GALLUP PAKISTAN
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FINDEV CYBERLETTER

Fourteenth 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 Fourteenth 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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- **Facebook to buy stake in Indian e-commerce start-up Meesho**
  Facebook is buying a stake in Indian e-commerce start-up Meesho, Ajit Mohan, the head of the United States tech giant's Indian business said on Thursday, looking to deepen its reach in one of the world's biggest internet markets.

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News Roundup

This section covers the latest happenings from the financial services across the globe.

Facebook takes on the world of cryptocurrency with 'Libra' coin*

AFP

Facebook unveiled plans on Tuesday for a new global cryptocurrency called Libra, pledging to deliver a stable virtual money that lives on smartphones and brings over a billion "unbanked" people into the financial system.
The Libra coin plan, backed by financial and nonprofit partners, represents an ambitious new initiative for the world's biggest social network with the potential to bring crypto-money out of the shadows and into the mainstream.

"Initiative has the potential to allow more than a billion "unbanked" people around the world access to online commerce and financial services at minimal cost"

*Source: Published on DAWN News, dated June 19, 2019
Click to here access full article

Should Digital Financial Services Providers Prioritize Open APIs?*

By Paul Reynolds, Vered Konijnendijk, Joep Roest

One of CGAP's partners recently faced a challenge common to many digital financial services (DFS) providers that are trying to grow an agent-based mobile money service: its customers were using their digital wallets for money transfers but not digital payments.

As part of this partner's strategy to increase digital payments, it decided to create an open APIs product that would make it easier for more online merchants to integrate with its payments platform. It hoped this would create additional use cases for customers, generating revenue streams and customer stickiness.

*Source: Published on CGAP, dated June 06, 2019

Click here to access full article

Whenever we sign up for financial services online, we are asked to sign “I agree” to terms and conditions that most of us scarcely understand. Usually these are couched in complex legal language and presented in small print or hidden behind a link, making them especially difficult to read on small mobile devices. Imagine the absolute challenge if you are functionally illiterate, or unfamiliar with financial terms, as is the case for many poor people in developing markets who use mobile devices to manage their financial lives. You would miss the reams of rules, warnings and essential information about the product or service that you are accessing.

It’s Time to Change the Equation on Consumer Protection*

By Gerhard Coetzee

*Source: Published on CGAP, dated June 11, 2019
Click here to access full article

Facebook to buy stake in Indian e-commerce start-up Meesho*

By Reuters

Facebook is buying a stake in Indian e-commerce start-up Meesho, Ajit Mohan, the head of the United States tech giant's Indian business said on Thursday, looking to deepen its reach in one of the world's biggest internet markets.

Meesho, a digital platform on which re-sellers of everything from jewellery to mobile phones reach prospective customers via social media platforms such as Facebook, WhatsApp and Instagram, already has about two million entrepreneurs focused on India's smaller towns and cities, the vice-president and managing director at Facebook India told Reuters.

"It reflects the new India that is showing up on the Internet

*Source: Published on DAWN News, dated June 13, 2019

Click here to access full article

Is Poverty Reduction the Right Outcome for Financial Services?*

By Mayada El-Zoghbi, Nina Holle

Many of us in the financial inclusion community were drawn to the field because of its potential to improve poor people's lives. Early advocates, including Muhammad Yunus, claimed that microfinance would help people get out of poverty, even seeing it as a silver bullet for eradicating poverty. Yet researchers in subsequent years, especially with the emergence of randomized controlled trials (RCTs), couldn't verify these sky-high expectations. As a result, critics called microfinance a "delusion" and came to the verdict that "microfinance doesn't work."

*Source: Published on CGAP dated May 28, 2019
Click here to access full article

The financial industry’s efforts to serve lower-income customers has have gone through four distinct phases: from social banking to microfinance to financial inclusion and now to technology-driven financial services or “fintech.” Fintech has fundamentally changed people’s lives, and transformed the business landscape forever. In many markets, cash is fast becoming obsolete, and transactions are mostly via digital tools.

The Front Lines of the Digital Revolution: Reasons for Hope and Caution as India Rides the Fintech Boom

By Moin Qazi

*Source: Published on Next Billion, dated June 10, 2019
Click here to access full article

Blockchain and retail banking: Making the connection*

By By Matt Higginson, Atakan Hilal , and Erman Yugac

Retail banks have made great strides in developing digital business models, introducing millions of people to mobile banking and becoming expert providers of data-based services. When it comes to blockchain, however, they have remained mostly on the sidelines.

Retail banking’s hesitation on blockchain contrasts with efforts seen elsewhere. Governments, investment banks, and infrastructure providers are experimenting with the technology in the belief that a shared electronic ledger will help them cut costs and increase transparency. Investment banks, for example, envisage a world in which execution, post-trade processing, and settlement are instantaneous, eliminating numerous middle- and back-office processes.

*Source: Published on McKinsey & Company, dated June, 2019
Click here to access full article

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.

How technology is driving financial inclusion around the world*

By Courtney Goldsmith

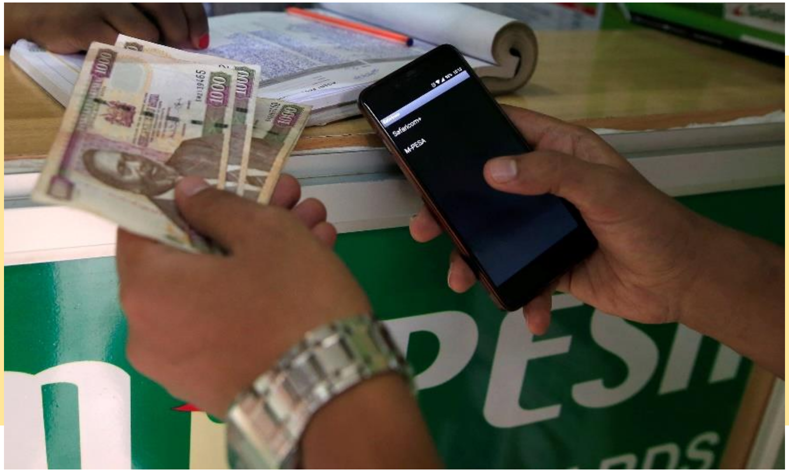
Financial inclusion has gained real ground over the past few years. More than half a billion people got access to financial services for the very first time between 2014 and 2017, according to the World Bank's Global Findex Database 2017. In 2011, the global 'unbanked' population stood at about 2.5 billion, but just six years later that figure has dropped to 1.7 billion.

Over the past decade, more than 55 countries have made commitments to financial inclusion, including Pakistan, which accounts for six percent of the global unbanked population alone.

“Cash transactions are more likely to be unsafe, expensive and inconvenient”

*Source: Published on World Finance, dated May 16, 2019

Click [here] to access full article



Social service delivery for the poor remains a major challenge for development effectiveness. While public-private alliances can represent a viable solution to improve the efficacy of social services, rigorous evidence of their impact is scarce. It is all the more important to fill into this gap given that at the moment several cash transfer programmes around the world are currently in a transition from cash to electronic payments.

Our study contributes to the literature on conditional cash transfer programmes and financial inclusion by examining the impact of a recent electronic payment system introduced by the Mexican government to distribute Progresa-Oportunidades-Prospera programme.

Improving Financial Inclusion through the Delivery of Cash Transfer Programmes: The Case of Mexico's Progresa-Oportunidades-Prospera Programme *

By Serena Masino & Miguel Niño-Zarazúa

*Source: Published on Taylor & Francis Online, dated December 12, 2019

Click here to access full article

CGAP has written extensively in recent years about the rapidly expanding world of digital credit in developing economies, from understanding how it works in the initial days to exploring its risks as the space has scaled faster than the industry standards and regulatory oversight mechanisms that govern it. While there are real dangers in some of these digital credit models, the expansion in eligibility and reduction in cost that they enable can just as well be harnessed for positive change. Either way, it seems evident that these innovations are irreversibly changing the landscape in access to credit.

$4.9 Trillion Small Business Credit Gap: Digital Models to the Rescue*

By Rashmi Pillai, Peter Zetterli

*Source: Published on CGAP, dated June 04, 2019
Click here to access full article

Data Visualization

Research backed by concrete data not only increases its credibility but also helps paint an accurate picture of a particular situation. This section contains graphical representations on various topics.

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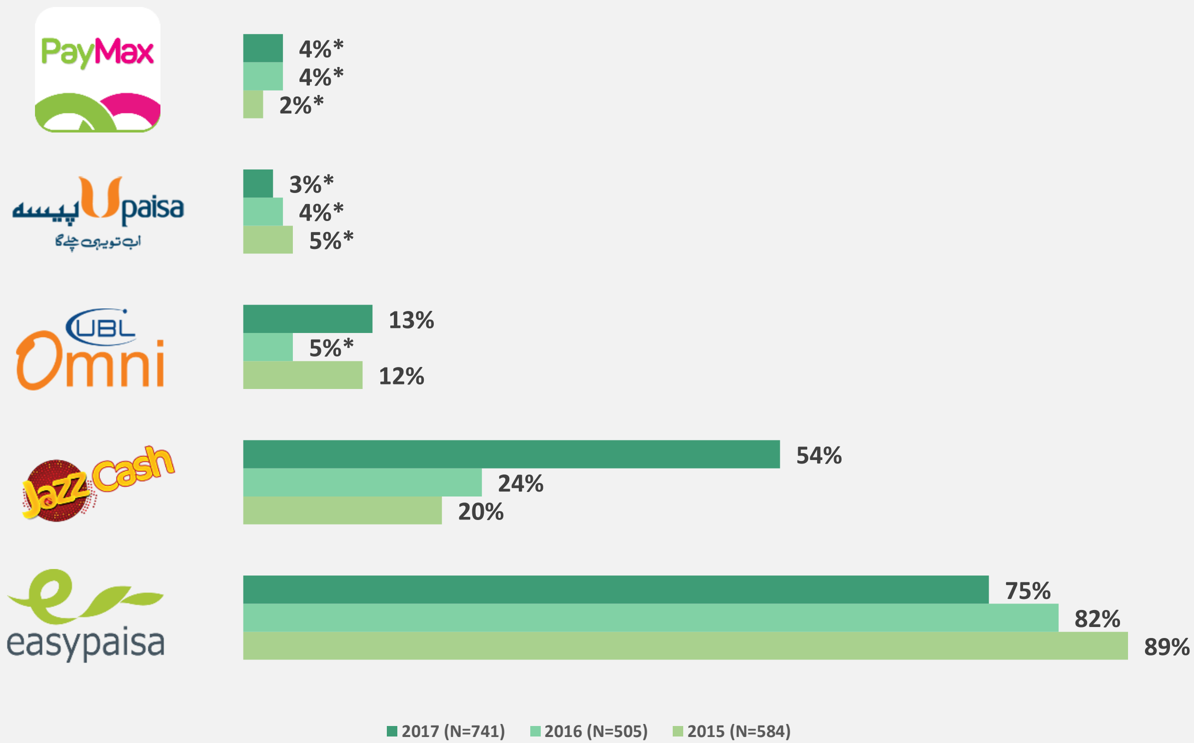
MOBILE MONEY PROVIDERS

Mobile Money Access, by Provider*



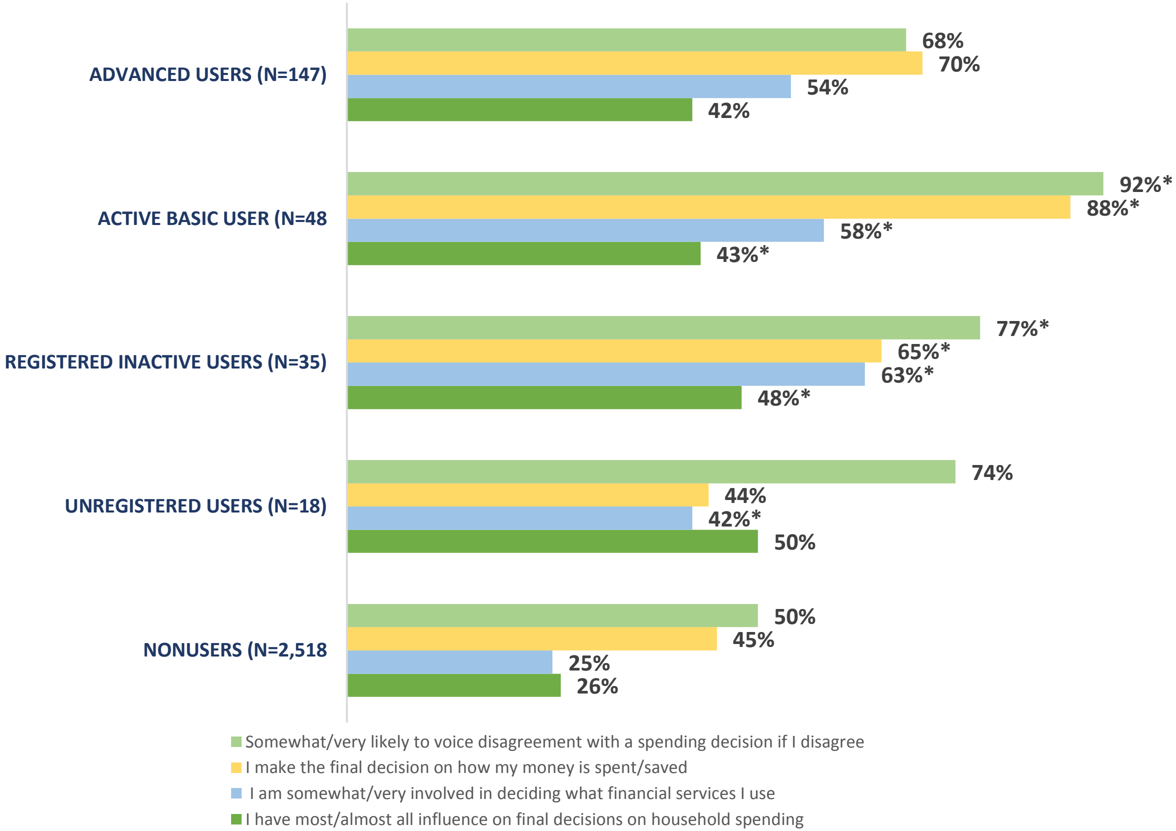
*Fewer than 50 observations.

39% used Easypaisa services exclusively, whereas, **36%** used combination of Easypaisa along with another mobile money service.

*Source: Intermedia Pakistan FII Tracker Survey, Wave 5 (N=6,000, 15+), September-October 2017
Click here to access full report

WOMEN'S ECONOMIC EMPOWERMENT SEGMENTATION

2017: Economic empowerment indicators, by customer journey segment



*Fewer than 50 observations.

Women's progress on the customer journey is associated with higher levels of economic empowerment and greater influence over how household income is spent.

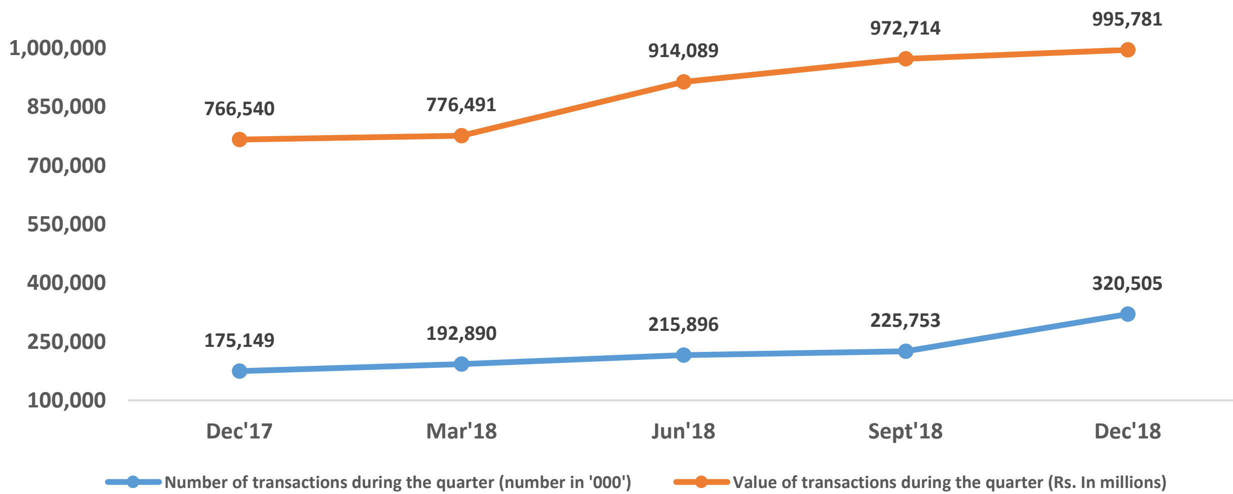
Fewer female nonusers **26%** agreed they have most/almost all influence on final household spending decisions compared to female advanced users **42%**.

*Source: Intermedia Pakistan FII Tracker Survey, Wave 5 (N=6,000, 15+), September-October 2017

Click here to access full report

Branchless Banking Analysis*

Trend in Number & Value of Transactions

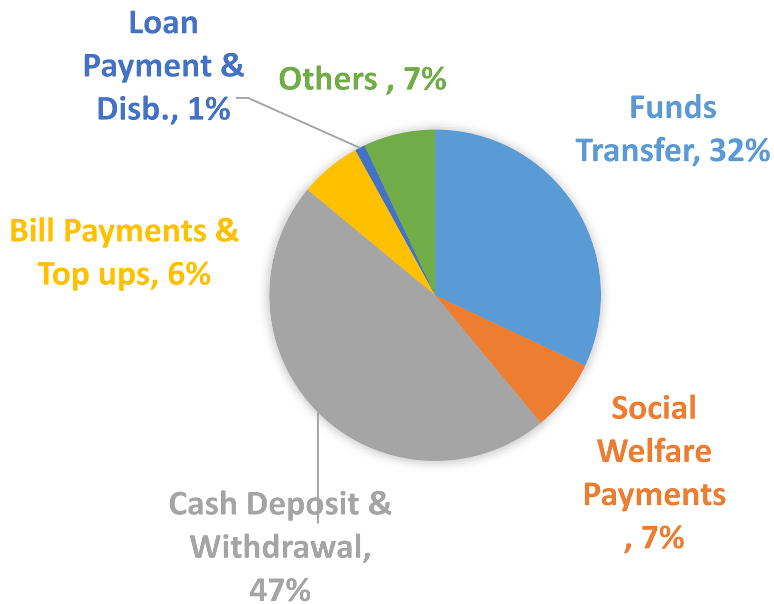


BB transactions have also witnessed growth during the last quarter of 2018. BB transactions increased by 42% in volume and 2.4% in value during the quarter to reach 320.5 million transactions worth Rs. 995.8 billion.
Which is a positive sign for gradual adoption of Branchless Banking channel by the public to meet their banking needs.

*Source: Branchless Banking Quarterly Newsletter Issue 30, SBP, Oct-Dec 2018
Click here to access full report

Branchless Banking Analysis*

Breakup of M-Wallet Transactions



The customer oriented transactions1 increased by 43% in number to reach 315.4 million, whereas their value increased by 3.73% to reach 638.7 billion.
The average number of transactions conducted per day has grown from 2.5 million to 3.56 million.

*Source: Branchless Banking Quarterly Newsletter Issue 30, SBP, Oct-Dec 2018
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