among low-income people and households, BdB was given a broader, more ambitious mission: to be the main institution for delivering federal social programs and expanding financial services to Mexico's most marginalized populations — both geographically and financially marginalized.

The BdB's creation and rapid expansion was part of a broader political strategy to reduce the country's reliance on informal financial systems and intermediaries (like private banks and other state institutions and services). By strengthening the state's presence in the daily economic lives of underserved populations, the BdB aimed to provide more equitable access to public resources. This effort included a gender-sensitive approach to financial inclusion and targeted outreach to Indigenous communities, where exclusion from formal systems had historically been most severe.¹⁵

BdB has achieved notable successes, including streamlining social program delivery, reducing corruption associated with the disbursement of cash, and expanding banking access among low-income populations. However, despite these advances, significant challenges remain, such as poorly targeted geographic placement, limited user engagement, and

concerns regarding institutional sustainability (we discuss these challenges in greater detail later). Long-term success will require moving beyond infrastructure investments to include efforts to build trust, improve financial capabilities, and connect financial tools to broader strategies for economic empowerment and social development.

Expanding the Banco Del Bienestar

Branch Strategy

A key operational strategy of the Banco del Bienestar (BdB) was its physical expansion of the banking sector through the rapid construction of new bricks-and-mortar branches. The 2019 National Development Plan (Plan Nacional de Desarrollo or PND) mandated a total of 7,000 branches, including the existing Bansefi branches, meaning the construction of around 6,500 new bank branches.¹⁶ However, in early 2020, the government revised this target downward, planning to build 2,700 new branches instead, and extending the timeline for construction to 2023. By the end of 2021, only 441 of the approximately 1,000 branches were fully operational.¹⁷

At the same time, the PND's broader goal of promoting a cashless, digital-based banking system exposed a tension in the BdB's strategy. On paper, the plan was meant to reduce reliance on in-person services by reducing the use of cash in welfare benefits transfers and other financial services. Yet

14 Nadine Reis and Germán Vargas Magaña, "From State Developmentalism to Financial Populism: The 'Bank of Welfare' and Mexico's Moral Economy," *Review of Political Economy* 37, no. 3 (2024): 937–64.

15 "Cultura organizacional BANSEFI," Banco del Bienestar, Gobierno de México. [🔗](#)

16 "Plan Nacional de Desarrollo Nacional," Gobierno de México, 2019. [🔗](#)

17 Data from both Banco del Bienestar Progress and Results report from December 2021, [🔗](#) and a government statement from July 2021.

in practice, this contradicts the ambitious target of constructing new physical branches. Initially, many observers saw the branch-based model as outdated or at odds with the government's digital transformation goals. In our interviews, it remained unclear among policymakers and financial inclusion advocates why the government pursued such an ambitious bank branch strategy.

According to the government, expanding financial institutions' physical presence is necessary to ensure access across all regions, especially in remote and historically marginalized municipalities. This goal has been partially achieved. Fifty-six per cent of BdB branches, most of them newly constructed, are located in states with a high marginalization index. Many of the communities in them had no previous banking infrastructure.¹⁸

However, major gaps remain. According to the Platform for the Territorial Analysis of Poverty (Plataforma para el Análisis Territorial de la Pobreza or PATP) by the National Council for the Evaluation of Social Development Policy (Consejo Nacional de Evaluación de la Política de Desarrollo Social or CONEVAL), as of March 2024, 312 municipalities in Mexico (mainly in Oaxaca) still lacked even a single financial access point. In 90 per cent of these municipalities, more than half the population live in poverty.¹⁹

The BdB expansion strategy reflects the government's political motivations as well. Some analysts argue that the rollout of physical branches strengthens the government's image of being close and responsive to citizens and their needs. This political strategy is similarly reflected in the deployment of *Servidores*



Figure 3. The research team with their faculty mentors (Dr. Wong and Dr. Siller) outside the headquarters of BdB, as part of the research project's fieldwork

18 "Banco del Bienestar Progress and Results Report," Banco del Bienestar, June 2024. [🔗](#)

19 "Plataforma para el Análisis Territorial de la Pobreza" [Platform for the Territorial Analysis of Poverty], CONEVAL, 2024. [🔗](#)

de la Nación, a newly created corps of local agents under the Welfare Ministry who have been dispatched to communities across the country. These agents are responsible for registering beneficiaries and helping to implement social programs. Their presence is intended not only to streamline program delivery and reduce corruption, but also to increase the visibility of the state in areas where it was previously absent.

In our fieldwork we learned that while BdB was designed to advance digital and cashless banking, its early emphasis on rapidly expanding physical branches reflected two critical and enduring realities: first, the institutional and logistical challenges involved in implementing a nationwide financial inclusion strategy; and second, the practical need to serve populations, especially in rural and marginalized areas, that continue to rely on cash and lack the tools or internet connectivity to access digital financial services. According to the 2024 National Financial Inclusion Survey (Encuesta Nacional de Inclusión Financiera or ENIF), although 75 per cent of the population has internet access and even more own smartphones, both access and connectivity remain unevenly distributed, with northern and central states having better infrastructure than southern ones.²⁰

The digital divide also affects especially vulnerable groups, such as the elderly, among whom only 18 per cent can use smartphone apps independently, and 31 per cent require assistance from others. These factors mean that relying solely on digital banking is not yet feasible or practical for everyone.

Our field research observations confirm that cash remains central to everyday life for many

Mexicans, especially in rural communities. People rely heavily on cash for routine transactions, regardless of the amount involved. Data from the 2024 ENIF supports this: in rural areas, cash is the most used form of payment across all types of purchases and transactions. This continued reliance on cash, especially in rural Mexico, presents unique challenges, notably managing the security risks involved in cash transactions such as the risk of theft and opportunities for corruption (due to cash's lack of traceability).

In this context, physical BdB branches operate as a transitional mechanism (albeit an expensive and capital-intensive one) for the longer-term push toward more widespread digital banking in Mexico. Every BdB user or customer receives a debit card, for instance, which offers more secure and flexible access to funds and digital services. Of course, the option to withdraw cash remains available and widely used.

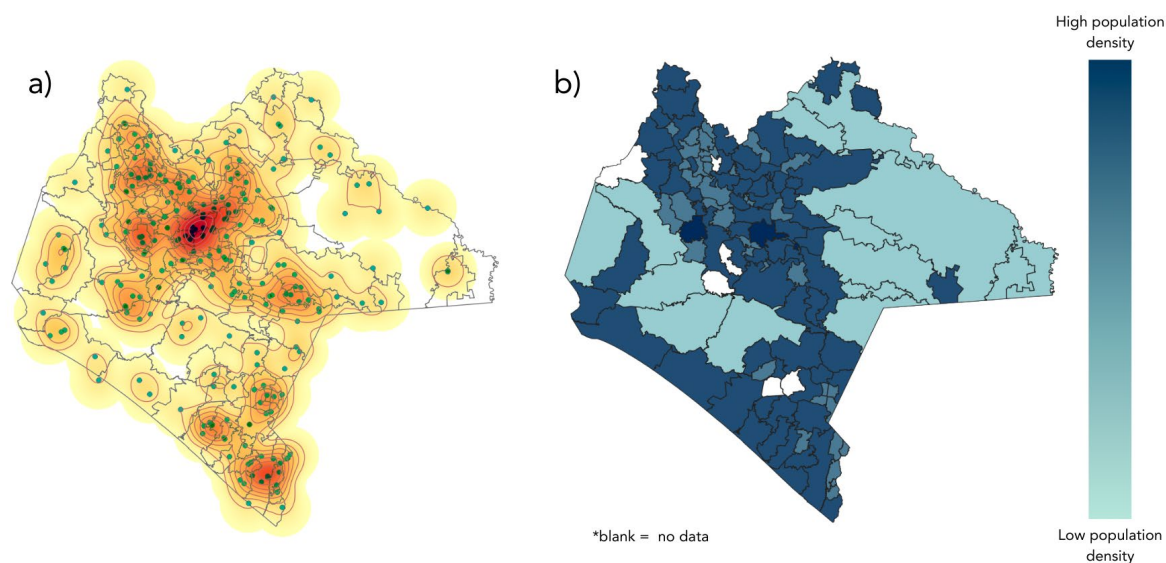
Siting Criteria

Given the government's stated intention to expand the physical network of BdB branches by adding thousands of new brick-and-mortar locations within a few years, the question of where these branches would be constructed became critical. What criteria determine the placement of these branches?

According to official guidelines, one of the main criteria was land availability. Branches were built primarily on either federally owned land or plots donated by local governments. For instance, SEDATU (Secretaría de Desarrollo Agrario, Territorial y Urbano) — the Ministry of Agrarian, Land, and Urban Development — assisted in identifying government-owned land suitable for building BdB branches.²¹ In

20 "Encuesta Nacional de Inclusión Financiera (ENIF) 2024: Reporte de resultados," CNBV [Comisión Nacional Bancaria y de Valores], 2025. [↗](#)

21 "Identifica Sedatu mil 200 predios para construir Bancos del Bienestar," Secretaría de Desarrollo Agrario, Territorial y Urbano, 9 September 2020. [↗](#)



Note: Based on the Platform for the Territorial Analysis of Poverty (PATP) and BdB website data

Figure 4. Comparison between heatmap of branches location (a) and population density map (b) of Chiapas municipalities

addition to land ownership and availability, technical feasibility played an important role in siting decisions. Basic infrastructure such as access to water and reliable electricity was also essential. Accessibility for customers and users was also considered, with decision makers assessing how easily people from surrounding communities could reach each branch site.

Other local conditions also mattered. Given the prevalence of violence in certain regions, security concerns were considered in determining where branches could safely operate. Population size and density were also factors (see Figure 4). Government officials involved in BdB's implementation explained that urban areas required at least 10,000 residents to justify building a new branch, while rural or poorer communities required a minimum of 3,000 people.

Geography played a significant role. The southern states, with historically higher poverty rates, received greater attention. Notably 27 per cent of BdB branches are in the South, with

Oaxaca and Chiapas each home to over 200 branches.²² Other local realities — and the need for flexibility — often shaped siting decisions. This is reflected in efforts to respect Indigenous community customs, for instance, by engaging local leaders in the planning process. Moreover, *Servidores de la Nación* agents (described earlier) played a critical role in advising where branches should be located, based on their experiences with local communities.

Civil society groups have voiced sharp criticisms of the government's siting approach, describing its decisions as inconsistent and vulnerable to local clientelist relationships. They argue that the lack of clear and consistent criteria has led to ineffective coverage, leaving many vulnerable populations without adequate access. One policy analyst we interviewed estimated that approximately 20 per cent of BdB branches remain underutilized or inactive. These concerns, they contend, highlight the need for a more accountable siting strategy.

22 Calculated with data from Banco del Bienestar official branch directory as of April 2025. [↗](#)

Critics have also identified the lack of transparency in the roll-out of the BdB network, specifically regarding the opacity of government decision making. SEDENA (Secretaría de la Defensa Nacional), the Ministry of Defence, is responsible for the actual construction of branches. However, SEDENA's involvement, citing "national security reasons," has raised concerns among some analysts because the costs of construction have not been made transparent. Critics argue that this arrangement has allowed contracts to be directly awarded to government ministries, including SEDENA, without independent oversight.

While the Mexican Congress formally and officially approves the national budget, the executive branch retains discretion to modify spending, including reallocating funds to BdB without legislative oversight. For example, although Congress approved a budget of MXN 2.045 billion (close to CAD 147,684,000) for BdB in 2023, the institution ultimately spent MXN 2.438 billion (approximately CAD 76,754,000), 393 million pesos more than was initially authorized, according to data from Mexicanos Contra la Corrupción y la Impunidad (MCCI). Observers contend that such discretionary reallocations weaken democratic accountability in the bank's financial governance.

Early Impact

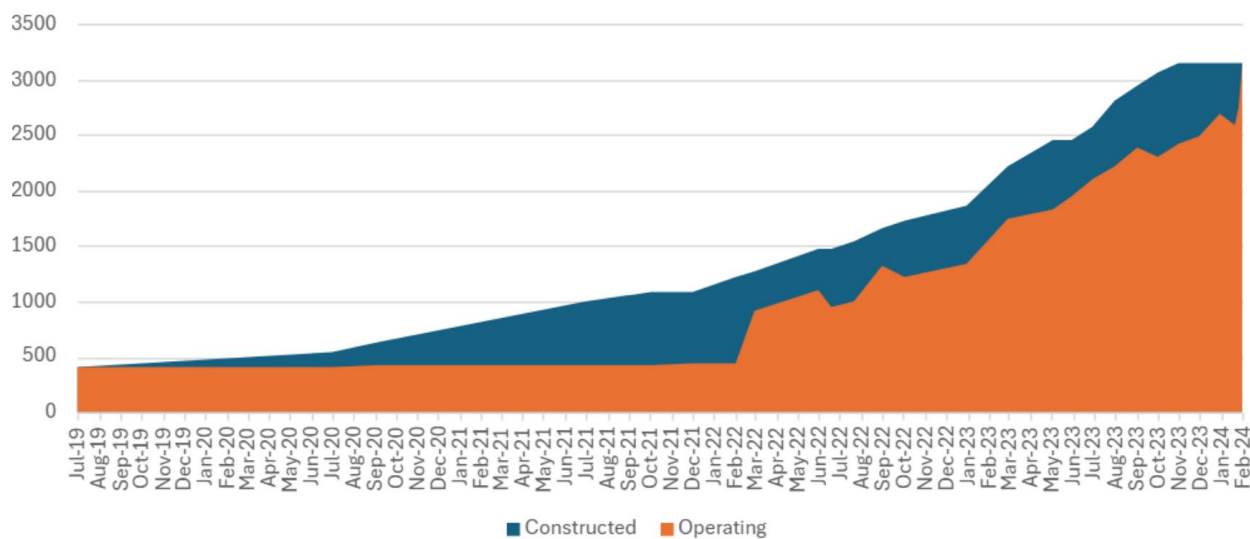
The BdB has facilitated greater access to debit cards and saving accounts, particularly among those who previously had no access at all to the banking system. It has achieved this expansion through the physical growth of the BdB branch network and by simplifying the registration process. Unlike private banks, BdB has less stringent registration requirements.

For example, through fieldwork in Chiapas, we learned that private banks require proof of address (i.e., utility bills), which many people in informal settlements or without legal land titles cannot provide. In rural areas — where many rely on communal water sources or do not pay for utilities — such formal documents are rare. The BdB accepts alternative forms of identification, such as an informal document validated by local community leaders. Administrative flexibility enables many marginalized individuals to open accounts with BdB, receive debit cards, and access social benefits.

BdB's most significant contribution to Mexico's financial inclusion efforts is its role as the distributor of welfare benefits to Mexican citizens. Social programs in health, education, and old-age income security, for instance, pay out their benefits directly to beneficiaries through the BdB system. The bank works closely with government ministries to coordinate both the location of branches and the management and delivery of social programs. Recent efforts, such as the formation of local BdB branch committees and a presidential directive aimed at improving collaboration between institutions, are intended to improve coordination.²³

Since its introduction, BdB has become the primary distributor network for multiple social welfare programs, including pensions, scholarships, and unemployment subsidies, called *Programas para el Bienestar*. The BdB functions as a government mechanism to deliver social benefits to citizens, including those who are the hardest to reach.

23 "¿Conoces los Comités del Banco del Bienestar? Te explicamos qué son y cómo funcionan" [Are you familiar with the Welfare Bank Committees? We'll explain what they are and how they work"], Secretaría de Bienestar, April 2023. 



Note: Based on BdB official statements, notices, and statistics. When data was unknown, linear estimates were made

Figure 5. Progress of construction and acclimatization of BdB branches

Active Reach

Beginning in late 2021, the BdB entered its second phase of expansion, significantly accelerating the construction and launch of new branches. In 2022, more than 900 new branches opened, and then another nearly 1,400 opened in 2023. The infrastructure's acclimatization caught up to the pace of construction, so that by the start of 2024 the 3,149 branches were fully operational (see Figure 5).²⁴

Expansion for Inclusion

As of June 2024, the BdB's network extended to 1,970 municipalities, covering an estimated 124 million people — approximately 98.4 per cent of the country's population. This figure refers to geographic coverage based on access to the BdB bank. It does not

reflect the actual number of active users and customers or accounts holders. Nonetheless, the BdB network is more expansive and inclusive than private banks, which collectively operate in 910 municipalities. Moreover, BdB branches are present in 1,083 municipalities where no commercial branches exist.

However, while the expansion plan promotes further accessibility, the approach has proven to be very costly. According to the Government Report 2023–2024, building 2,750 new branches cost the federal government over MXN 15 billion (almost CAD 1.1 billion) with each branch averaging around 6 million pesos to cover expenses like ATMs, over-the-counter operations, and computer equipment.²⁵ Moreover, the costs to maintain these bank branch operations are very high. Reports indicate that 66 per cent of BdB's administrative costs and 64 per cent of

24 "Informe sobre la operación y resultados del Banco del Bienestar," Gobierno de México, Secretaría de Hacienda y Crédito Público, 30 August 2024. [🔗](#)

25 Luz Elena Marcos Méndez, "Fortalecer el Banco del Bienestar, una promesa con elevados costos" [Strengthening the Welfare Bank, a promise with high costs], *Expansión*, 17 October 2024. [🔗](#)

its promotional expenses are allocated to personnel compensation, technology, security, and transportation.²⁶ High expenditures are a threat for the BdB's future viability.

Given these concerns, the administration has taken steps to ensure the bank's sustainability. According to recent discussions with bank management, the new government of Claudia Sheinbaum elected in 2024 has adopted a more cautious approach to the BdB network expansion plan. Most notably, the government has commissioned a study to evaluate the expansion strategy before continuing to build new branches, except in specific areas that federal authorities have identified as high-priority municipalities.

Expanding Services

Currently, the BdB offers a variety of financial services, including basic savings accounts, payroll accounts, investment products, and deposit notes (see Table 1). The bank has substantially scaled back its financial services portfolio since it was introduced in 2019, with a primary reduction in micro-finance and loan disbursement.

The BdB discontinued its credit services in 2021, despite having issued 1.3 billion pesos (close to CAD 94 million) in loans in 2018.²⁷ This decision was primarily driven by borrowers' high default rates, which posed financial risks for the bank. By the second quarter of 2021, BdB's Nonperforming Loan Ratio (Índice de Morosidad or IMOR) stood at 19.33 per cent, meaning nearly one in five

loans were overdue by at least three months. This marked an increase of over ten percentage points since the bank started and signalled a significant erosion in the profitability and financial sustainability of its lending operations. Bansefi (BdB's predecessor), on the other hand, reported an IMOR of just 9 per cent.²⁸

In February 2023, BdB stopped receiving remittances from any banking institution, remittance company, or integrator.²⁹ This service was officially transferred to Financiera para el Bienestar (Finabien), an institution with a network of 1,700 branches across Mexico and over 100 years of experience in the remittance market. The BdB's decision to stop providing remittance services followed an internal assessment of the bank's operations. According to official statements, its decision to withdraw from the remittance and lending markets was a strategic alignment with the federal government's priorities.³⁰ The bank emphasized its priorities in expanding the bank's network to create the largest branch system in the country and promoting the financial inclusion of social program beneficiaries.

However, loans and remittances are more than just products; they are essential revenue streams for commercial banks in addition to being vital tools for financial inclusion. Micro-loans enable low-income individuals and small entrepreneurs, often excluded from traditional banking, to invest in their livelihoods, helping to break cycles of poverty. At the same time, remittances sent by migrant workers are a

26 "Banco del Bienestar's 2023 Profits Down by 50%," Mexico Business News, 1 April 2024. [🔗](#)

27 "The Hidden Cost of the Banco del Bienestar," *Números de Erario*, Mexico Evalúa, 28 July 2023. [🔗](#)

28 "Se duplica cartera vencida y el Banco del Bienestar deja de dar créditos" [Overdue portfolio doubles and Banco del Bienestar stops granting loans], *Expansión*, 12 August 2021. [🔗](#)

29 An integrator is a company or platform that connects various financial institutions and payment services to facilitate the processing and transfer of remittances.

30 "Comunicado 002 Banco del Bienestar deja mercado de remesas; prioriza bancarización de beneficiarios de Programas Sociales" [Press Release 002: Banco del Bienestar abandons remittance market; prioritizes banking access for social program beneficiaries], Banco del Bienestar, March 2023. [🔗](#)

Table 1. Services and products offered by BdB

Category	Service or product	Description
Deposit Accounts	Basic Account	Debit account with a Mastercard card, no opening fees or minimum amount, available for individuals over 18 years old. Average minimum monthly balance of MXN 2,000. Does not accrue interest or yield.
	Basic Payroll Account	Receive salary or benefits via debit card; no opening cost, for income up to 165 minimum wages monthly (around MXN 34,000). Does not accrue interest or yield.
Savings	Debit Account without Interest	Savings account with debit Mastercard card level 4 (no limit on monthly deposits). Minimum opening amount of MXN 50. Does not generate interest or yield.
	Debit Account with Interest	Savings account with debit Mastercard card level 4 (no limit on monthly deposits). Minimum opening amount of MXN 50. Generates returns if a minimum monthly balance is maintained.
	Savings Account (Cuentahorro)	Demand savings account; generates returns on the saved amount according to the rates published in the “Monthly Rates of Banco del Bienestar Products” section.
Investment	Tandahorro	Term savings product associated with a debit card. Periodic deposits (minimum MXN 50) for a fixed term (1–36 months); yields returns and offers inflation protection.
	Children’s Savings Account	Savings plan for minors; deposits start at MXN 30 per month and generate interest.
Government Investments	Fixed-Term Investment Note (PRLV)	Fixed-term investment (minimum MXN 10,000), with terms ranging from 28 to 360 days, associated with a debit card. Variable returns depending on term and amount.
Other Services	CODES (Receipts for Raffles and Promotions)	Document used for payments in raffles or promotional events; available for individuals and legal entities. The minimum purchase amount is MXN 5,000, but there is no maximum purchase limit.
	BIDES (Deposit Certificates)	Documents issued exclusively by the BdB that certify a cash deposit used in legal or administrative proceedings.
	Domestic Remittances	Cash transfer in national currency within national territory, with a fixed fee of MXN 50 plus VAT per transfer, regardless of the remittance amount. The maximum transfer amount is MXN 10,000.

Note: Based on BdB official webpage. [↗](#)

critical lifeline for many families in Mexico, and represent a steady flow of funds that banks can facilitate and earn fees from.

The decision to discontinue loans and remittance services reflects the critical tension between the bank’s financial health, on the one hand, and the BdB’s social purpose, on the other. While loans are a part of the financial-inclusion scheme as well as the bank’s revenue, there is risk in low-income clients who are

unable to pay. Presently, the main revenue stream comes from transaction commissions, which are low as 2 per cent for withdrawals. The BdB’s financial sustainability as a bank is questionable. Even so, the number of social welfare programs that are distributed by the bank has grown, demonstrating the BdB’s commitment to be a financial institution that reaches marginalized communities. At the end of 2018, only two social programs were distributed, whereas in 2024 it delivered

financial benefits for fourteen.³¹ The current Claudia Sheinbaum administration intends to continue expanding the range of social programs to be disbursed through the BdB network of bank branches and ATMs. In 2025, four new *Programas para el Bienestar* were added to the portfolio:

Salud Casa por Casa, Beca Universal de Educación Básica Rita Cetina, Pensión Mujeres Bienestar, and Cosechando Soberanía (see Table 2).

The significant increase in the number of branches, combined with the growing number of social programs for which the benefits are directly delivered without intermediaries, has resulted in a larger beneficiary population served by BdB. This expansion has promoted more banking access, and contributed to growth in both the number of accounts opened and the total value of social benefits distributed. The BdB has continued to implement several new initiatives to further strengthen banking access. Notably, it distributed debit cards linked to bank accounts to facilitate the delivery of social program benefits to beneficiaries. These debit cards — which, for many people, was the first time they were able to access the banking sector — have enabled beneficiaries to access resources from social programs through BdB branches and ATMs.

According to the 2024 ENIF, half of the beneficiaries of the *Programas para el Bienestar* obtained their first-ever financial product when they received their BdB debit card.³² Most of

the social programs include a linked savings account. As a result of this strategy, 97 per cent of those who receive transfers through the various *Programas para el Bienestar* now hold at least one financial product (other than the social welfare program), a significant step toward

greater banking access and financial inclusion.

Innovation

Access to banking services is the first stage in achieving financial inclusion. While the BdB has successfully facilitated access to financial products, it has yet to advance toward

the next stages of financial inclusion, in which individuals not only have access to financial products but also use them regularly.

BdB has launched various outreach efforts in recent years to foster more substantive financial inclusion. One initiative has been the promotion of financial education and financial literacy. Between late 2018 and June 2024, BdB carried out 4,228 financial education courses, delivered both in-person and online. It also distributed 37.25 million learning materials, such as brochures, videos, and other messages and tips through social media as well as through the bank branches. In 2023, BdB launched the virtual platform *Ábaco: El ABC del Bienestar Financiero*, which offers interactive resources designed to increase financial literacy.³³

The bank has also fostered other partnership initiatives to make it easier and more appealing for bank customers to use their BdB accounts for purposes other than accessing government

97 per cent of those who receive transfers through the various Programas para el Bienestar now hold at least one financial product (other than the social welfare program), a significant step toward greater banking access and financial inclusion.

31 "Informe sobre la operación y resultados del Banco del Bienestar."

32 "Encuesta Nacional de Inclusión Financiera (ENIF) 2024: Reporte de resultados," CNBV [Comisión Nacional Bancaria y de Valores], 2025. 

33 "Informe sobre la operación y resultados del Banco del Bienestar."

Table 2. Current federal programs distributed through Banco del Bienestar

Program	Objective	Benefit amount and frequency
1. <i>Pensión para el Bienestar de las Personas Adultas Mayores (Pension for the Welfare of the Elderly)</i>	Improve the social protection situation of the entire adult population aged 65 or over, through an economic pension.	MXN 6,200 every two months
2. <i>Pensión para el Bienestar de las Personas con Discapacidad (Pension for the Welfare of People with Disabilities)</i>	Improve the monetary income of people with permanent disabilities and thus contribute to achieving the effective enforcement of the rights of children, adolescents, young people, Indigenous people, and Afro-Mexicans living with disabilities, thereby eliminating the marginalization, discrimination, and racism they face.	MXN 3,200 every two months
3. <i>Programa para el Bienestar de las Niñas y Niños, Hijos de Madres Trabajadoras (Program for the Welfare of Girls and Boys, Children of Working Mothers)</i>	Improve the living conditions of girls, boys, adolescents, and young people in vulnerable situations for the temporary or permanent absence of one or both parents, through financial support.	MXN 1,600–3,720 every two months
4. <i>Beca Universal de Educación Media Superiores Benito Juárez (Benito Juárez Scholarship — high-school level)</i>	Priority program of the Government of Mexico, aimed at upper secondary education students enrolled in public schools, to support them in continuing and completing their studies.	MXN 1,900 every two months (per student)
5. <i>Beca de educación superior: Jóvenes escribiendo el futuro (Superior education scholarship: Youth Writing the Future)</i>	Encourages higher education students to continue and complete their university studies.	MXN 5,800 every two months
6. <i>Jóvenes construyendo el futuro (Youth Building the Future)</i>	Provides free training in companies and workplaces to young people between 18 and 29 years of age who are not studying or employed, with the goal of developing their skills and abilities to support their integration into the workforce. During the training period, participants receive a monthly financial support equivalent to the minimum wage.	MXN 8,480 every month
7. <i>La escuela es nuestra (The School Is Ours)</i>	Improvement of the physical conditions and educational services of public schools at the basic and upper secondary levels. This program is implemented at each school by a School Committee for Participatory Administration (CEAP), composed primarily of parents elected in an assembly to manage the use of allocated resources based on the specific needs of each school community.	Basic Education Schools: • 2 to 50 students: MXN 200,000 • 51 to 150 students: MXN 250,000 • 151 students or more: MXN 600,000 Upper Secondary Education Schools: • 3 to 300 students: MXN 600,000 • 301 to 1,000 students: MXN 1,000,000 • Over 1,000 students: MXN 1,500,000

8. <i>Sembrando vida (Sowing Life)</i>	The program provides financial and in-kind support to adults living in rural areas whose municipalities have high levels of social deprivation and who own or hold 2.5 hectares of land available to be used for an agroforestry project.	Beneficiaries of this program receive a monthly payment of MXN 6,450, which is deposited directly through the Banco del Bienestar card provided to them. In addition, they may receive supplementary financial and in-kind support, such as seeds, plants, tools, or other supplies.
9. <i>Producción para el Bienestar</i>	It seeks to improve the production of crops and goods by small-and medium-scale agricultural producers across the country through direct financial support.	The support is provided annually and varies depending on the type of product and the number of hectares owned by the producer. In 2025, the minimum amount is MXN 6,000 and the maximum is MXN 24,000 per beneficiary.
10. <i>Bienpesca (Fishing for Welfare)</i>	To support individuals engaged in fishing or aquaculture activities in order to contribute to their food self-sufficiency and thereby improve their well-being.	The financial support provided amounts to MXN 7,500, delivered directly and annually through the Banco del Bienestar debit card.
11. <i>Programa de Mejoramiento de Vivienda para el Bienestar (Housing Improvement Program for Welfare)</i>	The objective is to support beneficiaries in carrying out home improvement, repair, or expansion projects, as determined by themselves. The National Housing Commission (Comisión Nacional de Vivienda or CONAVI) is responsible for delivering these funds directly and without intermediaries to the beneficiaries, who receive a Banco del Bienestar card for this purpose.	A one-time payment of MXN 40,000 is granted to families.
12. <i>Beca Universal de Educación Básica Rita Cetina (Rita Cetina Scholarship — Basic Education)</i>	Priority program of the Government of Mexico, aimed at families with daughters, sons, or minors in their care who are enrolled in preschool, primary, or secondary education.	MXN 1,900 every two months per family, plus MXN 700 for each secondary school student in the household.
13. <i>Pensión Mujeres Bienestar (Women's Welfare Pension)</i>	Improve the level of economic autonomy of women aged 60 to 64.	MXN 3,000 every two months

14. <i>Salud casa por casa (House-to-House Health Program)</i>	Improve access to health services for older adults and people with disabilities	The support is provided by visits to beneficiaries' homes by health facilitators. These beneficiaries should already be registered in Pension for the Welfare of the Elderly or Pension for the Welfare of People with Disabilities. The frequency of visits depends on the beneficiary's state of health.
15. <i>Cosechando soberanía (Harvesting Sovereignty)</i>	Increase the national supply of basic food basket by supporting small and medium-sized producers	Beneficiaries can receive credit with a maximum interest of 9%. Credit amounts are divided into six segments, that vary from MXN 30,000 to MXN 1,300,000. Direct agreements with companies and distribution of seeds are also facilitated.

Note: Based on BdB official webpage

social welfare benefits. While in the field, we learned that the BdB has partnered with “big box” retailers (such as Walmart, Bodega Aurrera, and Sam’s Club) to offer benefits to holders of the Tarjeta del Bienestar (Welfare Card). Some of these programs specifically target elderly people, people with disabilities, and younger beneficiaries of social programs.

By using this card at Walmart, Bodega Aurrerá, and Sam’s Club stores, users can receive up to a 10 per cent bonus in their electronic wallet or through the Cashi app when making purchases. Additionally, for purchases over 15 pesos, users have the option to withdraw cash at no extra cost.

This collaboration aims to facilitate access to essential goods and promote financial inclusion for beneficiaries. Such partnerships create incentives to increase transactional activity with the BdB and promote more effective financial inclusion. However, this partnership has also faced communication

challenges, because for many people, the concept of cash back is unfamiliar.

BdB has also continued to develop its strategy for engaging with Indigenous communities. One of its challenges involves language barriers because all documents are in Spanish. To address this, the BdB is working closely with the National Institute of Indigenous Peoples (Instituto Nacional de los Pueblos Indígenas, INPI) and the National Institute of Indigenous Languages (Instituto Nacional de Lenguas Indígenas, INALI) to promote more linguistic inclusion and access. Collaborating with these institutions, the BdB provides bank documents and materials to Indigenous community leaders, who then translate them into their own languages, including less commonly used Indigenous languages and with the necessary cultural adaptations to ensure respectful and appropriate communication with Indigenous peoples.

In addition to its linguistic and educational efforts, BdB recognizes the need to build institutional trust, particularly among populations historically excluded from the formal banking sector. As the 2024 ENIF highlighted, trust is fundamental to the financial system's effective functioning. According to government officials, trust building is one of the reasons the government was so intent on ensuring the bank's physical presence in communities. This physical presence is highly valued by such communities and reinforces the government's support of citizens' welfare.

While critics express skepticism about the political motivations underlying the state's widespread presence — as we discussed earlier — many rural beneficiaries acknowledge the bank's tangible impact and the benefits of the government's efforts. Through its financial education campaigns, strategic partnerships, and culturally informed outreach, BdB is working to deepen community trust and move gradually toward more effective forms of financial inclusion.

Challenges

Several persistent challenges continue to hinder Banco del Bienestar's effectiveness in delivering meaningful financial inclusion. These include inefficient branch placement, limited user engagement, and uneven digital access, particularly in rural and marginalized areas. Structural barriers such as low digital literacy and inadequate connectivity persist despite high rates of smartphone ownership.

While BdB has succeeded in expanding access, its long-term impact on financial inclusion in Mexico will depend on its ability to move

beyond infrastructure investments to build trust, strengthen financial capabilities, and link services to broader strategies for economic empowerment and social development.

Gaps in Access

While 56 per cent of BdB branches are located in poor and underserved communities, a significant number of other impoverished communities, according to CONEVAL, still lack any financial services. Critics attribute this gap to a disconnect between branch placement and evidence-based poverty targeting. For example, a Banco de México study produced data-driven recommendations for optimal branch locations based on poverty indicators. However, these recommendations were reportedly sidelined in favour of other considerations, such as land availability, infrastructure, and political consideration.

Moreover, approximately 20 per cent of BdB branches are inactive.³⁴ Many suffer from cash shortages and a lack of ATM infrastructure. Clients have reported not receiving debit cards after opening accounts, long wait times, and inadequate customer service. The digital divide also presents a challenge in rural areas, where poor internet connectivity further hampers the effectiveness of the bank's digital services.

Lack of Transparency

The notable lack of transparency, largely due to the central role played by the Ministry of National Defence (SEDENA) in the bank's construction efforts, remains a major challenge. This arrangement allowed the government to operate with some secrecy, a process described by critics as opaque. The lack of third-party oversight stands in contrast with earlier models like Progresá, which included external monitoring mechanisms.

34 Policy analyst interview.



Figure 6. San Cristóbal Centre

Critics claim that construction contracts have been shielded from public scrutiny; no open procurement processes have been carried out; and citizens' requests for information about BdB operations are systematically denied.

Civil society organizations, think tanks, and academic institutions, which earlier played a critical role in evaluating and improving the design and delivery of social policy programs, have been marginalized in the BdB's implementation. Their exclusion, they contend, has reduced the critical feedback needed to enhance the bank's effectiveness. Moreover, the recent dissolution of CONEVAL, which was responsible for evaluating the government's social policy, has raised alarms about the lack of accountability and evaluation.

The lack of transparency remains an ongoing issue, and has led to several calls for reforms. One key recommendation from policy analysts

is to enhance the transparency of discretionary practices so that the true costs of government initiatives can be properly assessed. There have also been calls to take recommendations from federal audit bodies into consideration to strengthen oversight and accountability. Finally, one civil society organization has proposed the creation of a Congressional Budget Office, similar to the American model, to facilitate informed discussions on public spending and reinforce legislative oversight. However, critics are doubtful of the Mexican Congress's capacity and impartiality to launch such reforms.

Dual Identities

A major challenge that BdB faces is managing its roles as both a commercial bank and a platform or mechanism for social welfare transfers. Put another way, the BdB must balance the imperative to become financially sustainable with the political and social demands to deliver welfare payments fairly and inclusively. This tension generates conflicting pressures that have proven difficult to reconcile, both operationally and politically.

As a commercial bank, BdB offers conventional banking services — such as savings accounts — with the goal of integrating marginalized populations into the formal financial system. Its most notable achievement is the establishment of branches in rural, underserved areas, addressing a critical market failure where private banks see little profit incentive to operate. These branches save time for residents of rural communities, encourage social interaction, and provide access to basic financial services.

Because more than half of these branches, especially the newly constructed ones, have been situated in areas where no previous banking infrastructure existed, they demonstrate the bank's clear commitment to fostering financial inclusion by increasing financial access. However, this strategy of bank branch expansion came at an enormous cost,

potentially putting BdB's financial sustainability at risk. The long-term sustainability of this model is uncertain. BdB's primary revenue source is commissions on benefit distributions and a modest 2 per cent fee on nonclients who withdraw funds, so it is unlikely to generate sufficient revenues, particularly in regions with limited economic activity. Additionally, the BdB has reduced the number of commercial banking services over time (e.g., loans, remittances).

As a social welfare platform, however, BdB has made significant strides. By creating more access to more bank branches, eliminating intermediaries, and dispatching *Servidores de la Nación* agents, the bank has streamlined the social-benefits transfer process. Indeed, BdB's core focus is increasingly on direct delivery of social program benefits through its expanded branch network and issuance of debit cards linked to these programs. The number of social programs served by BdB grew from six in 2021 to fourteen by mid-2024, with plans for further expansion under the new government. However, this inclusion strategy reveals notable service gaps, particularly in the availability of credit and lending products. In 2021, BdB stopped offering microfinance and loan services. It also ended its remittance services in 2023 and transferred them to a specialized institution.



Figure 7. San Cristóbal viewed from above (photo by diegograndi)

For example, in San Cristóbal de Las Casas, Chiapas, we learned that residents are, in fact, eager for more commercial services such as microcredit financing and other lending programs. The lack of investment in these services is not only a missed opportunity to deepen financial integration but also fails to tap into a key income source that traditional banks depend on.

Again we contend that the central challenge lies in the tension between the BdB's dual identities: its commercial imperatives and its social welfare commitments. On one hand, commercial imperatives demand financial sustainability, revenue generation, risk management, and product diversification. On the other hand, the BdB's focus on social welfare objectives compels it to invest in physical access, low-cost delivery, inclusion for low-income users, and direct benefit distribution. BdB is under growing financial pressure to offer more commercial banking products, such as loans and credit cards, without having the necessary professional capacity in place.

Transforming the BdB into a leading and sustainable financial institution that promotes savings and financial inclusion is a core priority for the current Mexican government, as outlined in its “100 Steps for Transformation.”³⁵ However, unless this dual identity tension is resolved, the bank risks falling short on both fronts: failing to become a financially sustainable institution and to fully deliver on its social mission.

Politicizing Welfare

Critics argue that instead of prioritizing financial inclusion, BdB’s expansion strategy has mostly worked as a tool for political mobilization and deepening clientelism. Its highly visible network of branches in otherwise marginalized



Figure 8. View of the historic centre of San Cristóbal de Las Casas, Chiapas, known for its colonial architecture and cultural life

communities reflects the state’s presence, especially in regions that were recently neglected. Building physical branches helps create the image of an active and benevolent state reaching directly to the people.

However, as one interviewee warned, this strategy risks politicizing access to social benefits and blurring the line between government policy and partisan loyalty. They warn that the approach weakens democratic accountability and strengthens a patronage-based political culture where loyalty to partisan actors determines one’s ability to access basic rights.

For instance, the deployment of *Servidores de la Nación*, affiliated with the ruling party to enroll beneficiaries, reinforces patterns of state patronage. Reports of such agents wearing party-affiliated colours or materials referencing the president have drawn scrutiny from electoral authorities. During the COVID-19 pandemic, the *servidores* were instrumental in the distribution of emergency microcredits through the *Tandas del Bienestar* program (targeted to small businesses in vulnerable areas), raising concerns about the informal and party-linked criteria through which beneficiaries were selected.

While the BdB model has succeeded in extending financial services and social programs to many previously excluded populations, its deeply political process has invited criticism of the politicization of the bank’s rollout beginning in 2019, and the long-term implications for institutional trust and financial inclusion.

Incomplete Financial Integration

Despite its mission to promote financial inclusion, BdB faces challenges in addressing incomplete financial integration in Mexico.

35 Alejandro I. López, “Estas son las 100 promesas de Claudia Sheinbaum como presidenta de México.” [These are Claudia Sheinbaum’s 100 promises as president of Mexico], *El País*, 2 October 2024. [🌐](#)

The struggle stems from systemic gaps in communication, a limited range of financial products, and widespread financial illiteracy.

A major obstacle to the BdB's efforts to increase financial inclusion is ineffective communication and the lack of financial education and awareness among users. Focus group participants in our fieldwork revealed limitations in how BdB communicates its services. Many of them view the bank primarily as a tool for delivering social welfare benefits and believe their cards are only for withdrawing cash, unaware that they also function as regular debit cards and can be used for payments and savings. They are not aware that the BdB could be a way to integrate different financial functions and users' needs.

Brazil's Bolsa Família Program (BFP) provides an instructive comparison. Working with Caixa Econômica Federal, the BFP has gone far beyond delivering cash transfers. Caixa offers a wider range of financial services, such as savings accounts, insurance, and credit, in addition to connecting beneficiaries to health, education, and social support systems. In this way, Caixa has helped empower marginalized communities, rather than just as a payment channel. In contrast to Brazil's BFP, the BdB mainly focuses on opening accounts and distributing government social welfare benefits. While this focus has improved access to social programs, BdB has yet to fully develop or integrate a broader set of financial products and services.

Frequent concerns include the limited functionality of the BdB mobile app, which lacks key features like transfer capabilities. Additionally, interviewees in Chiapas articulated the need for more information about how the bank works. Although *Servidores de la Nación* are supposed to serve as a key point of contact for bank users, the agents are often unresponsive and clients often fail to obtain answers to their questions. Other users expressed concern about the BdB's

ineffective grievance redressal system. The primary option, a phone hotline, is unreliable, leaving clients without a clear channel for resolving issues or offering feedback.

Fieldwork Reflections: Gaps in Communication About BdB Services

During fieldwork, our research team spoke with a family that unexpectedly discovered a feature of their BdB account: the ability to receive money. The younger sister, a beneficiary of the "Jóvenes Construyendo el Futuro" program, had been using her account solely for withdrawals, believing it was only for accessing her social benefits. However, to explore the available services, one of the researchers attempted to transfer money to her account and it worked! This discovery was a relief because it meant they no longer needed to make the long trip to San Cristóbal to withdraw cash.

Before this, the family had no idea that the account offered such a capability. Their discovery pointed to a significant communication gap. While they were familiar with the ATM and withdrawal functions, they had not been informed about other banking services, such as money transfers.

This incident highlighted the importance of better outreach and communication from Banco del Bienestar to ensure users are fully aware of all the services available to them.

Informality

Economic informality continues to define the economic reality for Mexico's poorest populations. Cash remains the main medium of exchange, and people widely mistrust banks. For many, limited familiarity with banking services, the lack of surplus cash to save, and the precarious nature of informal work make participating in the formal financial system extremely challenging.

While BdB has taken meaningful steps to lower access barriers, such as accepting informal registration documents and issuing debit cards with no minimum deposit requirement, these innovations have not led to widespread adoption of the bank's services beyond accessing social welfare

benefits. Most beneficiaries withdraw their entire transfer in cash, rarely using their bank accounts or bank cards for other kinds of financial transactions. This reflects a limited understanding of the bank's functionalities, low financial literacy, and the persistent preference for cash-based transactions in many communities, which we discuss next.. The BdB has succeeded in expanding access to the banking sector, but not in fostering meaningful financial inclusion per se.

Lessons Learned

What lessons can be learned from Banco del Bienestar?

Committing to the Bank's Core Mission

BdB faces a constant tension between its role as a development bank, distributor of federal social programs, and its involvement in services typically offered by private banks. Although it initially sought to enter the remittance market and provide loans during its first phase, the bank soon noticed that competing with other financial institutions or government ministries was not ideal. BdB realized it should prioritize social impact over market competition, avoiding direct rivalry with private financial entities. BdB does not aim to replace or compete with private banks, but rather to complement them — strategically filling service gaps by reaching populations and territories where private institutions lack presence or incentives to operate. Its real mission is to close the financial access gap and support inclusive development in Mexico's most vulnerable regions.

Diversity Is a Challenge

Financial inclusion in a country as diverse as Mexico presents significant challenges. The wide-ranging social heterogeneity

(including disparities in socioeconomic status, gender gaps, urban-rural divides, and the unique needs of Indigenous communities) adds layers of complexity to the effort. BdB is a federal institution, as are most of the programs disbursed through the BdB platform. However, each region, municipality, or community has its own challenges when it comes to financial inclusion.

Designing for Needs

Understanding the realities of vulnerable populations is essential for designing services that go beyond symbolic inclusion to become genuinely effective and sustainable. Each region in Mexico has its own particularities that shape how people engage with financial institutions. Regarding BdB, this highlights the importance of tailoring services and strengthening coordination with local actors to build trust, improve accessibility, and deliver programs that genuinely respond to community-specific needs.

Strengthening the State's Presence

One of the clearest lessons from the BdB experience is how its branch-based model, despite significant criticisms and limitations, has served as a powerful tool for projecting state presence in marginalized regions. Unlike its predecessor, BdB is not merely a financial institution tasked with delivering cash transfers. It was designed as a vehicle for financial inclusion and social policy, particularly in rural areas historically neglected by the state. By establishing a wide network of physical branches, the government is embedding itself in the everyday economic lives of underserved populations, creating a sense of proximity, support, and legitimacy. Though critics have pointed to the high costs, declining construction targets, and political motivations behind the expansion, many rural beneficiaries recognize BdB's tangible impact.

The branch network, much like the deployment of the *Servidores de la Nación*, acts both as a mechanism for program delivery and as a symbol of the state's renewed visibility. While financial inclusion outcomes remain uneven, and questions about long-term sustainability persist, BdB has nevertheless succeeded in making the state materially present in places it had long been needed.

Research Team



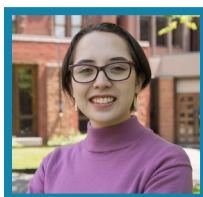
Magdalee Brunache is a third-year PhD student in political science at the University of Toronto, pursuing a collaborative specialization in women and gender studies. She is a Blumenfeld Junior Fellow and recipient of the Kay Armatage Graduate Women and Gender Studies Entrance Prize for 2024–2025. Her research examines grassroots responses to escalating gang and state violence in Haiti, with a focus on how communities navigate and reconfigure state absence through

practices of justice and resistance. Magdalee’s academic work draws on decolonial theory, feminist political economy, and critical security studies to interrogate questions of power, survival, and postcolonial governance. She has extensive experience in research and teaching, contributing to projects on the gendered dimensions of reparations in postconflict settings and cooperative models for social and economic inclusivity.



Gavriella Flores is a fourth-year law student at Tecnológico de Monterrey, Monterrey campus. She has experience in the Inter-American Human Rights System through an internship at the Inter-American Court of Human Rights in San José, Costa Rica. In addition to her research with the Reach Alliance, Gavriella has collaborated on

human rights research with Dr. Ana Luna Serrano as part of her Applied Legal Research course. This research explores the crisis of disappearances in Mexico and examines how the militarization of public security contributes to violations of the human rights of women-led search collectives.



Elisa Nieto is a third-year biotechnology engineering student in Tecnológico de Monterrey, Monterrey campus. She has been involved in student-driven research projects on synthetic biology, which have participated in the iGEM competition. Her focus has been on the social impact of science innovation. From evaluating an early diagnostic

tool for Alzheimer’s disease within the context of healthcare access and dementia-related stigma in Mexico, to coordinating community initiatives related to a novel emerging contaminants removal mechanism, she has analyzed the potential of cutting-edge technologies to solve local challenges.



Bavan Pushpalingam is a fourth-year student at the University of Toronto Scarborough, pursuing a major in public policy with minors in food studies and urban public policy and governance. He is a research project coordinator for the Department of Political Science and Policy and research assistant in the City of Toronto. He has extensive experience in community-based participatory research and policy advocacy, focusing on food insecurity and sovereignty

in Scarborough, Ghana, India, and Sri Lanka. Bavan has led capacity-building initiatives, developed policy toolkits, and facilitated workshops that have impacted community members and organizations. His research expertise spans qualitative and quantitative methodologies, enabling comprehensive data collection and analysis. Bavan's work emphasizes practical, evidence-based solutions to address systemic challenges and drive community-focused policy change.



Iza Sánchez Siller is a professor at the School of Humanities and Education at Tecnológico de Monterrey. She graduated in law from the Tecnológico de Monterrey and holds a PhD in social sciences, with a specialization in migration and public health, having completed research stays at Mississippi State University and University of Trento in Italy. In recent years, she has taught courses on citizenship and democracy, sociology, gender, society and human rights, political participation and sociology of identity, and qualitative research methods and has coordinated the

semester of "Leadership for Social Development." Her current work on social development focuses on gender and violence from a sociological and legal perspective, especially with domestic migrants, through projects with Indigenous communities within the Monterrey Metropolitan Area. Sánchez Siller is co-founder of the program "Promoting Gender Equity in Adolescents and Young Women in Rural Areas" in Mitunguu, Kenya, a program that works with local high schools to reinforce the importance of higher education and decision making.



Joseph Wong is the PI and founder of the Reach Alliance at the Munk School of Global Affairs & Public Policy, where he is also the Ralph and Roz Halbert Professor of Innovation, and professor of political science. He has published academic articles in leading journals in political science, development studies, political economy, and global health, including recent articles about the Reach Alliance in the *Lancet* and the *Bulletin of the WHO*. Professor Wong has published five books, including most recently with Princeton University Press and additionally a forthcoming volume with Cambridge University Press. Wong's 2017 TEDx

talk provides a short and compelling introduction to the challenges of "reaching the hardest to reach." He has been a visiting scholar at leading universities in Asia (Seoul National University), the US (Harvard), and the UK (Oxford). He has advised international organizations such as the United Nations, the Economic Commission for Latin America, and the World Health Organization, as well as for governments in Europe, Africa, Latin America, and Asia. In 2020, Professor Wong was appointed to be the University of Toronto's Vice-President, International.



National Council for the Evaluation of Social Development Policy (CONEVAL) is a public decentralized and autonomous organization from the Mexican federal government. It coordinates the evaluation of programs from public agencies and establishes guidelines for poverty measurement in Mexico with objectivity and technical rigour, which allows for improved decision making and supports accountability.



The Social Innovation Centre is a world-class hub with a multidisciplinary team dedicated to developing training, research, and social impact projects that address key social needs locally and globally. By collaborating with communities and cooperatives, the centre works on organizational, economic, social, and sustainability challenges, fostering innovation, empathy, and actionable solutions to improve quality of life. It also connects national and international students and universities to create an ecosystem for research, development, and validation of innovative approaches to social issues.

<https://tec.mx/en/chiapas-campus/sic>



Tecnológico de Monterrey. Founded in 1943, Tecnológico de Monterrey is a private university, made up of 36 campuses in 25 cities across Mexico. It offers 57 undergraduate degree programs — 37 of which are available in English — and 33 master's programs. It is one of only two Mexican universities ranked in the QS World University rankings. Tecnológico de Monterrey hosts a new generation of students: talented, enthusiastic, committed to the development of their environment and the welfare of society; people who have the potential to become leaders with an entrepreneurial spirit, and human sense who are also internationally competitive.

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