FINDEV CYBERLETTER

23RD EDITION

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

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 22nd 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)

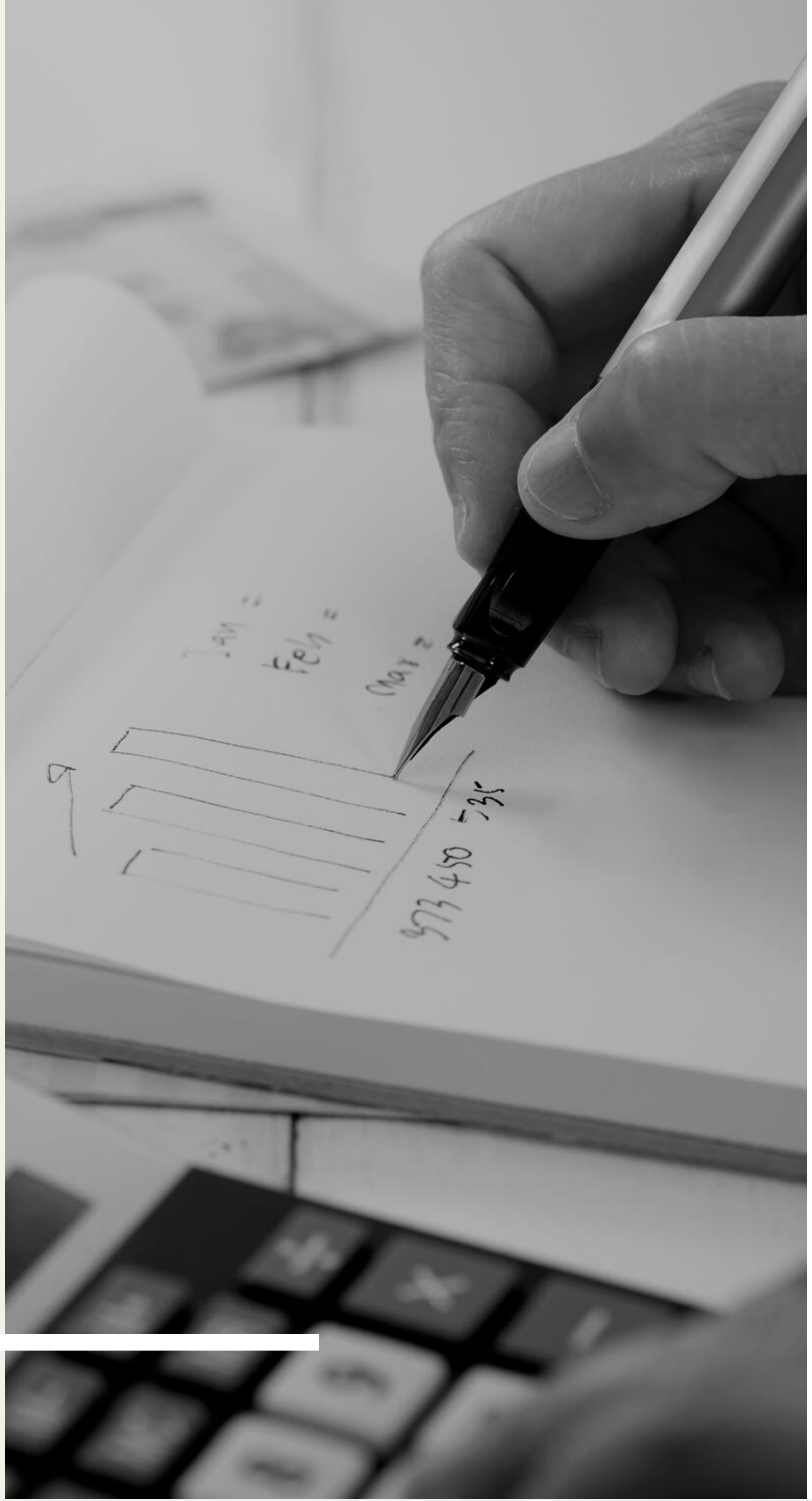


TABLE OF CONTENTS

TODAY'S HIGHLIGHTS

DIGITISATION OF UTILITY BILL PAYMENTS IN PAKISTAN

Given the size of Pakistan's population, the utility bill payment space is substantial and capturing these payments within the digital ecosystem can prove to be a viable use-case. Supply and demand-side statistics have been studied in detail in this note to gain an understanding of the current progress, gaps and potential for digitisation of utility bill payments in the country and the resultant impact it can make on driving financial inclusion.

PAKISTANI FINTECH SAFEPAY RECEIVES Y COMBINATOR'S BACKING, AIMS TO BECOME THE STRIPE OF PAKISTAN

Karachi-based Safepay has become the first fintech from Pakistan to have graduated from Y Combinator. The startup was part of YC's S20 batch and graduated by participating in the demo day on Tuesday.

COVID-19 HAS CATALYSED THE EVOLUTION OF DIGITAL FINANCE

Although digital technology was permeating the payments space prior to the pandemic, few would contend that changes haven't now been accelerated.

ACHIEVING FINANCIAL INCLUSION IS STILL A SIGNIFICANT CHALLENGE IN PAKISTAN, ACCORDING TO FINTECH SECTOR EXECUTIVE, BUT NEW PRODUCTS BEING DEVELOPED

Salman Ali, the chief operating officer at Virtual Remittance Gateway, notes that Pakistan has a population of more than 218 million (one of the highest in the world).He points out that 60% of the nation's population are adults, however, only 23% of residents have access to modern financial services.

HOW CAN DIGITAL FINANCIAL SERVICES HELP A WORLD COPING WITH COVID-19?

The global economy will likely contract by over 5 percent in 2020 due to the impact of COVID-19, according to the recently released Global Economic Prospects. The deepest global recession in eight decades is sending hundreds of millions into poverty, and recovery appears to be far off. Still, the crisis has encouraged incentives for economic transformation and adoption of digital business models, including increased use of digital financial services (DFS).

EASYPAISA AND NADRA TECHNOLOGIES LTD. COLLABORATE FOR ACCESSIBLE DIGITAL FINANCIAL SERVICES

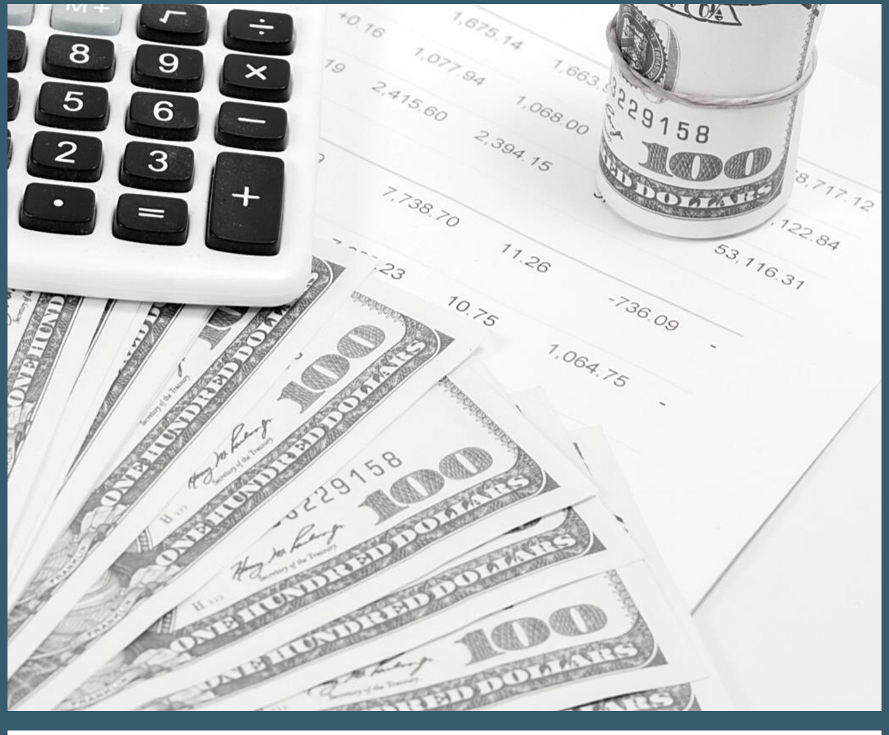
Easypaisa, Pakistan's flagship digital payments platform has joined hands with NADRA Technologies Limited (NTL) to provide cross-platform services on NADRA e-sahulat networks enabling convenient access to digital financial solutions. Under the partnership, all 12,000 NADRA e-Sahulat centers across the country will now also provide a host of Easypaisa services.

NEWS ROUNDUP

THIS SECTION COVERS THE LATEST HAPPENINGS FROM THE REALM OF FINANCIAL INCLUSION AND DIGITAL FINANCIAL SERVICES ACROSS THE GLOBE.

DIGITISATION OF UTILITY BILL PAYMENTS IN PAKISTAN*

By Karandaaz Pakistan



Fawry for Banking & Payment Technology Services SAE, an Egyptian digital payments provider, was listed on Cairo's exchange about a year back. The company recently experienced a 300% increase in its market value to 20 billion Egyptian pounds (appr. $1.3 billion).The payments firm confirmed that its valuation has grown 4x since the COVID-19 outbreak in late February 2020. As first reported by Bloomberg, Fawry is now ranked among Egypt's 10 most valuable firms, which include Telecom Egypt Co. and Elswedy Electric Co. However, these businesses are generating a lot more revenue compared to Fawry for now.

***Source: Published by Karandaaz Pakistan, October 2nd 2020**

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PAKISTANI FINTECH SAFEPAY RECEIVES Y COMBINATOR'S BACKING, AIMS TO BECOME THE STRIPE OF PAKISTAN*

By Zubair Naeem Paracha

Karachi-based Safepay has become the first fintech from Pakistan to have graduated from Y Combinator. The startup was part of YC's S20 batch and graduated by participating in the demo day on Tuesday. It has raised the standard $150,000 investment as part of the program. Byte, a dark-kitchen-powered food delivery startup from Pakistan was also part of Y Combinator S20. To the best of our knowledge, it is the first time that two Pakistani startups have made it to a YC batch.

***Source: Published in menabytes, August 26th 2020**
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COVID-19 HAS CATALYSED THE EVOLUTION OF DIGITAL FINANCE*

By William Girling

*Source: Published in FINTECH Magazine, September 7th 2020
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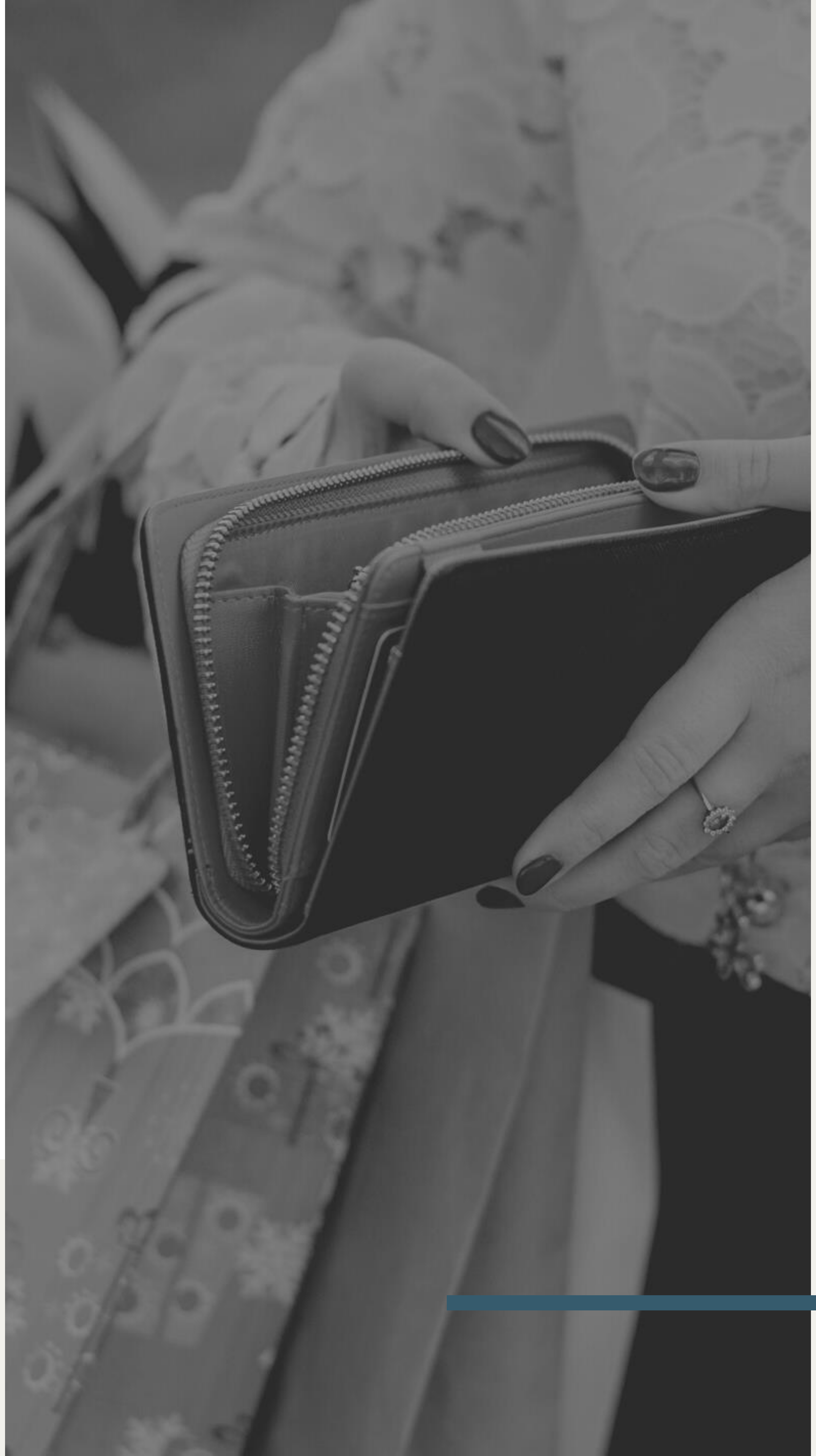
Although digital technology was permeating the payments space prior to the pandemic, few would contend that changes haven't now been accelerated. What was once an opportunity for tech companies to transform the relationship between consumers and the financial institutions that served them has become a necessity, particularly in light of the impracticality of cash when trying to prevent the spread of infection.

ACHIEVING FINANCIAL INCLUSION IS STILL A SIGNIFICANT CHALLENGE IN PAKISTAN, ACCORDING TO FINTECH SECTOR EXECUTIVE, BUT NEW PRODUCTS BEING DEVELOPED

By Omar Faridi

Salman Ali, the chief operating officer at Virtual Remittance Gateway, notes that Pakistan has a population of more than 218 million (one of the highest in the world).He points out that 60% of the nation's population are adults, however, only 23% of residents have access to modern financial services. The State Bank of Pakistan and Pakistan Telecommunication Authority have been supporting the development of a proper payment ecosystem in the country, Ali reveals.



*Source: Published in CROWDFUND INSIDER, August 21st 2020
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DIGITAL FINANCE KEY TO POST-PANDEMIC GROWTH

By Patrick Njoroge

NAIROBI — "We are experiencing the sharpest decline in per capita income since 1870," United Nations Secretary-General (UNSG) Antonio Guterres pointed out in a recent speech, warning that the COVID-19 crisis has put 70-100 million people at risk of being pushed into extreme poverty. Preventing that outcome will require concerted and comprehensive action to reboot and rebuild the global economy in a sustainable, inclusive way. Technology — in particular, new digital-finance tools — can play an important role in this process.

***Source: Published in The Korea Times, August 24th 2020**
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HOW COUNTRIES CAN EXPAND ACCESS TO DIGITAL FINANCIAL SERVICES*

Digital financial services, powered by fintech, have the potential to lower costs by maximizing economies of scale, to increase the speed, security and transparency of transactions and to allow for more tailored financial services that serve the poor. This report - Digital Financial Services - describes the tools of digital finance, the successful business models and policies for encouraging their growth. It explores risks and challenges of new types of services and the legal and regulatory frameworks needed for confronting them.

*Source: Published by The World Bank, April 22nd 2020
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DIGITISATION GETS A PUSH AMID COVID-19*

By Mutaher Khan

EVER since the coronavirus outbreak forced people to distance, there's been a lot of talk in financial and tech circles of the accelerating behavioural shift that will push digitisation.But so far, little evidence has surfaced at a broad level to substantiate the claims. To get a better sense of the underlying trends, let's take a look at the data that Dawn acquired from 1LINK — a payment service operator/provider and switch system.

*Source: Published by Dawn News, July 6th 2020
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HOW CAN DIGITAL FINANCIAL SERVICES HELP A WORLD COPING WITH COVID-19?*

By MARGARET MILLERLEORA KLAPPERGHADA TEIMAMATTHEW GAMSER

The global economy will likely contract by over 5 percent in 2020 due to the impact of COVID-19, according to the recently released Global Economic Prospects. The deepest global recession in eight decades is sending hundreds of millions into poverty, and recovery appears to be far off. Still, the crisis has encouraged incentives for economic transformation and adoption of digital business models, including increased use of digital financial services (DFS).

***Source: Published by The World Bank, July 6th 2020**
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DIGITAL FINANCE, A LIFELINE DURING COVID-19 CRISIS, CAN DELIVER LONG-TERM FINANCING OF THE SUSTAINABLE DEVELOPMENT GOALS*

New York - The unprecedented social and economic crisis caused by the COVID-19 pandemic has put a spotlight on the role of digital finance in providing relief for millions around the world, supporting businesses and protecting jobs and livelihoods. While the pandemic demonstrates the immediate benefits of digital finance, the disruptive potential of digitalization in transforming finance is immense. Mobile payment technologies have transformed mobile phones into financial tools for more than a billion people. Digital is supporting big data and artificial intelligence in advancing cryptocurrencies and crypto-assets, peer-to-peer lending, crowdfunding platforms, and online marketplaces.

***Source: Published by UNDP, August 26th 2020**

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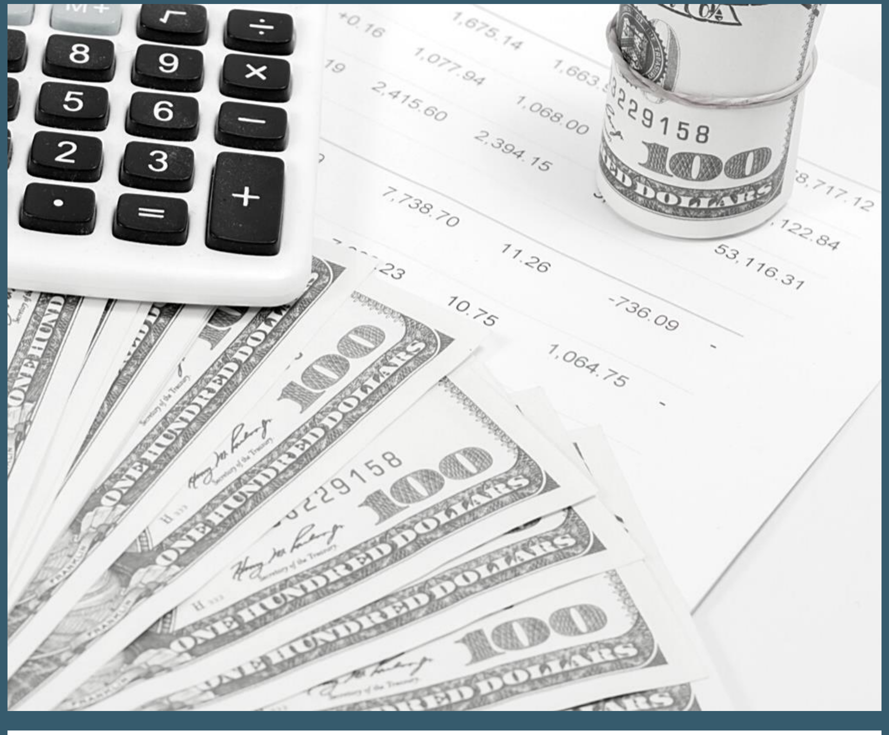
EGYPTIAN DIGITAL PAYMENTS PROVIDER, FAWRY, EXPERIENCES RECORD GROWTH FOLLOWING COVID-19 OUTBREAK*

By Omar Faridi



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***Source: Published by CROWDFUND INSIDER, September 10th 2020**

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MASTERCARD WILL SPEND $500 MILLION TO EXPAND FINANCIAL ACCESS IN BLACK COMMUNITIES*

By Talib Visram

Mastercard is pledging $500 million over the next five years to expand financial inclusion for Black individuals and businesses. Through three interconnected initiatives, and with the help of various partners, the financial services company aims to deliver tools and resources to allow many long-excluded African Americans to access affordable financial services and build prosperity.

***Source: Published by Fast Company, September 17th 2020**
Click to [here]() access full article

HOW TO BUILD A REGULATORY SANDBOX: A PRACTICAL GUIDE FOR POLICY MAKERS*

By Ivo Jenik & Schan Duff

Regulatory sandboxes have attracted significant attention for their potential to empower financial regulators struggling with fast-paced innovation. Through a sandbox, regulators can carefully monitor digital products, services and business models in a live testing environment, enabling firms to bring innovations to market more quickly and readily. But when and under what circumstance sandboxes are the most appropriate tool for emerging market regulators to respond to the wave of digital technologies that are disrupting the financial sector?

*Source: Published by CGAP, September, 2020

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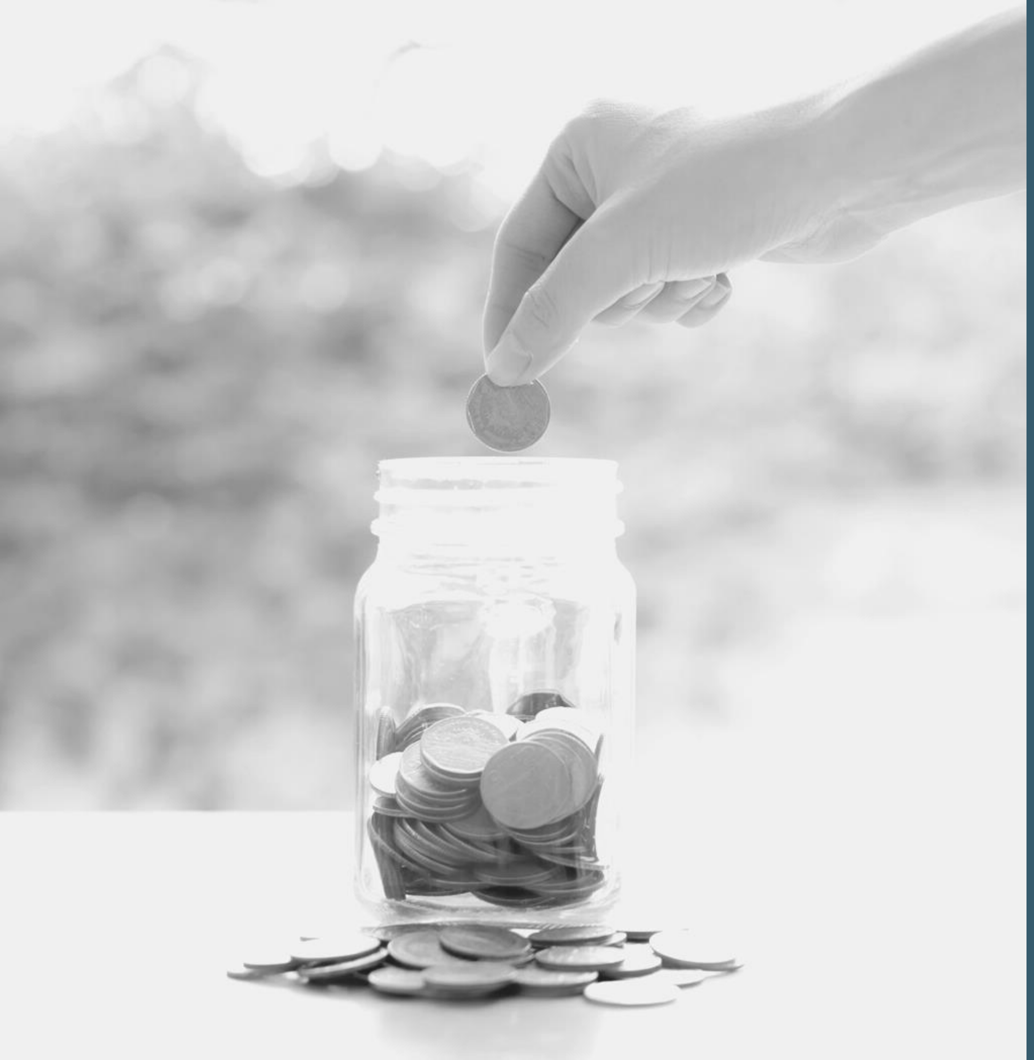

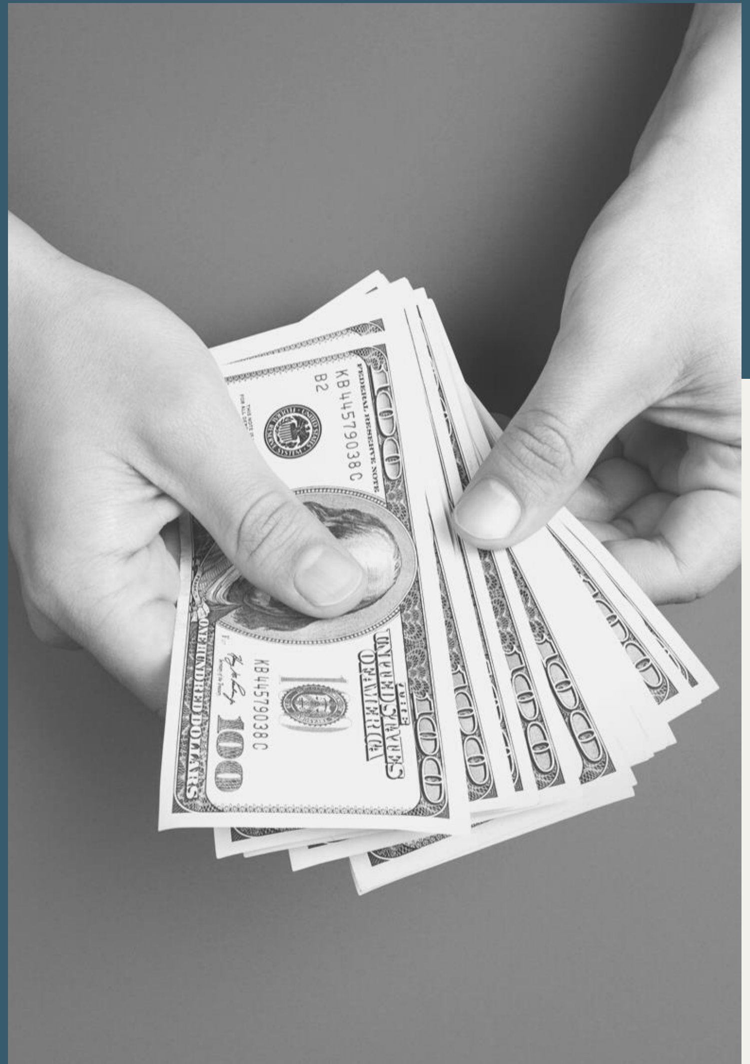

HOW COVID-19 PERMANENTLY CHANGED AMERICANS' FINANCIAL HABITS*

By Steve Cocheo

The unexpectedly rapid increase in use of digital banking channels as a result of the COVID-19 lockdowns, and the ongoing desire for social separation and less contact, has left banks and credit unions with a two-fold challenge.

***Source: Published by THE FINANCIAL BRAND, September 16th, 2020**
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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.

INITIATIVES

EASYPAISA AND NADRA TECHNOLOGIES LTD. COLLABORATE FOR ACCESSIBLE DIGITAL FINANCIAL SERVICES*

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***Source: Published by techjuice, September 14th, 2020**
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DATA VISUALIZATIONS

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.

BRANCHLESS BANKING KEY INDICATORS*

Indicators	January – March 2020	April – June 2020
Number of Agents	434,192	445,181
Number of Active BB Agents	193,291	182,189
Number of Accounts	48,345,517	52,522,222
Number of Active Accounts	27,737,457	26,694,588
Deposits as on Quarter End (Rs. in Millions)	31,935	36,660
Number of Transactions During the Quarter (number in ‘000’)	407,258	396,687
Value of Transactions During Quarter (Rs in Millions)	1,292,313	1,504,934
Average Size Transactions (in Rs.)	3,173	3,794
Average Daily Transactions (in Rs.)	4,525,085	4,407,635
Average Deposit in Accounts (Rs.)	661	698

***Source: Published by State Bank of Pakistan, Branchless Banking Statistics for Quarter Apr-Jun 2020,**
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BREAK-UP OF BB TRANSACTIONS*

PROVINCE	BB ACCOUNTS		BB TRANSACTIONS		BB AGENTS	
	Number	Share%	Number	Share%	Number	Share%
Punjab (inclu. ISB)	33,779,535	64.3%	238,116,269	60.0%	260,379	58.5%
Sindh	10,672,489	20.3%	79,466,121	20.0%	92,427	20.8%
Khyber Pakhtunkhwa	5,995,898	11.4%	59,678,638	15.0%	71,457	16.1%
Balochistan	1,039,468	2.0%	8,289,201	2.1%	9,573	2.2%
Azad Kashmir	864,439	1.6%	9,576,372	2.4%	8,928	2.0%
Gilgit – Baltistan	170,393	0.3%	1,560,532	0.4%	2,417	0.5%
Total	**52,522,222**	**100%**	**396,687,133**	**100%**	**445,181**	**100%**

***Source: Published by State Bank of Pakistan, Branchless Banking Statistics for Quarter Apr-Jun 2020,**
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