GALLUP PAKISTAN
Affiliated with Gallup International
Pakistan's Foremost Social Research Lab

FINDEV CYBERLETTER

Tenth Edition

Editor's Note

Welcome to Gallup Pakistan's FinDev Cyberletter. The principal purpose of this Cyberletter is to inform its readers of the latest developments in the financial industry across the globe, particularly in the realms of Financial Inclusion and Digital Financial Services (DFS), where efforts are being undertaken by both private and government sectors. This is the ninth monthly issue of the FinDev Cyberletter series. Each issue of the FinDev Cyberletter will focus on a particular theme within the broader area of financial inclusion and related topics. This newsletter is divided into three main sections. The sections are:

1) News Roundup – this section will cover the latest happenings in the financial services industry in Pakistan.
2) Initiatives – Constant work is being undertaken by experts, governments and research organizations in order to enhance the understanding of, and to find solutions to the challenges encountered within the financial services industry. This section will aim to cover some of these research initiatives, both locally and internationally.
3) Data Visualizations & Statistical Figures - Research backed by data not only increases its credibility but also helps paint an accurate picture of the situation at hand. This section will contain graphical representations of data on various relevant topics.

A diligent effort has been made to ensure that the content extracted from external sources has been cited and given due credit. In some cases, excerpts from the original articles have been extracted. To access the original articles, please click on the link provided at the end of each article. In case of any errors or omissions, we would like to apologize and would be eager to rectify the changes at the earliest. For feedback, comments or questions, feel free to write to us at caf@gallup.com.pk.

Warm Regards,
The Gallup Pakistan Financial Inclusion Team
Led by Bilal I Gilani (Executive Director, Gallup Pakistan)

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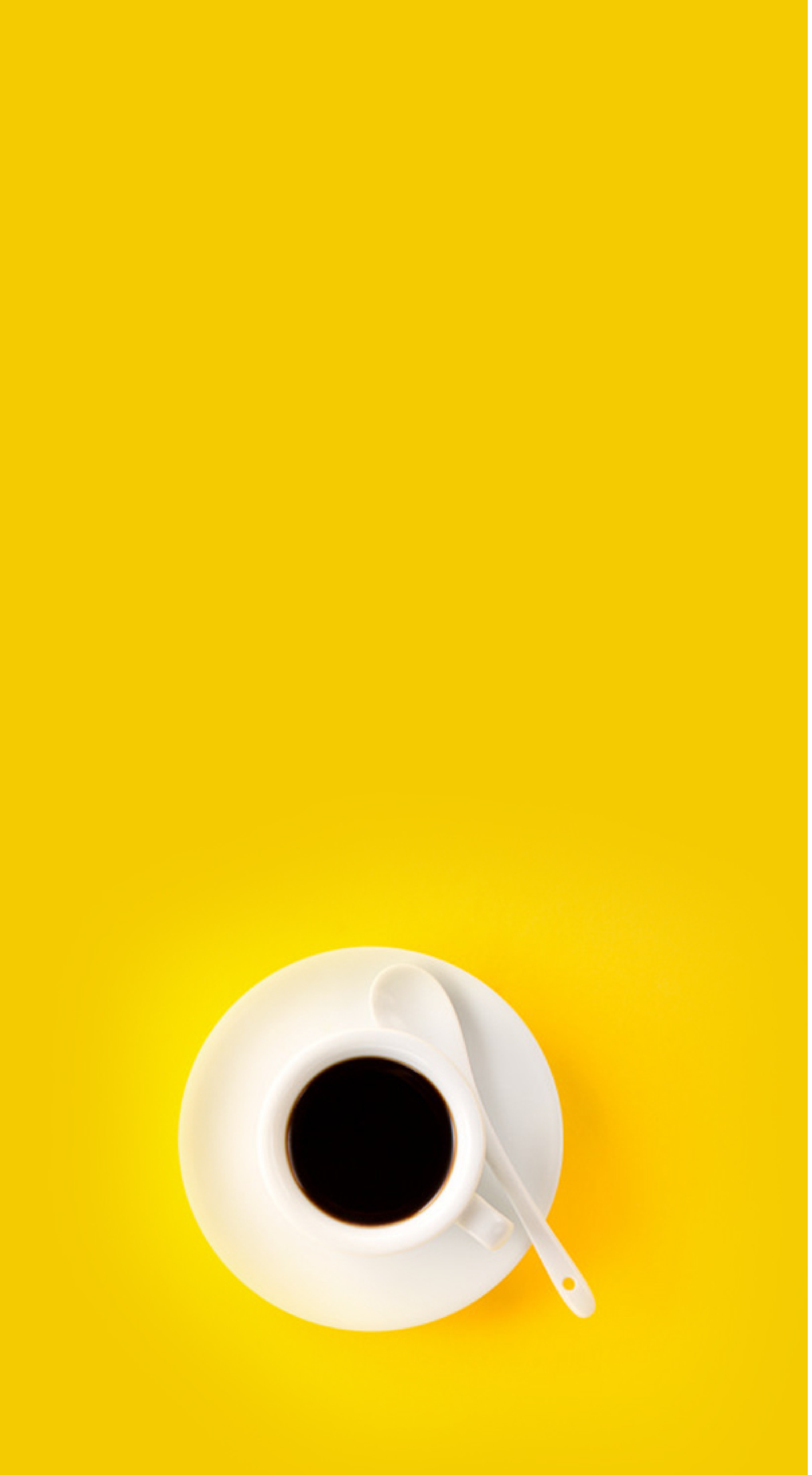


Highlights:

Meet the woman who's changing what we know about financial inclusion
Leora Klapper of the World Bank Group answers questions on the Global Findex and more.
'Wealth creation is not possible without financial inclusion'
As Pakistan's entrepreneurial ecosystem expands, more opportunities and challenges are coming up as well, with most focused on investments.
What is a use case-driven financial service
A use-case driven financial service that is integrated with an existing use case and behavior to drive uptake.
The CSC includes transgender clients
In 2018 the CSC empowerment and inclusion program (CEIP) began a ride with pride initiative to support the transgender community.
Fintechs can play key role in promoting financial inclusion
Fintechs – technology companies providing financial solutions – have a potential to optimize the process of financial inclusion beyond expectations, which should be given more importance.

News Roundup

This section covers the latest happenings from the financial services industry in Pakistan.

Meet the woman who's changing what we know about financial inclusion*

The Global Findex is crucial for pushing forward financial inclusion. With data from 150 countries, we can see progress toward bringing financial tools to everyone and even understand how people are using those tools. The driving force behind this research is Leora Klapper, Lead Economist in the Finance and Private Sector Research Team of the Development Research Group at the World Bank Group. Because of her exceptional leadership in advancing financial inclusion, we've chosen Leora as our Edward W. Claugus Award honoree. We took the opportunity to ask her thoughts on the Global Findex, the financial inclusion gender gap, and how we can continue to build a world where all people have financial services that make a meaningful impact in their lives.

*Source: Published on Accion, dated November 15, 2018

‘Wealth creation is not possible without financial inclusion’*

“With mobile wallet growth, e-learning, and the gig economy, the stage is set for disruption in the country and “we are at the intersection of a perfect storm,” said Monis Rahman, chairman and CEO of Naseeb Networks, on Sunday at the 021Disrupt event.

Referring to the population time bomb and the youth bulge, he said: “We have got a massive opportunity in Pakistan which can be a liability as well.”
He said Pakistan’s massive youth population is both a bad and a good news. “1.5 million of the 2m entering our workforce do not have the required skills for job market,” he said. Sharing facts about how traditional banks hinder financial inclusion of the poor, he said: “Wealth creation is not possible without financial inclusion, and with 85pc of Pakistanis currently unavailable unbanked — compared to 48pc in India — the country lacks a basic ingredient for growth”. “But with rising digital payments, along with cashless banking and mobile wallets, things are definitely in the right direction.”

*Source: Published in DAWN, dated November 12, 2018

What is a use-case driven financial service?*

BY USMAN HANIF

A use-case driven financial service is a financial service that is integrated with an existing use case and behavior to drive uptake

Example: PayTM's Digital Gold App

A golden business idea

Buying gold is a common savings behavior in India. Recognizing this, mobile payments and ecommerce app PayTM introduced gold coins as a savings option in 2017. In the Digital Gold app's first two months, 100,000 people transacted more than 300,000 kg of gold.

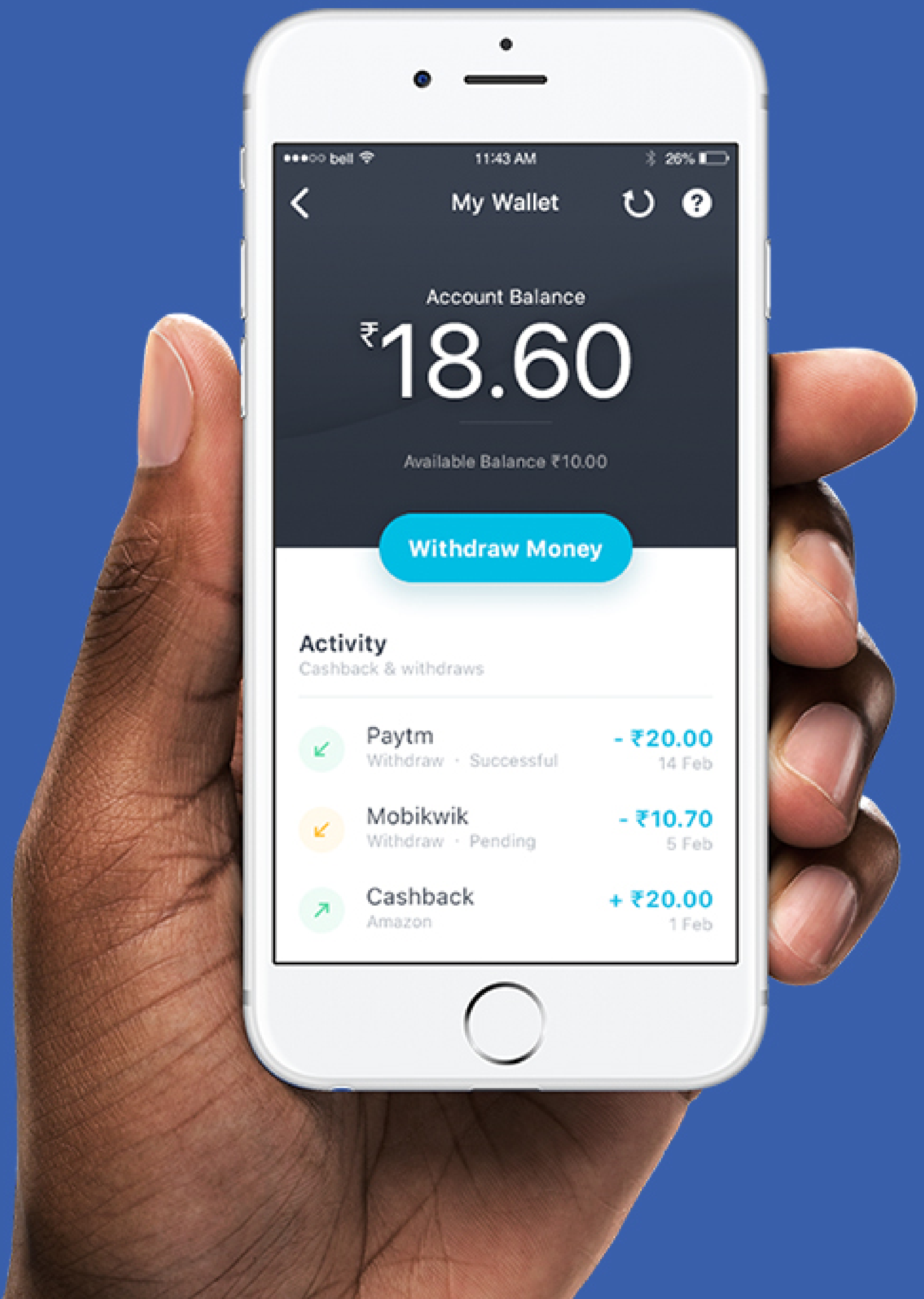
Impact on financial inclusion

Digital Gold's usefulness attracted a high number of financially excluded and underserved people to the PayTM platform. The company's goal is to bring 500 million people into the formal financial system.

*Source: Published on CGAP, dated December, 2017

Fintechs can play key role in promoting financial inclusion*

BY USMAN HANIF



Despite striving hard for a decade, the Pakistani government has succeeded in bringing only 21% of the adult population in the financial ambit. However, fintechs – technology companies providing financial solutions – have a potential to optimize the process of financial inclusion beyond expectations, which should be given more importance.

Financial inclusion, measured by the number of bank accounts in a country, is about one-fifth of the total adult population in Pakistan, which is too low in comparison to many developing countries, let alone the developed ones. Account ownership is prevalent in high-income economies, where 94% of adults have an account; whereas, in developing economies, the share is 63%.In Pakistan, account ownership has doubled, starting with a low base of 10.3% in 2011, though the exceptional growth in India surpasses it with a growth which went up to 80%. On the other hand, Indonesia went up from 20% to 49% as of 2017, according to the World Bank's Global Findex Database.

*Source: Published in Express Tribune, dated November 20, 2018

The Initiatives

Constant work is being undertaken by experts and research organizations to enhance the understanding and find solutions to challenges encountered within the financial services industry. This section covers some of these research findings.

Pakistan's population is severely financially underserved - Tez hopes to change that*

BY PAARUL DUDEJA

Pakistan is home to the third-largest population of unbanked adults in the world. More than half of the country's population — 100 million adults — lack access to the fundamental financial tools they need to manage their daily lives, grow their businesses, and seize opportunities. Recognizing the vast opportunity to advance financial inclusion in the country, Accion Venture Lab has decided to make our first investment in Pakistan in Tez Financial. Tez aims to be an all-digital bank — the first of its kind in Pakistan. It will provide a full suite of banking services within one mobile application to the vast underbanked population of the country.

While financial services are still out of reach for too many in Pakistan, mobile connectivity is on the rise. GSMA estimates that by 2025 over 70 percent of the world's population will have mobile phones, driven by developing countries like Pakistan, creating a vast potential for digital

*Source: Published on Accion, dated October 22, 2018

Tech Talk: a startup turns your mobile SIM into a wallet*

BY MUTAHER KHAN

A Karachi-based network carrier billing company that lets you make micro payments directly from your sim. It's all in the name! So the next time you want to buy something from play store, you might not need a credit card, just enough balance on your network. We have all seen this at some point, be it the dam fund donations through our phones or paying for a new caller tune, but this startup wants to scale it as a broad-based alternative to other payment channels.
To be clear, Simpaisa doesn't have an app of its own and which consumers can download but is available to them through selected merchants. They already have few partners on board including Islam360 and Marvel Games. Other than that, they have also paired with startups and are working to bring big names like Zee and Eros on board by year-end. As for telcos, they have agreements will all local companies except for Ufone.

But for any mode of payment to kick off, it has to be widely accessible. So clearly, a handful of merchants isn't going to cut it. Then what's the plan? "We are looking to bring on board more quality merchants over the next year, especially within the entertainment and gaming industry," says CEO Salim Karim.

*Source: Published in DAWN, dated November 18, 2018

CSC includes trasngender clients*

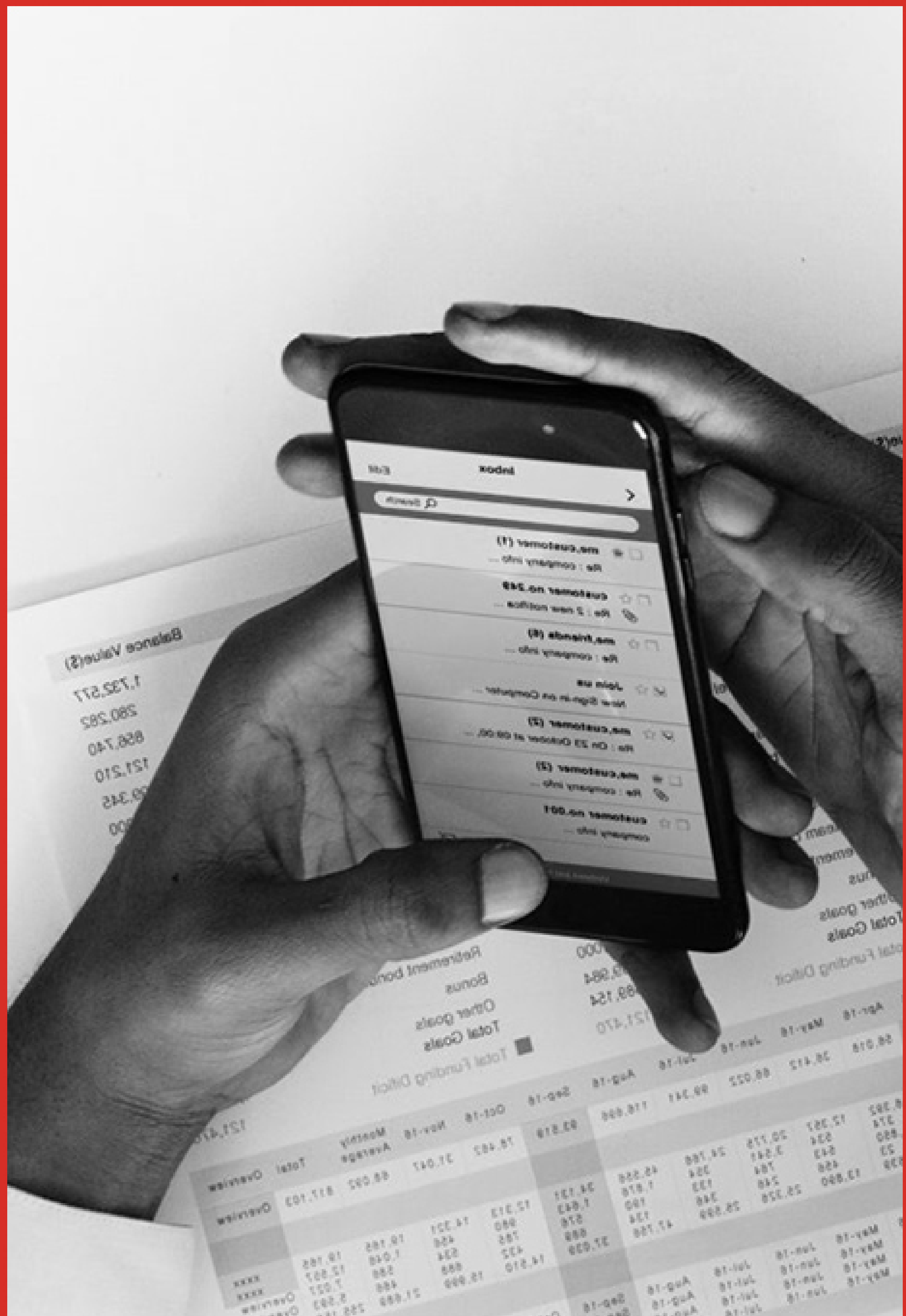
BY MUTAHER KHAN

According to the sixth Population and Housing census, 10,418 transgenders live in Pakistan, a figure that is, according to independent observers, most likely under-reported. Despite recent developments, transgenders face extreme discrimination, as they have limited or no economic opportunities and are forced to beg, dance, and sing to earn their living.

In 2018, the CSC Empowerment and Inclusion Programme (CEIP) began a Ride With Pride Initiative to support the transgender community. CEIP signed a Memorandum of Understanding with The Gender Guardian (TGG) and Go Green Welfare Society (CHWS) to include transgenders in their client base. CEIP has been providing reliable, affordable, and secure transportation to urban women, and is now extending these facilities to the transgender community. The pilot scheme will be initiated with 8 transgenders who will be provided with formal training to ride scooties before they hit the road. The launch ceremonies is planned in August 2018.

CEIP is in talks with ride-hailing companies to provide financial opportunities to females and transgenders alike, to register themselves as drivers, which will help them to generate income from the product.

*Source: Published in DAWN, dated November 18, 2018



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