GALLUP PAKISTAN
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FINDEV CYBERLETTER

TWENTIETH 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 20th 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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State Bank of Pakistan (SBP) has set the Merchant Discount Rate (MDR) for the transactions through Point of Sale (POS) within a range of 1.5% to 2.5% for retailers and service providers aimed at promoting the use of debit and credit cards throughout the country as part of the digitization of the financial system under National Payment System Strategy (NPSS).

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Everyone wants to lend to small businesses, as the fintech boom continues to bring constituent players closer together in feature-terms. Thinking broadly, the rising focus on small-business lending amongst B2B fintech and finservices companies feels directionally similar to the rise of consumer-oriented fintech startups adding banking-like features last year.

ASKARI BANK SIGNS AGREEMENT WITH NIFT FOR DIGITAL FINANCIAL SERVICES
Askari Bank and NIFT have signed an agreement for digital commerce payments (mobile/electronic) through NIFT's DFS platform under the brand name "NIFT ePay". NIFT ePay's primary focus is to execute interoperable and secure digital commerce payments using any bank account and wallet in Pakistan.

WOMEN IN FINANCIAL SERVICES ARE TACKLING AN UNDERSERVED MARKET: THEMSELVES
Financial services for women have historically been abysmal. Management consulting firm Oliver Wyman has called women its "single largest underserved group of customers."

NEWS ROUNDUP

This Section Covers The Latest Happenings From The Realm Of Financial Inclusion And Digital Financial Services Across The Globe.

DETERMINANTS OF AND DETRIMENTS TO FINANCIAL INCLUSION IN PAKISTAN*

By Gallup Pakistan

Access to financial services has been a subject of increasing policy debate in developing countries. Financial inclusion is important as it reduces poverty and inequality, allows poor people to smooth out their consumption and invest in their futures through education and health[1]. Numerous research studies show that income, employment status, ethnicity, race and marital status play an imperative role in determining the level of ownership of various financial products.

***Source: Published in Karandaaz Blog, February 12th, 2020**
Click to [here] access full article

SBP SETS MERCHANT DISCOUNT RATE AT 1.5-2.5% FOR POINT OF SALE TRANSACTIONS*

By Abdul Rahman

State Bank of Pakistan (SBP) has set the Merchant Discount Rate (MDR) for the transactions through Point of Sale (POS) within a range of 1.5% to 2.5% for retailers and service providers aimed at promoting the use of debit and credit cards throughout the country as part of the digitization of the financial system under National Payment System Strategy (NPSS).

MDR is a fee charged from a merchant by a bank for accepting payments from customers through credit and debit cards.

***Source: Published in ProPakistani, February 1st, 2020**

Click to here access full article

TECH and internet titans were the first to reach $1 trillion in stock market value, but the next US companies that could do so are better known for their plastic. Soaring stock prices are propelling credit and debit card companies Visa Inc and Mastercard Inc up the market value charts, where they currently rank 7th and 11th among companies in the benchmark S&P 500 index. The stock prices of both Visa and Mastercard have gained roughly 50pc in the past year.

VISA, MASTERCARD COULD BE THE NEXT $1TR COMPANIES*

By Reuters

*Source: Published in Dawn News, February 3rd, 2020
Click to here access full article

*Source: Published in Fintechnews Singapore , February 5th, 2020
Click to here access full article

Agritech, which refers to the use of technology and technological innovation to improve the efficiency and output of agriculture, is poised to have a major impact across the world, and most particularly emerging markets.

Agritech covers a wide and varied range of companies that offer everything from precision agriculture solutions and farm management software, to Internet-based distribution channels, robotics and drones, leveraging technology such as sensors, the Internet-of-Things (IoT), big data, and artificial intelligence (AI).

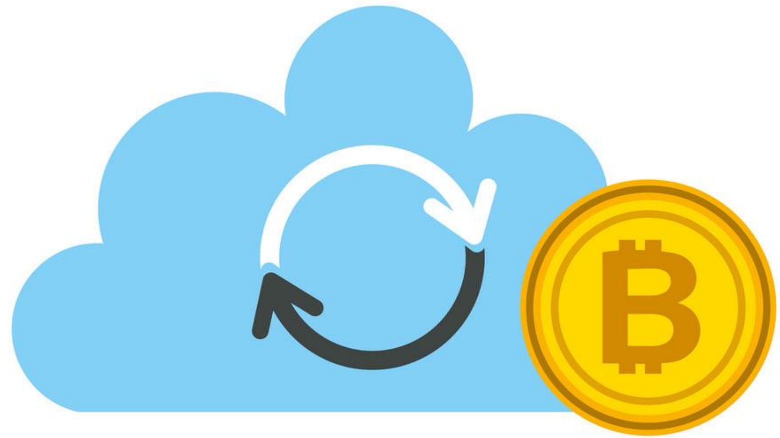
6 AGRI-FINTECH STARTUPS IN ASIA TO FOLLOW IN 2020*

By Fintechnews Singapore

MASTERMINDING FINTECH NEWS WITH BITCOIN*

By Nisa Amoils

I am so excited to be joining the Capital Mastermind, a bi-yearly gathering of highly successful and influential people in the fintech industry. Its purpose is to elevate fintech executives through shared knowledge, strategies, and network, and it poses an unparalleled opportunity for those on a mission to impact millions of people from all around the world, and to reach their set goals, faster.
At the Capital Mastermind, there won't be any speakers, keynotes, booths, or retail investors since this is no usual conference event. Instead, they accommodate a maximum of 25 executives through a 4-day, 5-star all-inclusive and the Mastermind itself is taking place at one of the largest and most luxurious private mansions in Mexico.



***Source: Published in Forbes, February 2nd, 2020**
Click to [here](#) access full article

HERE'S WHY SO MANY FINTECH STARTUPS ARE LOANING TO SMALL BUSINESSES*

By Alex Wilhelm

Everyone wants to lend to small businesses, as the fintech boom continues to bring constituent players closer together in feature-terms. Thinking broadly, the rising focus on small-business lending amongst B2B fintech and finservices companies feels directionally similar to the rise of consumer-oriented fintech startups adding banking-like features last year.

This week, several stories underscored the growing appetite for lending to small companies, including news that Goldman Sachs is "close to a deal with Amazon to offer loans to the e-commerce giant's merchants," according to CNBC.

***Source: Published in TechCrunch, February 6th, 2020**

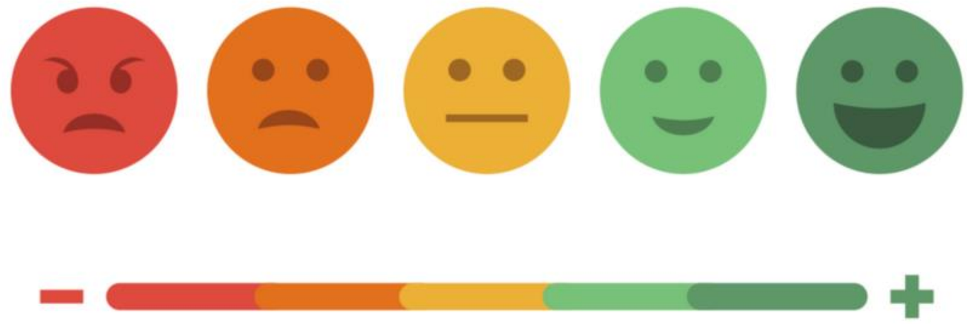
Click to [here](#) access full article

"WE ARE ABOUT TO OBSERVE A NEW GENERATION OF FINTECHS": INTERVIEW WITH EVARVEST CEO STEPHANIE*

By Charlotte Tucker

As decentralization becomes the norm, whether that be the proliferation of blockchain technologies or simply corporates taking 'customer listening' ever more into consideration when making big decisions, it's no surprise that the finance industry and the way people invest is moving in this direction too. From removing barriers to entry, to facilitating education on the world's stock exchanges, investing is becoming a more accessible and community-driven activity.

***Source: Published in EU-Startups, February 6th, 2020**
Click to here access full article



10 STARTUPS LEADING THE WAY IN CUSTOMER EXPERIENCE*

By Blake Morgan

Customer experience is critical for all companies, not just large, established organizations. While many large companies find it difficult to put customers first, a growing number of startups are prioritizing customer experience from the beginning with great results. Here are 10 startups leading the way in customer experience and the lessons they can teach companies of any size.

***Source: Published in Forbes, February 10th, 2020**
Click to here access full article

CRYPTO STARTUP FILING TO BECOME 'FIRST DIGITAL ASSETS MERCHANT BANK' IN THE UK*

By Daily Hodl Staff

London-based startup DAG Global is applying for a UK banking license in order to become the "first digital assets merchant bank" in the UK.
Following "constructive dialog" with regulators, the fintech firm, which specializes in digital assets, is now resubmitting an application originally filed in 2019. If approved, the company would be able to serve crypto firms with merchant banking solutions, effectively bridging the divide between digital asset services and traditional banks, according to a report by the Financial Times.

***Source: Published in Daily Hold, February 10th, 2020**
Click to here access full article

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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.

ASKARI BANK SIGNS AGREEMENT WITH NIFT FOR DIGITAL FINANCIAL SERVICES*

By Press Release

Askari Bank and NIFT have signed an agreement for digital commerce payments (mobile/electronic) through NIFT's DFS platform under the brand name "NIFT ePay".

NIFT ePay's primary focus is to execute interoperable and secure digital commerce payments using any bank account and wallet in Pakistan. This provides an opportunity for customers to conduct e-commerce transactions without a Debit or Credit Card directly through their accounts maintained with any member bank of NIFT e-Payment gateway.

The agreement was signed by Mr. Asim Bashir, Country Head – Digital Banking Askari Bank and Mr. Haider Wahab, CEO NIFT in the presence of teams from both organizations.

***Source: Published in ProPakistani, dated December 2019**
Click to here access full article

*Source: Published in MG Linknews, February 3rd, 2020
Click to here access full article

SBP TAKES MAJOR STEPS TO BOOST DIGITAL PAYMENTS IN THE COUNTRY*

By Usman Hanif

To further improve the digital payment services landscape in the country and promote financial inclusion, SBP has issued instructions to the banking industry for improving the acceptance of payment cards in the country.

WOMEN IN FINANCIAL SERVICES ARE TACKLING AN UNDERSERVED MARKET: THEMSELVES*

By Elaine Pofeldt

Financial services for women have historically been abysmal. Management consulting firm Oliver Wyman has called women its “single largest underserved group of customers.” According to a recent report financial services firms—those in banking, insurance, and wealth/asset management—are leaving $700 billion in revenue on the table by using assumptions that are built around men’s careers and not offering solutions that address the realities of women’s lives. Women invest less than men and have lower retirement savings, even though they live longer on average. They also have less access to capital, fewer financial rights, and end up poorer as a result.

***Source: Published in Quartz, December 30th, 2019**

Click to here 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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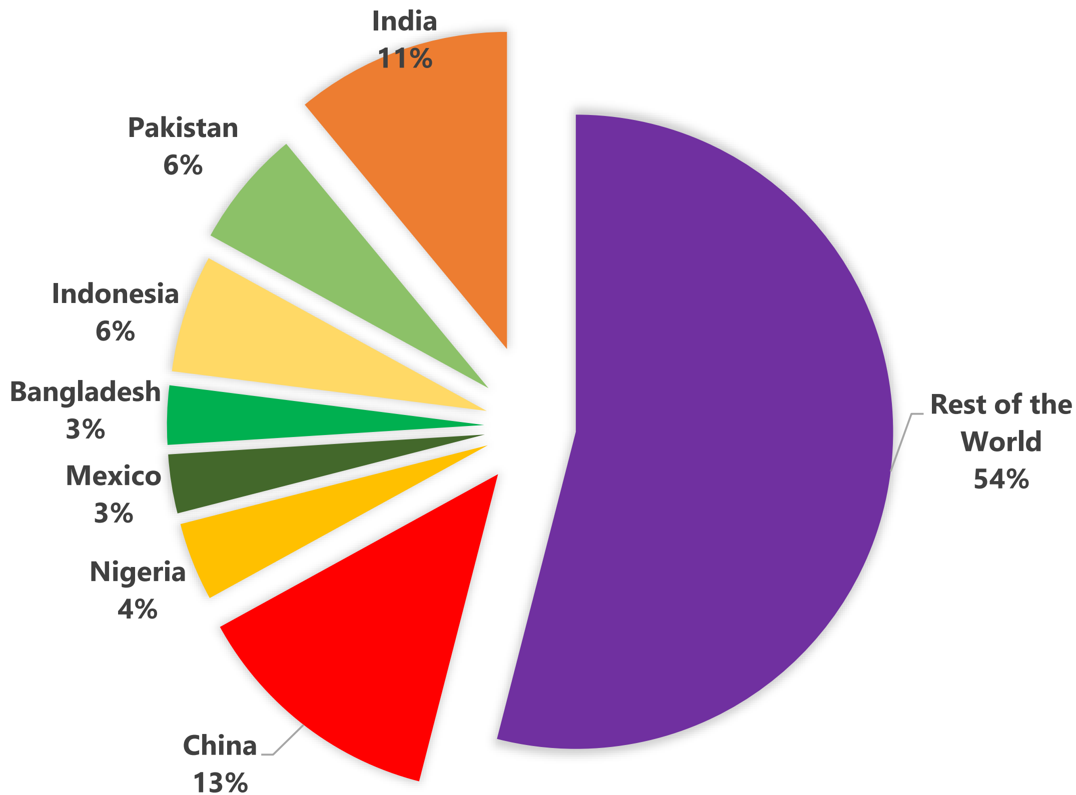
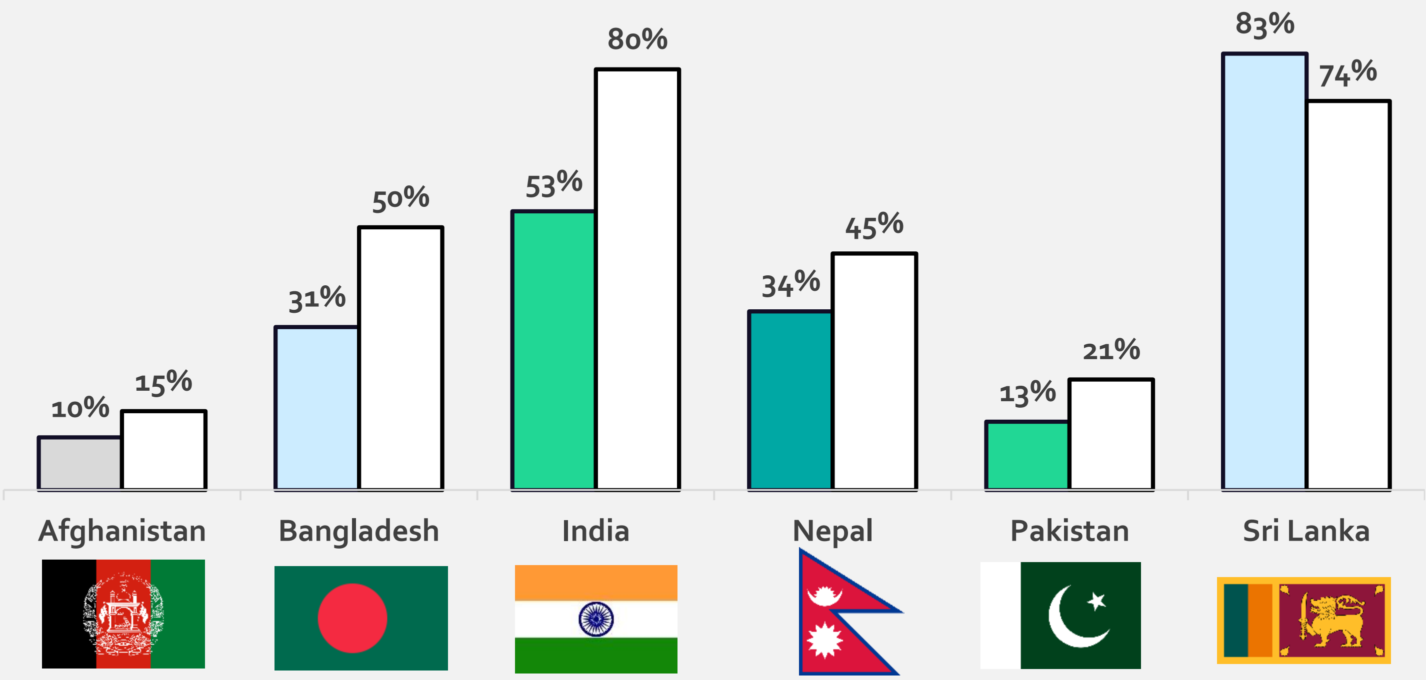
UNBANKED ADULTS BY DEVELOPING ECONOMIES*

"Nearly half of all unbanked adults live in just seven economies"



*Source: The Impact of Biometric Verification Systems in Financial Inclusion in Pakistan– Karandaaz Pakistan, 2020
Click here to access full report

STATE OF FINANCIAL INCLUSION IN PAKISTAN*



*Source: The Global Findex 2017
Click here to access full report

MICROFINANCE LOAN AFFORDABILITY HIGHLIGHTS*

INTEREST COVERAGE
10.2 TIMES

NP MARGIN
11 PERCENT

ROTA
12.2 PERCENT

ROTA
PKR 182,000

EFFECTIVE APR
PKR 32,000

***Source: Microfinance & Enterprise Growth Evidence from Pakistan – Karandaaz Pakistan, 2019**
Click here to access full report

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Contact Us

www.gallup.com.pk/

/GallupPak

@GallupPak

caf@gallup.com.pk