



# Frontiers of Financial Inclusion

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# Key Messages

1

The multiplicity of global shocks has raised the importance of financial inclusion.

2

Innovation and digital solutions have been driving the expansion in services— payments, savings, credit and insurance.

3

Integrating these dimensions through the latest in technology can have huge impacts on promoting growth and jobs and reducing poverty and inequality.

# Financial Inclusion and Resilience



PANDEMIC

Digital public infrastructure and payments enabled millions to access and receive cash transfers as countries expanded social payments to protect lives and livelihoods. Savings have been critical to help households cope with economic, health, or climatic shocks.



FOOD SECURITY

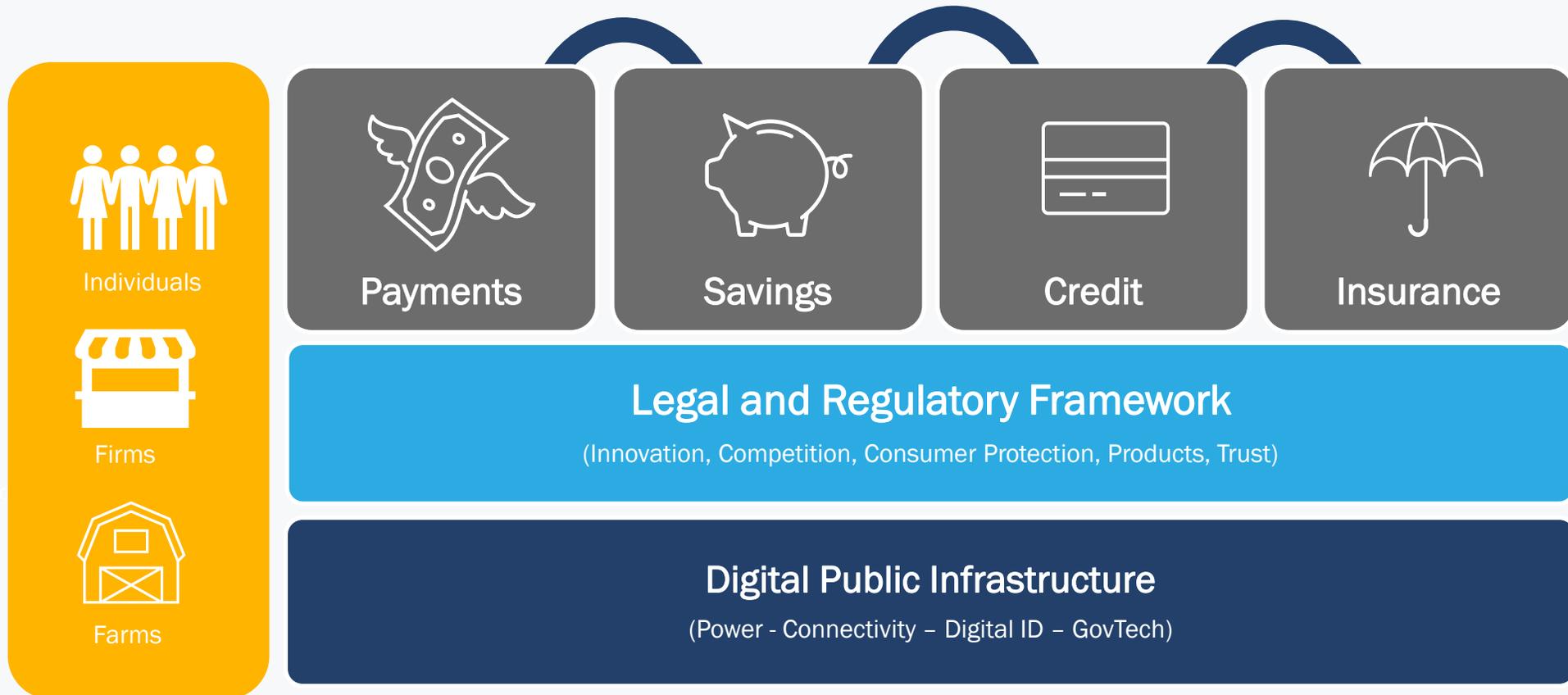
E-vouchers, digital payments and data analytics helped target support to farmers to enhance food security, efficiency and sustainability.



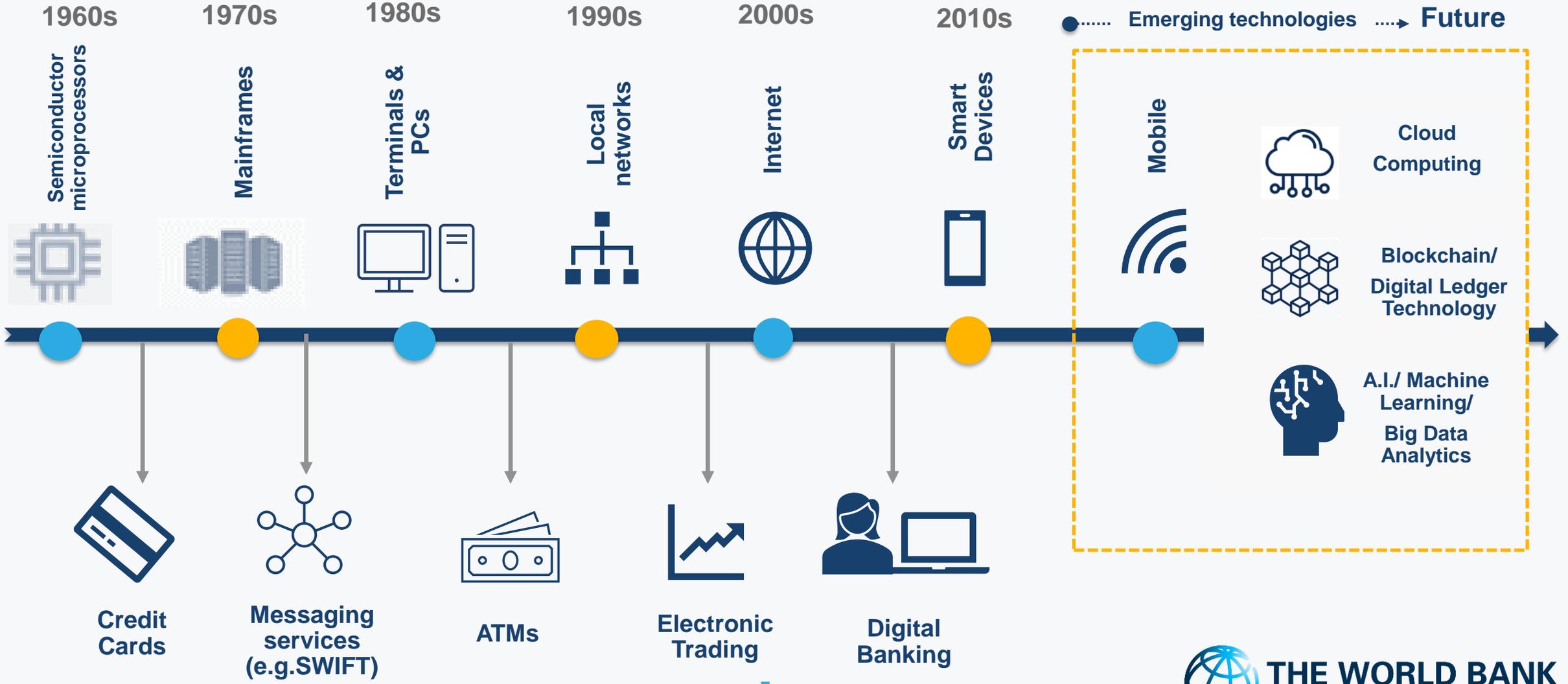
CLIMATE CHANGE

Smallholder farmers in Mali use index insurance to cope with severe storms, while farmers in Kenya adopt climate-smart agriculture practices through mobile platforms facilitating access to seeds or fertilizer, markets, and financing.

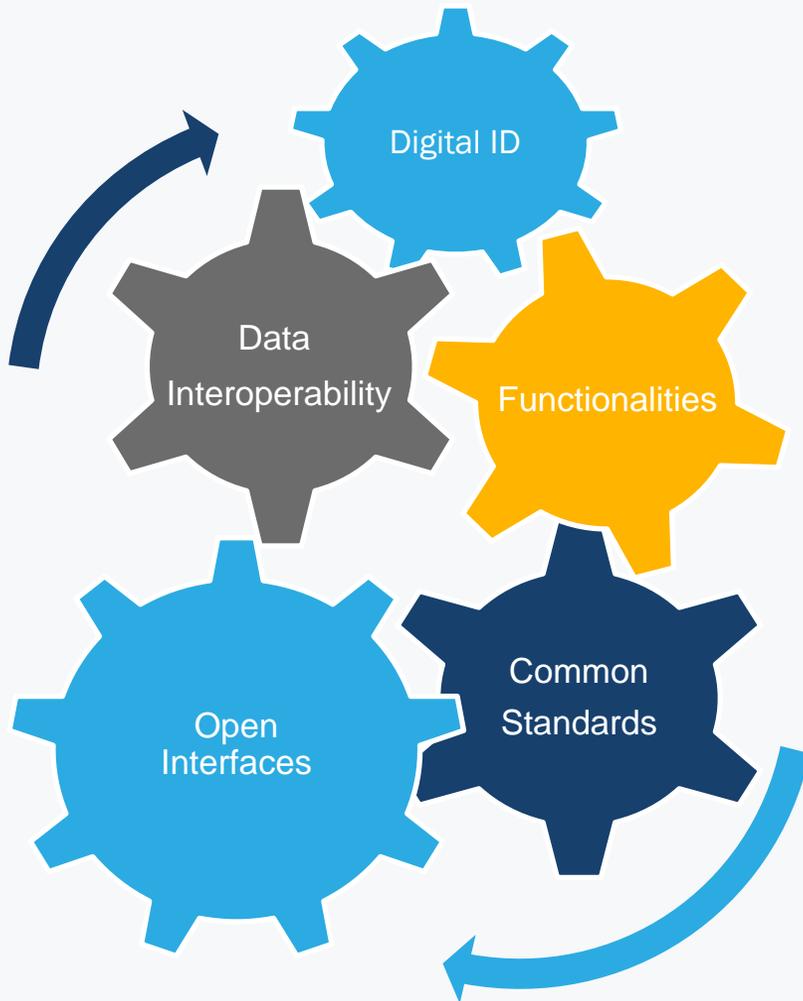
# A Simple Financial Inclusion Framework



# Technology Adoption in Financial Services



# Digital Public Infrastructure - Digital Stack



## INDIA

- Streamlined the delivery of public services and revolutionized many processes.
- Developed interfaces between the Aadhaar digital ID system, the Unified Payments Interface (UPI), the Data Empowerment and Protection Architecture (DEPA), e-Sign, and Digi-Locker.
- 1.2 billion people—almost 90 percent of India’s population—signed up for a digital ID in less than a decade, about half of them linked their new ID to their bank account

## COLOMBIA

- Ingreso Solidario—new social assistance program in response to COVID-19.
- Regulatory modernization of digital financial services.
- Reached over 10 million people (20% of population).

# Digital Public Infrastructure

## Fast Payments and Open Banking



Fast  
Payments

Open Banking

### Brazil PIX

- Developed by the Brazilian Central Bank, embedding multiple functionalities convenient for users.
- Transformed retail payments from cash to digital with 109.8 million Brazilians (59% of the population) have already made or received at least one Pix and 8.5 million businesses have been reached.

### Global Trends

- Gives customers the right to share their financial information with third parties in a secure manner helping to open up processes and services in banking.
- Different approaches to regulation:
  - Regulatory -driven : UK, EU, Australia, Brazil, Mexico, Canada, and India
  - Collaborative: Singapore, Hong Kong, and Japan
  - Industry-led: USA, New Zealand

# Digital Payments

E-Remittances

G2P

P2P

Embedded  
Finance

Platform  
Business Models

## Malaysia – Greenback Project

- End-to-end digital financial services were promoted at migrant hotspots.
- 14,000 migrant workers registered for new electronic remittances accounts.
- Cost of sending remittances decreased from 4.5 % in 2017 to 2.2% in 2019.

## India - Colombia

- New generation G2P payments leverage digital stack, articulating different actors and government programs to enable efficient delivery of cash transfers.
- Recipients are empowered to choose financial providers and access points convenient to their needs.

## Kenya

- M-Pesa started digital P2P transfers back in 2009.
- By 2019, over KES 665 billion transacted using P2P, through a range of providers.
- More than 32 million subscribers use P2P services.

## Djibouti, Egypt, Jordan, Lebanon and Tunisia

- Women-led SMEs received support to access e-commerce platforms, hands-on coaching to connect with financial providers, and use of digital payments (P2B).
- Alternative data and big data analytics were key to enabling access to financing instruments.

## India

- Eko leveraged APIs to integrate agent management systems to bill payment and money transfers systems.
- APIs facilitated integration of new business line: payments for other services (entertainment, education, subscription TV

# Digital Savings, Pensions and Investments

Saving oriented  
digital  
transaction  
account

Digital  
Pensions

Investments

## Uganda

- Airtel Weza is a e-money-enabled group savings account (available to Ugandan Village saving and loan associations.
- Linked to wallet, provides mini statements and ability to link to bank account.
- SmartMoney offers a digital savings account to rural African farmers, leveraging cloud-based platform.
- Facilitates small value payments.
- Over 200,000 individual customers, 2500 merchants and 150 institutional partners

## Kenya

- E-wallet enabled pensions scheme "Mbao" is available for all Kenyans customers of M-Pesa or Airtel.
- Started as a retirement product for the informal sector and is the largest "individual retirement benefit scheme".

## China, France, USA

- Alipay and Wechat --now considered super apps-- can be used for a broad range of functions including investment in stocks.
- Lydia -digital wallet- offers P2P, personal loans, stock and crypto trading.
- Sofi, started as licensed lender in USA, offers the possibility to invest without charging commissions and to trade bitcoin, or other 26 crypto coins.

# Credit and MSME Financing

Alternative  
Data

## South Africa

- Use of alternative data to help build credit history for marginalized groups.
- Alternative data sources included online banking transactions, utility payments, trade credit, and access to government programs.
- Ongoing pilots to develop scoring models using artificial intelligence and machine learning for lenders.

Data  
Platforms &  
Credit Invoices

## Argentina

- Centralized digital platform with information on MSMEs, facilitating access to information to policymakers and financial providers.
- MSMEs get access to market intelligence tools (using data analytics), benchmark financial performance, and information on public programs.
- 164% inter-annual growth of the volume of electronic credit invoices negotiated in the market; 54% growth in the number of electronic credit invoices used by SMEs.

Digital  
Credit

## Myanmar

- Loan product launched in three iterative cycles between 2018 ad 2020.
- Implemented in partnership with lender, phone company (alternative data), mobile money provider, weather-based agricultural intelligence company, and platform provider (digital lending and credit scoring model using non-financial data, AI and ML)
- Outreach to 2,626 farmers; 1,441 loans disbursed (69% women) and 100% of loans repaid on time.

# Insurance and Embedded Finance

**Southeast Asia:** Grab is a super App providing rides, delivering food, gifts and packages. It provide services in Southeast Asia.



## Travel Cover

Get travel insurance with COVID-19 benefits with just a few taps within the Grab Superapp.



## Ride Cover

Protect your rides against accidents or delays at just S\$0.30 per ride.

Source: See online <https://www.grab.com/sg/consumer/finance/>

# Policy Agenda

## Competition & Contestability

- Open banking
- Shift to an activity-based regulatory and supervisory approach
- Facilitate information to the market

## Market Conduct & Financial Literacy

- Consumers able to choose innovative products with terms that benefit them
- Strengthen data management and protection framework
- Use of technology to mitigate risks from new products and providers

## Digital Financial Services

- Leverage recurrent and large volume flows to expand DFS, including remittances
- Support e-commerce and fintech platforms that link firms, farmers and individuals to financial service providers

## Credit Infrastructure

- Generate centralized electronic MSMEs data platforms
- Support development of scoring models relying on alternative data to increase MSME access to finance

## CyberSecurity

- Strengthening cybersecurity, including data protection
- Increasing public cyber threat awareness
- Improving cyber resilience of regulators and financial sector overall.



*The financial system should rely less on big banks and more on an ecosystem of “lakes, ponds, streams and brooks” that carries capital into the different corners of economy.*

Jack Ma



***“If we get this right, digital innovation holds tremendous promise for financial inclusion and financial health. So let us envision that better future, share our experiences (...) to build a secure, trusted and efficient digital economy that works for all.”***

H.M. Queen Máxima of the Netherlands,

THANK YOU

GRACIAS  
ARIGATO  
SHUKURIA  
BOLZIN  
MERCİ

DANKSCHEEN  
TASHAKKUR ATU  
SUKSAMA  
EKHMET  
GOSAIMASHITA  
EFCHARISTO

BIYAN  
SHUKRIA

YACHANE LAY  
TINCI  
GRAZIE  
MEHRBANI  
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