GALLUP PAKISTAN
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FINDEV CYBERLETTER

25TH 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 25th 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:

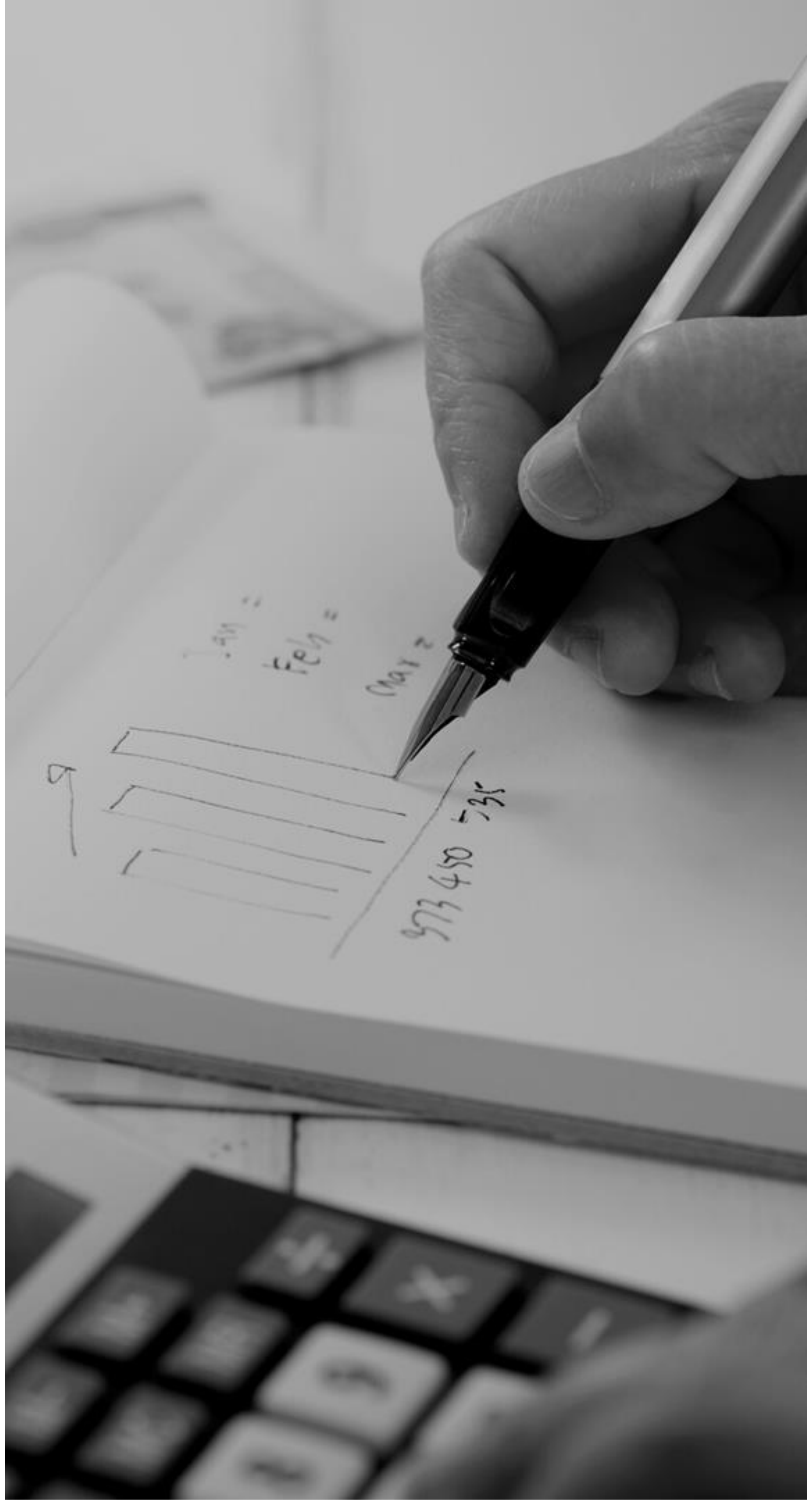
1) NEWS ROUNDUP – This section will cover the latest happenings in the financial services industry in Pakistan.

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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Prime Minister Imran Khan launched the Financial Inclusion Strategy initiative on Tuesday under his government's flagship poverty alleviation programme Ehsaas with Queen Maxima of the Netherlands, United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, in attendance, who is visiting Pakistan chiefly to discuss the programme.

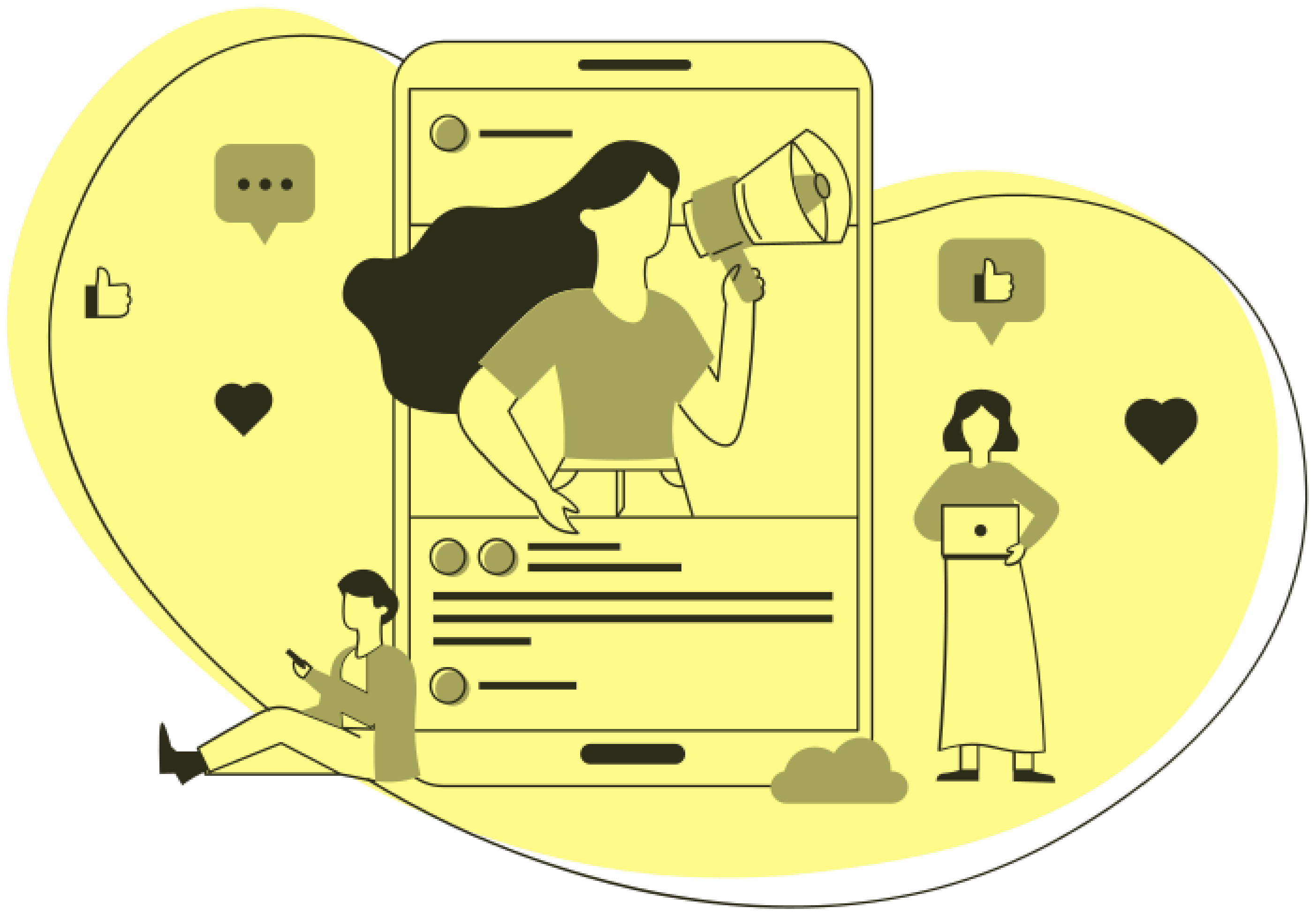
FINANCIAL INCLUSION – AN ALTERNATIVE ROUTE

Financial inclusion remains the bane for all emerging economies and Pakistan is no exception. In a country of about 220 million people, there are less than 10m active loan customers. Although the number of bank accounts has now reached 55 million, active accounts remain low.

WHY FINANCIAL LITERACY MATTERS MORE THAN EVER

As the economic climate worsens, the FT's new foundation aims to help improve money management skills for the most vulnerable.

NEWS ROUNDUP



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

FINANCIAL INCLUSION – AN ALTERNATIVE ROUTE*

By Nadeem Hussain

Financial inclusion remains the bane for all emerging economies and Pakistan is no exception. In a country of about 220 million people, there are less than 10m active loan customers. Although the number of bank accounts has now reached 55 million, active accounts remain low.

Essentially, we are a cash society with Rs6.3 trillion outside the banking system. We have yet to provide a credible solution for the market to shift from cash to digital.

*Source: Published by DAWN, 30th November, 2020
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LESSONS FROM THE FINTECH REVOLUTIONS OF THE PAST AND WINNING POST-COVID*

By Michael Tae & Matthew Harris

Why now is the time for financial services companies to spur innovation and the adoption to new technologies. Michael Tae and Matt Harris look back on two recent crises for lessons on how disruption can lead to rapid change, opportunity and a new status quo, with an eye towards what might be post-Covid.

*Source: Published by FORBES, 30th November, 2020
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FINTECH ACCELERATOR PROGRAMS FIND NEW OPPORTUNITIES IN ADAPTING TO COVID-19*

By Bethany Kanten

Last year, with the support of JPMorgan Chase & Co, Catalyst Fund started working with Bharat Inclusion Initiative's (BII) Financial Inclusion Lab, the Financial Health Network's Financial Solutions Lab, and the Resolution Foundation (RF, UK), to distill best practices and lessons learned for accelerating inclusive fintech startups. The goal has been to understand how acceleration programs and innovation funds like ours can best support impact startups and spur more innovation for underserved populations.

*Source: Published by CATALYST FUND, 29th October, 2020

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WHY FINANCIAL LITERACY MATTERS MORE THAN EVER*

By Patrick Jenkins

Growing up in a just-about-managing former market town on the fringes of the south Wales valleys, with a music teacher dad and a psychologist mum, there weren't many signs to suggest I would develop an interest in finance. Then, for my 16th birthday, my father gave me a present: £100-worth of BT shares on the occasion of the telecoms group's Thatcherite privatization. For months afterwards, I would check the share-price pages of The Daily Telegraph, my parents' paper of choice. If the stock was up a ½ pence, I would rejoice that I was now £1 better off.

*Source: Published by FINANCIAL TIMES, 19th November, 2020
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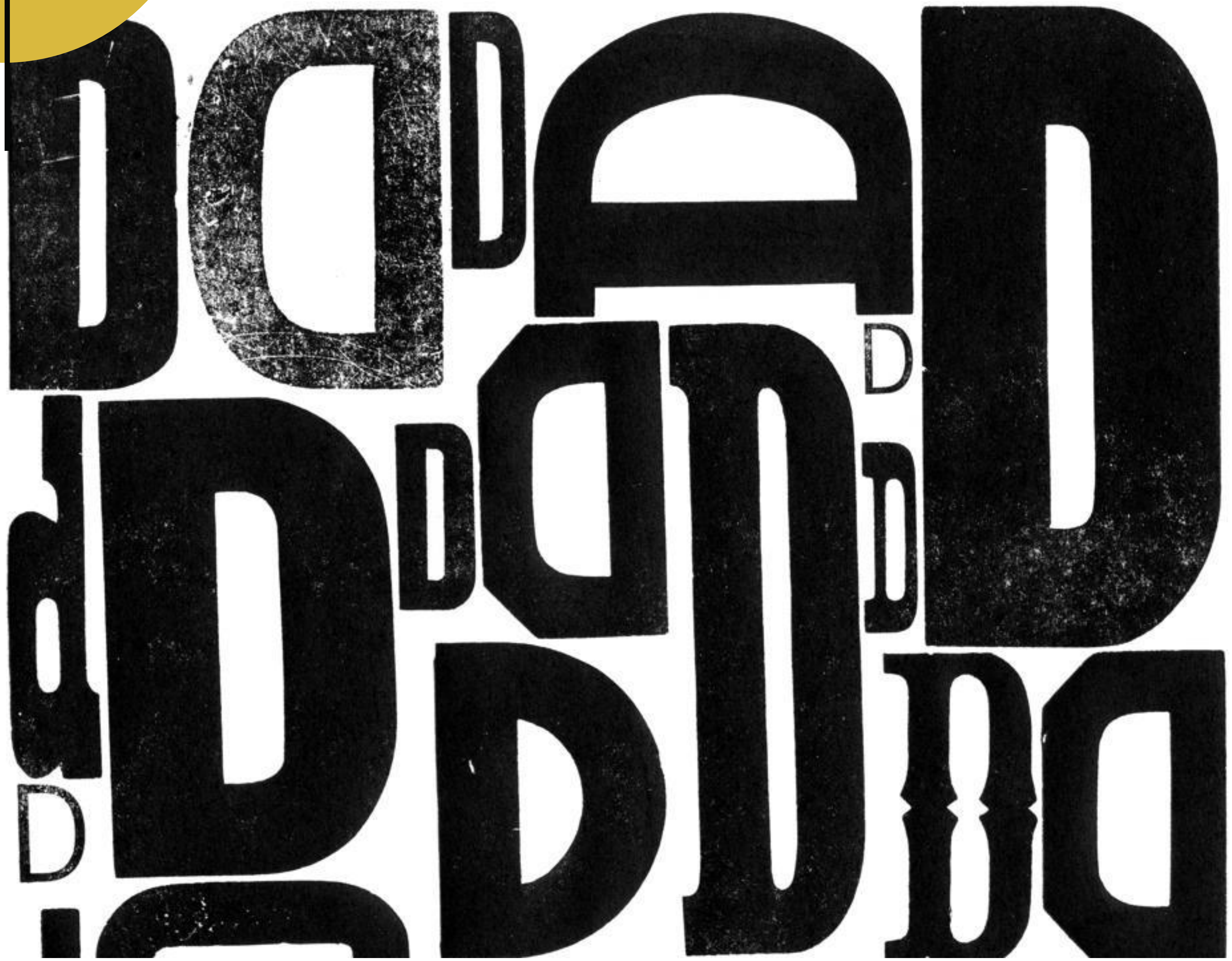
WHEN FINTECH SUCCEEDS: THE THREE Ds*

By Alex Lazarow



Fintech is on the rise globally.
As the Economist reported, there has been a substantial increase in fintech market cap globally, rapidly encroaching into bank territory.
Astoundingly, over 64% of consumers around the world have used a fintech product.

*Source: Published by FORBES, 3RD December, 2020
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FINTECH AND THE FUTURE OF BANKING*

Few issues in financial inclusion have generated more hype — and confusion — in recent years than fintech. Digital technology continues to inspire a dizzying array of new companies, business models and products, transforming financial services value chains in the process. While many fintechs claim to advance financial inclusion, the link between specific innovations and financial inclusion is often assumed rather than proven.

*Source: Published by CGAP

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FINTECH AND BANKS: COMPETING THROUGH COLLABORATION*

By Rhys Thomas

There's little novel about fintech and established financial institutions working hand-in-hand. Behind the snappy ad campaigns, sans serif fonts and slick app interfaces, most fintechs have always relied on some form of partner license, or access to a bank's network.
Even challenger banks - the recent wave of financial organizations that straddle the line between all-digital and legacy banking - never really sought to 'challenge' either side of the coin in the common sense.

*Source: Published by FINTECH MAGAZINE, 1ST December, 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

PM LAUNCHES FINANCIAL INCLUSION INITIATIVE*

Prime Minister Imran Khan launched the Financial Inclusion Strategy initiative on Tuesday under his government's flagship poverty alleviation programme Ehsaas with Queen Maxima of the Netherlands, United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, in attendance, who is visiting Pakistan chiefly to discuss the programme.

"We are pursuing policies that will help the poor section of society under various programmes, hence we launched Ehsaas, which has compassion as its core ingredient," said the premier at the inauguration ceremony.

*Source: Published by DAWN, 27th November, 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	445,181	461,953
Number of Active BB Agents	182,189	191,035
Number of Accounts	52,522,222	58,137,695
Number of Active Accounts	26,694,588	31,162,780
Deposits as on Quarter End (Rs. in Millions)	36,660	41,870
Number of Transactions During the Quarter (number in '000')	396,687	461,960
Value of Transactions During Quarter (Rs in Millions)	1,504,934	1,919,210
Average Size Transactions (in Rs.)	3,794	4,154
Average Daily Transactions (numbers)	4,407,635	5,132,891
Average Deposit in Accounts (Rs.)	698	720

***Source: Published by State Bank of Pakistan, Branchless Banking Statistics for Quarter Jul-Sep 2020, Click to here access full article**

BREAK-UP OF BB TRANSACTIONS*

PROVINCE	BB ACCOUNTS		BB TRANSACTIONS		BB AGENTS	
	Number	Share%	Number	Share%	Number	Share%
Punjab (inclu. ISB)	37,191,152	64.0%	277,737,568	60.1%	289,585	62.7%
Sindh	11,919,780	20.5%	93,332,474	20.2%	92,458	20.0%
Khyber Pakhtunkhwa	6,630,400	11.4%	69,242,455	15.0%	57,311	12.4%
Balochistan	1,221,736	2.1%	9,678,748	2.1%	10,359	2.2%
Azad Kashmir	976,829	1.7%	10,229,428	2.2%	9,837	2.1%
Gilgit – Baltistan	197,798	0.3%	1,739,533	0.4%	2,403	0.5%
Total	**58,137,695**	**100%**	**461,960,207**	**100%**	**461,953**	**100%**

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