FINDEV CYBERLETTER

Seventeenth 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 Sixteenth 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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Do Cash Transfers Help The Poor? Word Is Out It Does
IT may not end poverty, it is not even meant to end poverty; it may not even be sufficient to provide two square meals for a family riddled with poverty. And yet, increasingly, today social protection is considered among the most effective tools to combat poverty.

SG Fintech Startup C88 Acquires Indonesia's IDX Optus To Ramp Up Credit Scoring Capability
In a bid to become a leader in Southeast Asia's credit decision analytics and scoring space, Singapore-based fintech company C88 Financial Technologies has acquired Indonesian analytics and information management company IDX Optus.

Is Fin-tech The New Panacea For Poverty Alleviation And Local Development? Contesting Suri And Jack's M-pesa Findings Published In Science
Financial technology, or simply 'fin-tech', is increasingly seen as one of the key tools to facilitate poverty reduction and local economic development. One article in particular by Tavneet Suri and William Jack published in the leading publication Science has played a hugely influential role in promoting the fin-tech model in the global South using the example of Kenya's iconic M-Pesa money transfer platform.

NEWS ROUNDUP

This section covers the latest happenings from the realm of financial inclusion and digital financial services across the globe.

10 FINTECH STARTUPS TO WATCH OUT FOR IN **2019 AND BEYOND***

By Bojana Trajkovska

Fintech has been exploding in recent years, disrupting the financial sector and attracting billions in investment globally. Over €2.7 billion was invested in European fintech across 104 rounds in just the first quarter of this year, and so we can expect that 2019 will be another year in which the fintech sector steals the attention of both media and investors.

***Source: Published in EU-Startups, dated September 02, 2019**
Click to [here](#) access full article

CONSUMERS COULD BE WINNERS AS SINGAPORE SHAKES UP ITS **DIGITAL BANKING SECTOR***

By Saheli Roy Choudhury

Singapore is about to shake up its banking sector for the first time in two decades — a move that would allow technology players and non-banking companies to challenge traditional lenders. The disruption could be a win-win situation for consumers, according to marketing information services company J.D. Power.

The Monetary Authority of Singapore on Thursday said it will now accept applications for five new digital bank licenses until the end of the year.

MAS, both a regulator and the central bank of Singapore, announced in June that virtual bank licenses will be issued as part of "Singapore's banking liberalization journey."

***Source: Published in CNBC, dated September 01, 2019**
Click to here access full article

GOLDMAN SACHS LENDS $100 MILLION TO **MEXICAN FINTECH KONFIO***

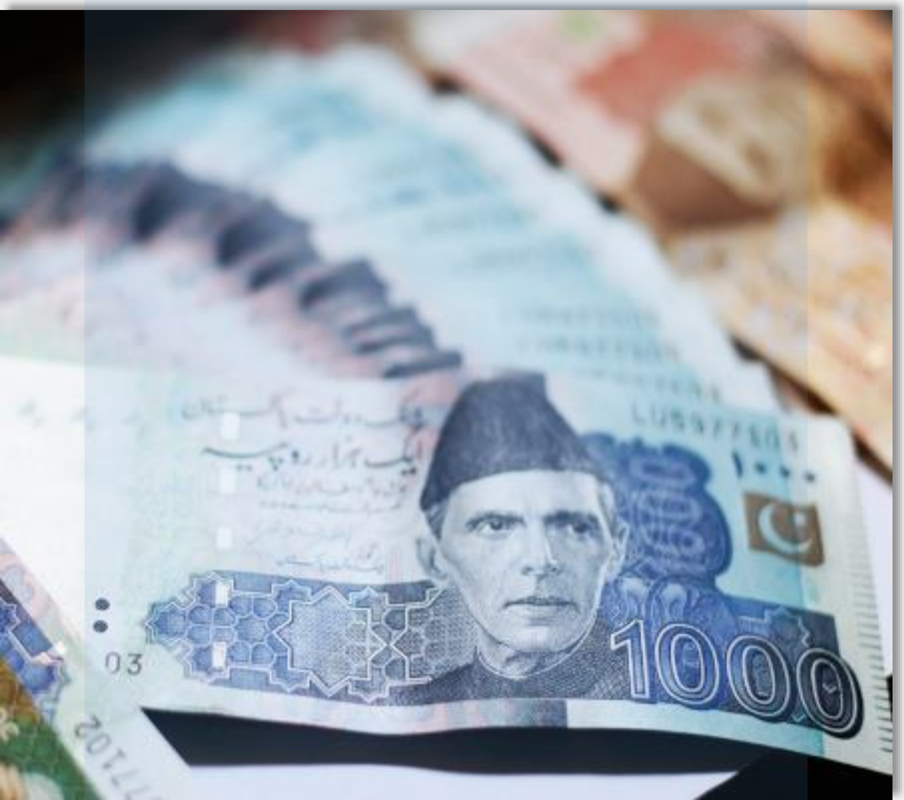
By Cristiane Lucchesi

Goldman Sachs Group Inc. is making another bet on a Latin American financial-technology startup, providing a secured credit facility of as much as $100 million to Mexico's Konfio Ltd.
The transaction will help Konfio, which provides unsecured working capital to small and midsize companies, lend about $250 million in the next 12 months, according to David Arana, the fintech's chief executive officer and founder. The plan is to expand into using guarantees or collateral, making it possible to do bigger loans than Konfio's current average of $20,000.

***Source: Published in Bloomberg, dated September 06, 2019**
Click to [here](#) access full article

DO CASH TRANSFERS HELP THE POOR?
WORD IS OUT IT DOES*

By Zofeen T. Ebrahim



IT may not end poverty, it is not even meant to end poverty; it may not even be sufficient to provide two square meals for a family riddled with poverty. And yet, increasingly, today social protection is considered among the most effective tools to combat poverty.
Social protection, as defined by Benazir Income Support Programme (BISP) Secretary Ali Raza Bhutta, is an intervention by the government to ensure a minimum "stable living standard" for the marginalised, which is also the latter's right.

***Source: Published in DAWN, dated September 10, 2019**
Click to [here](#) access full article

INTRODUCING OCTA, A FINTECH APP THAT GIVES YOU HIGHER INTERESTS **ON YOUR SAVINGS** (AND WHY YOU SHOULD GIVE IT A TRY)

Press Releases

Introducing Octa, A Fintech app that Gives You Higher Interests on Your Savings (And Why You Should Give It a Try)
The Nigerian fintech space has generated a lot of attention in the past few years with new entrants vying strongly for the consumer's interest with exciting features. One of such new entrants is Octa. Octa is an online savings and investment platform that allow users to save towards their dreams. Users enjoy higher interest rates while the lacuna of a poor savings culture in the country is being filled.

***Source: Published in Techpoint.africa, dated September 20, 2019**
Click to [here](#) access full article

IS FIN-TECH THE NEW PANACEA FOR POVERTY ALLEVIATION AND LOCAL DEVELOPMENT? CONTESTING SURI AND JACK'S M-PESA **FINDINGS PUBLISHED IN SCIENCE***

By Milford Bateman, Maren Duvendack
& Nicholas Loubere

Financial technology, or simply 'fin-tech', is increasingly seen as one of the key tools to facilitate poverty reduction and local economic development. One article in particular by Tavneet Suri and William Jack published in the leading publication Science has played a hugely influential role in promoting the fin-tech model in the global South using the example of Kenya's iconic M-Pesa money transfer platform. The authors' central claim is that M-Pesa has been instrumental in facilitating a major episode of poverty reduction. Our analysis shows that their analysis and claims are extremely problematic.

***Source: Taylor & Francis Online, dated June 04, 2019**
Click to here 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.

"The region's financial services industry is unlike many other technology verticals"

In a bid to become a leader in Southeast Asia's credit decision analytics and scoring space, Singapore-based fintech company C88 Financial Technologies has acquired Indonesian analytics and information management company IDX Optus. Following the deal, the team and operations of IDX Optus will co-locate with that of C88 in Jakarta to focus on serving the Indonesian market together, before establishing a Philippine presence by early 2020, per an official statement.

SG FINTECH STARTUP C88 ACQUIRES INDONESIA'S IDX OPTUS TO RAMP UP **CREDIT SCORING CAPABILITY***

By Ardi Wirdana

***Source: Published in Deal *street* Asia, dated August 28, 2019**
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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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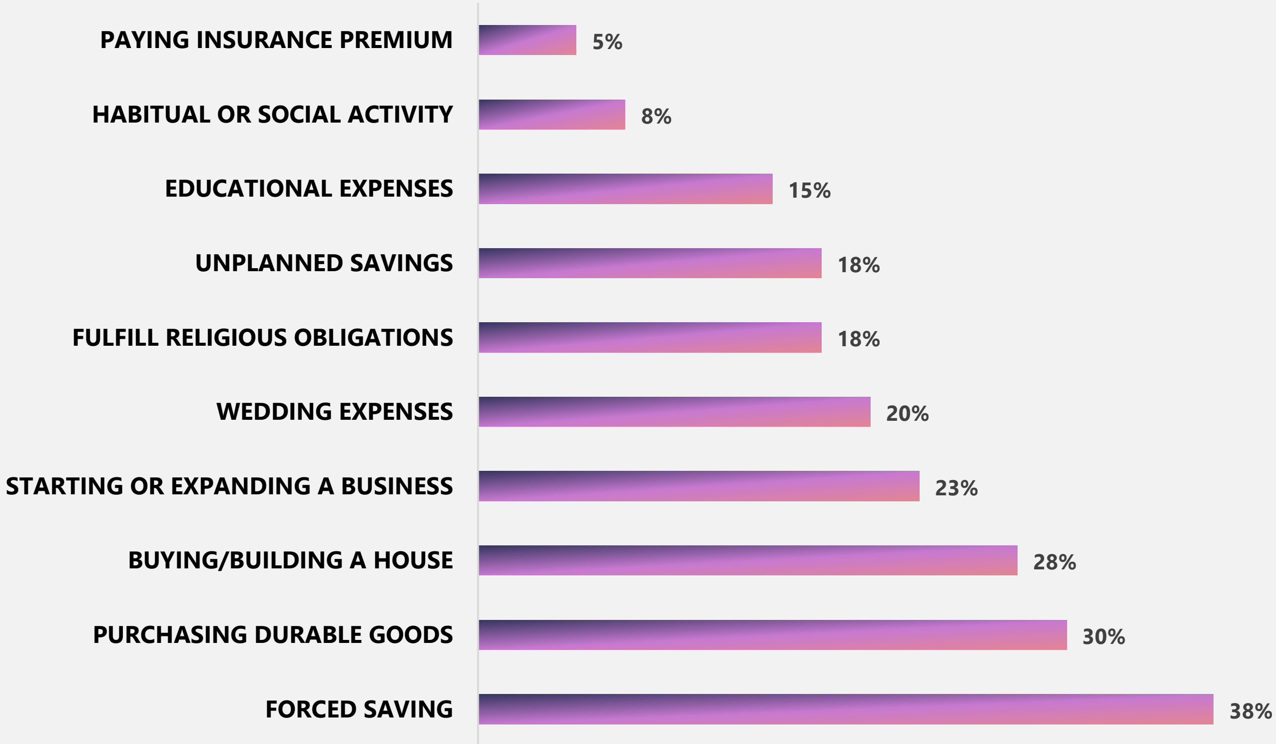
MOTIVATION FOR PARTICIPATION IN **ROSCA's***



***Source: Digitization of Rotating Savings & Credit Associations in Pakistan – Karandaaz Pakistan, 2019**
Click here to access full report

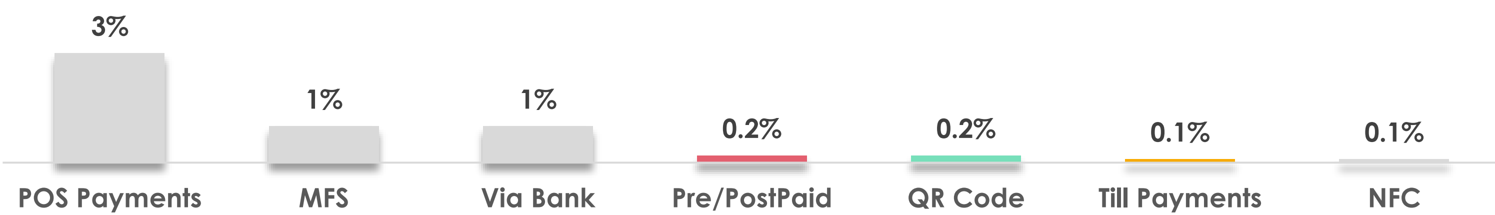
CURRENT DIGITAL FINANCIAL **SERVICES USAGE***

MODE OF PAYMENTS

Amongst DFS use currently, POS is the predominant mode of usage, with overall **3%** of the merchants using POS.

It is used by 44% of the LMTs and 34% of petrol stations. Fast-food joints **(9%)** and shoe stores **(9%)** are also using POS.

MFS is being used by **1%** of the merchants to receive payments, mainly mobile shops **(5%)** and Bakeries **(5%).**



***Source: Landscape of Merchant Payments – Karandaaz Pakistan, 2019**

Click here to access full report

USERS OF **POS PAYMENTS***

55%

CUTOMER DEMAND
- Customer demand it
- Have card and no cash
- Buys more than he has cash
- Use card when buying in bulk

52%

BENEFITS TO BUSINESS
- Increase customers traffic
- Display positive image
- Improves financial statement
- Helps in getting loans etc.

51%

RELIABLE
- Reliable mode
- No fear of fake note

39%

CONVENIENCE
- No counting mistake
- Easy record-keeping

28%

PUSH FROM BANKS
- Bank encourages it
- Banks offer discount

27%

SECURITY

25%

MODERN

16%

FREE FROM HASSLE

*Source: Landscape of Merchant Payments – Karandaaz Pakistan, 2019
Click here to access full report

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