GALLUP PAKISTAN
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FINDEV CYBERLETTER

21ST 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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HIDING IN PLAIN SITE: INFORMAL E-COMMERCE AMONG WOMEN IN ASIA

Nusrat Jisha stumbled into online commerce while helping her sister sell custom-designed saris. In doing so, she discovered that Facebook allowed her to tap into a much larger pool of potential demand. The proof came when she designed a T-shirt protesting harassment of women on public transport. The shirt went viral in her corner of social media and created an impetus for her bustling online commerce business in Bangladesh.

THE MURKY WORLD OF INDIA'S FINTECH SCAMS

Shivam Shukla installed the Paytm app in February to link it with FASTag—a reloadable smart tag operated by the National Highways Authority of India, enabling automated toll payments.

4 HURDLES EVERY FINTECH STARTUP MUST OVERCOME

Fintech, or financial technology, refers to the application of innovative technology solutions within the financial-services industry. Even if you're not familiar with fintech, most of us have used services like PayPal or Cash App, which fall into the mobile wallet and payments category.

NEWS ROUNDUP

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

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WHY THE CORONAVIRUS COULD CAUSE A MAJOR FINTECH SLOWDOWN*

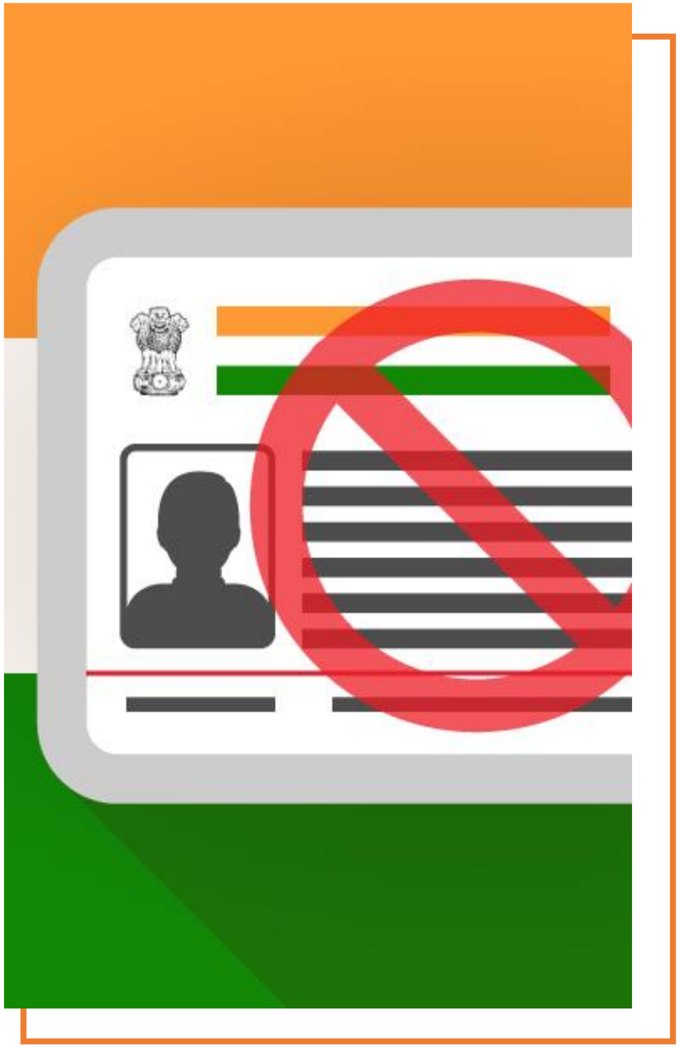
By Jeff Kauflin

The coronavirus outbreak is having a wide range of side effects, from pasta shortages at U.S. grocery stores to a rise in stock prices for videoconferencing companies. The widening ripples could reach far-off distances and unexpected industries, including financial technology.

If people aren't traveling due to virus fears, they're spending less on their credit cards. Visa and MasterCard have warned investors that sales will fall short of their expectations in the current quarter by 2% to 4%.

***Source: Published in Forbes, March 3rd, 2020**
Click to [here](#) access full article

IDENTITY VERIFICATION STANDARDS IN WELFARE PROGRAMS: EXPERIMENTAL EVIDENCE FROM INDIA*



By Karthik Muralidharan, Paul Niehaus, Sandip Sukhtankar

How should recipients of publicly-provided goods and services prove their identity in order to access these benefits? The core design challenge is managing the tradeoff between Type-II errors of inclusion (including corruption) against Type-I errors of exclusion whereby legitimate beneficiaries are denied benefits. We use a large-scale experiment randomized across 15 million beneficiaries to evaluate the effects of more stringent ID requirements based on biometric authentication on the delivery of India's largest social protection program (subsidized food) in the state of Jharkhand.

***Source: Published in The National Bureau of Economic Research, February, 2020**
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Nusrat Jisha stumbled into online commerce while helping her sister sell custom-designed saris. In doing so, she discovered that Facebook allowed her to tap into a much larger pool of potential demand. The proof came when she designed a T-shirt protesting harassment of women on public transport. The shirt went viral in her corner of social media and created an impetus for her bustling online commerce business in Bangladesh. In four years, her income from online commerce has nearly matched her household's previous total income. Nusrat is not alone. There are legions of women across Asia who are doing the same.

By Pial Islam, Joep Roest

HIDING IN PLAIN SITE: INFORMAL E-COMMERCE AMONG WOMEN IN ASIA*

***Source: Published in CGAP, February 18th, 2020**
Click to [here](#) access full article

FINANCIAL INCLUSION FOR WHAT?*

By Emilio Hernandez

Within the financial inclusion community, there are growing efforts to review our understanding of what makes financial services valuable for poor people and the longer-term outcomes that the use of financial services can help them achieve.

This soul searching is motivated by recent assessments of what has been accomplished to date and the remaining challenges. The global financial industry has enabled access to financial accounts for millions of financially excluded people in recent years. While taking stock of this achievement, the industry is now confronted with the fact that low usage and inactivity has kept dormancy rates persistently high. This is especially true across Africa and India, where some of the highest growth rates in account ownership are found.

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

THE MURKY WORLD OF INDIA'S FINTECH SCAMS*

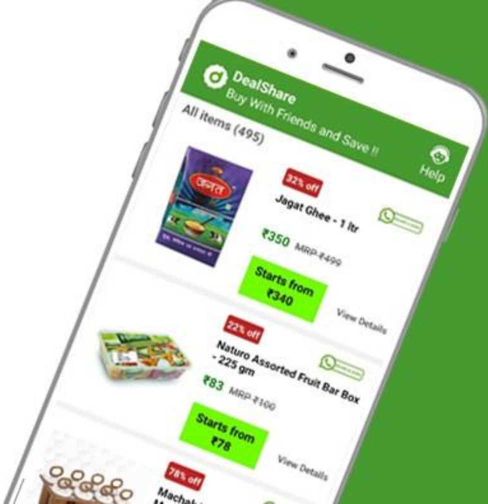
By Samarth Bansal

Shivam Shukla installed the Paytm app in February to link it with FASTag—a reloadable smart tag operated by the National Highways Authority of India, enabling automated toll payments.

A few days later, on 24 February, he started receiving messages to finish his Paytm KYC ("Know Your Customer")—a business process to verify a customer's identity. He would lose the money in his Paytm wallet if he didn't, the message warned, and ended with a number he was asked to call. He did, but no one answered.

***Source: Published in livemint, 24th March, 2020**
Click to [here] access full article

DealShare



THE NEXT BIG THING

THIS SOCIAL COMMERCE START-UP IS CREATING A NEW WAY TO SHOP FOR BHARAT*

By Debroop Roy

The spectacular entry of Reliance Jio and the subsequent disruption in Internet data usage led to the creation of unimaginable possibilities. Millions of people were going to be able to access the Internet for the first time, and most of them were going to be mobile-first as well.

About four years later, the expected disruption has happened, and while content platforms such as TikTok have probably been the biggest gainers so far, online commerce is not too far behind

*Source: Published in ENTREPRENUER India, March 9th, 2020

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4 HURDLES EVERY FINTECH STARTUP MUST OVERCOME*

By Danielle Sabrina

Fintech, or financial technology, refers to the application of innovative technology solutions within the financial-services industry. Even if you're not familiar with fintech, most of us have used services like PayPal or Cash App, which fall into the mobile wallet and payments category.

***Source: Published in ENTREPRENUER India, March 9th, 2020**
Click to [here](#) access full article

NEW BUSINESS MODELS TO TAKE FINTECH BEYOND PAYMENTS, CREDIT*

By Malavika Velayanikal

When you mention fintech, what comes to mind is digital payments and loans. While Paytm and PhonePe dominate digital payment apps, the likes of IndiaLends and Capital Float have been expanding access to credit for consumers and small businesses. Traditional banks too rely mainly on lending for their business.

So it's not surprising that alternative credit startups dominate the portfolio of even an impact investor like Omidyar Network India.

***Source: Published in livemint, 22nd March, 2020**
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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.

SOUTH AFRICAN FINTECH STARTUP JUMO RAISES SECOND $50M+ VC ROUND*

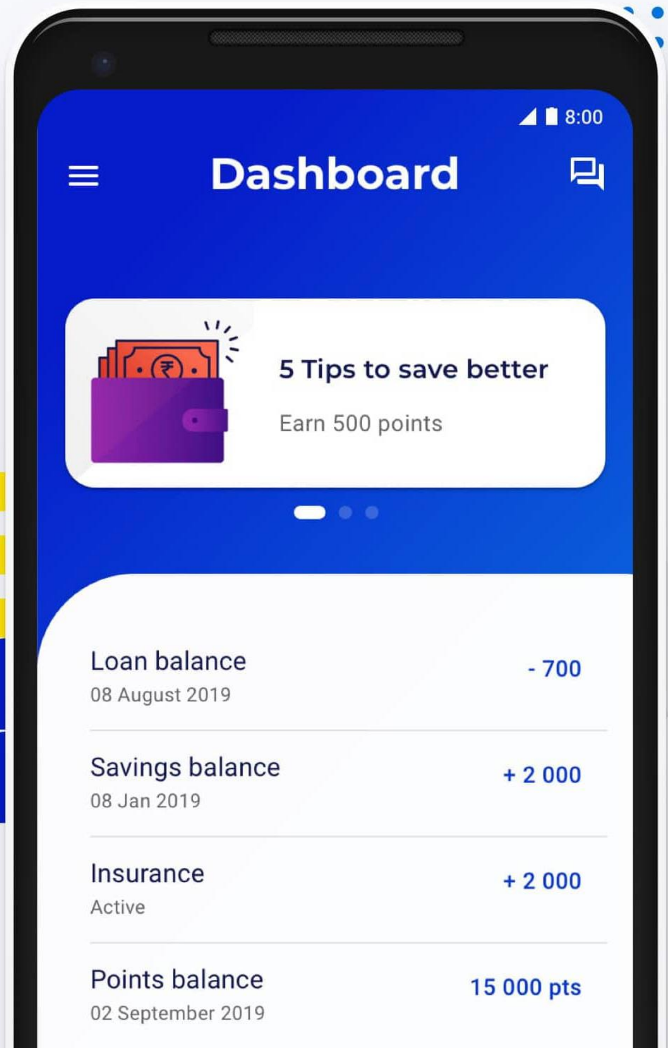
By Jake Bright

South African fintech startup Jumo closed a $55 million round from a diverse group of investors, the company confirmed.

Founded in 2015 and based in Cape Town, the venture offers a full tech stack for partners to build savings, lending, and insurance products for customers in emerging markets.

This week's funding follows a $52 million raise by Jumo in 2018, led by U.S. investment bank Goldman Sachs, that saw the startup expand to Asia.

"This fresh investment comes from new and existing... investors including Goldman Sachs, Odey Asset Management and LeapFrog Investments," Jumo said in a statement — though Goldman told TechCrunch its participation in this week's round isn't confirmed.



***Source: Published in TechCrunch, February 27th, 2020**
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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SAVINGS & BORROWING CHARACTERISTICS OF WOMEN IN PAKISTAN

On average, **18%** women *borrow* each year in Pakistan

The average load size in 2014-15 stood at PKR 45,000

In terms of reasons for borrowing, the most frequently cited purpose was to 'buy food', followed by 'for life cycle events', and 'for dowry or weddings'

63% reported that they saved in past year & avg. amount stood at PKR 25,000 / annum. While, the use of committee savings remains popular, with 29% saving through this mode

Uptake of insurance remains low among Pakistanis in general, including women, with less than 1% of women reporting the use of any insurance product

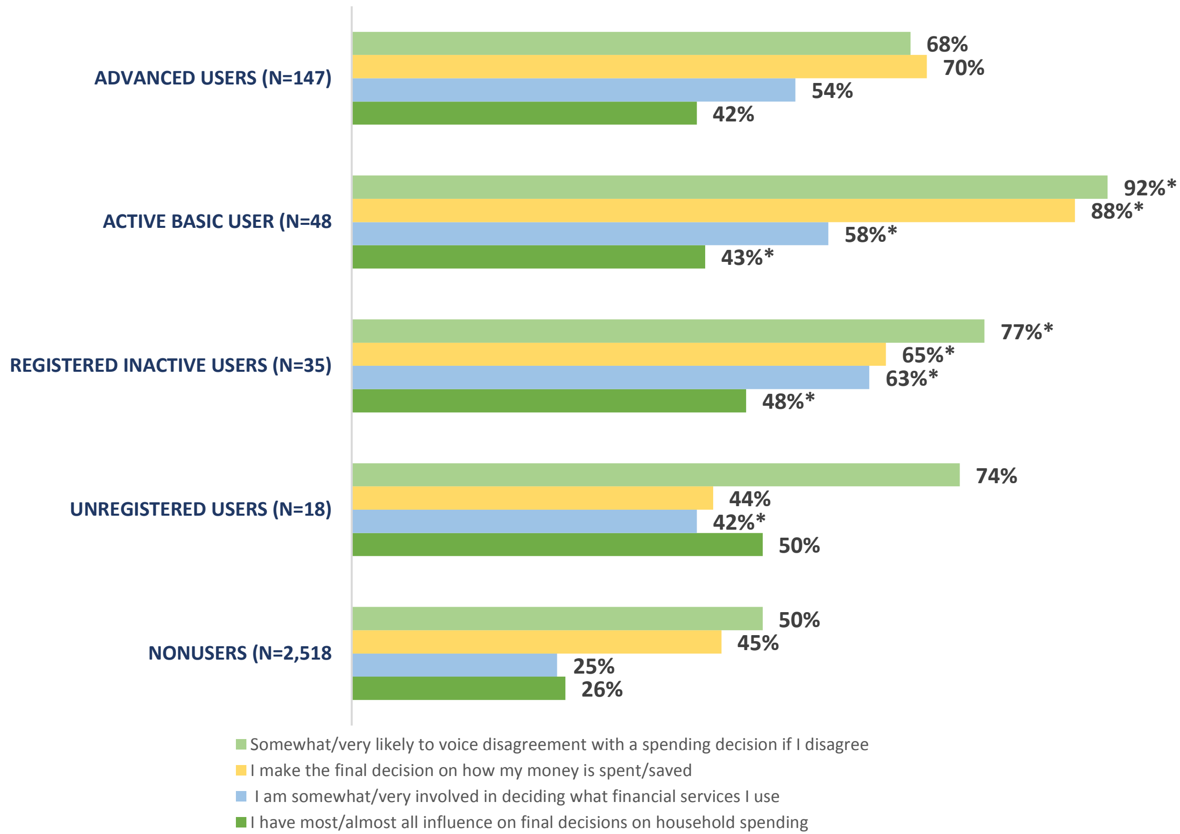
The main reason cited by women for not borrowing from formal sector relates to lack of information i.e. not having enough information about products and conditions of loans offered

The biggest change in financial behavior over the past few years seems to come from the uptake of *mobile money* . 5% of women reported using so e sort of digital financial service.

***Source: State of Financial Inclusion of Women in Pakistan – World Bank Group**
Click here to access full report

WOMEN'S ECONOMIC EMPOWERMENT SEGMENTATION

2017: ECONOMIC EMPOWERMENT INDICATORS, BY CUSTOMER JOURNEY SEGMENT



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%**.

*Fewer than 50 observations.

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

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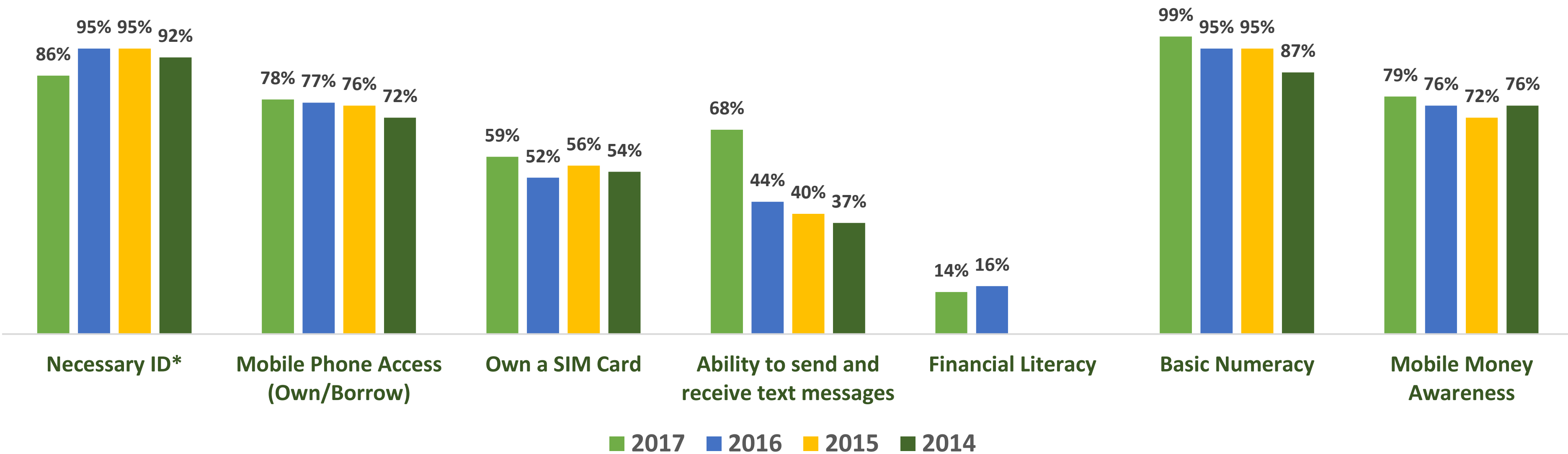
READINESS TO ADOPT DIGITAL FINANCIAL SERVICES*



*Requirements for ID changes in 2017, so data may not be comparable to previous years.

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

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