FINDEV CYBERLETTER

26TH 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 26th 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

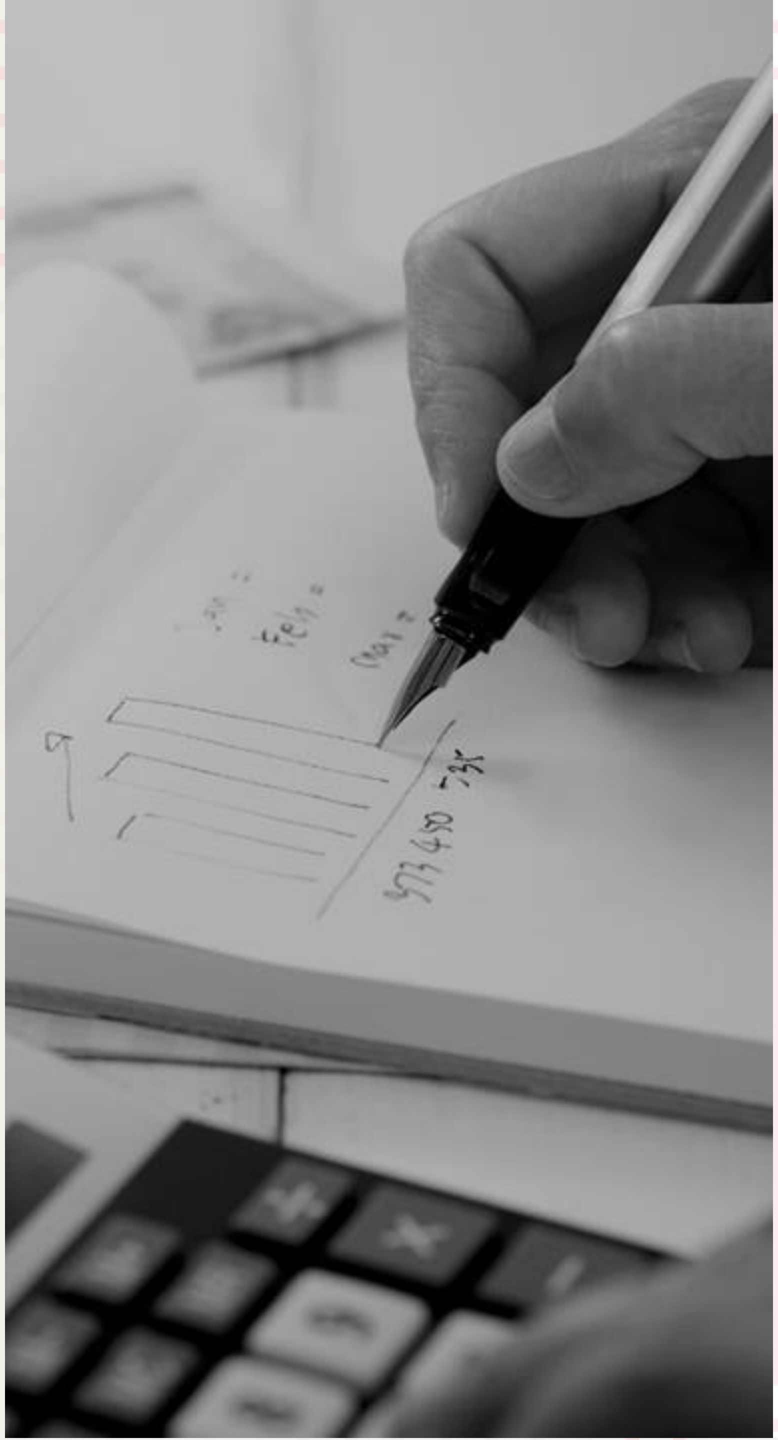
A diligent effort has been made to ensure that the content extracted from external sources has been cited and given due credit. In some cases, excerpts from the original articles have been extracted.

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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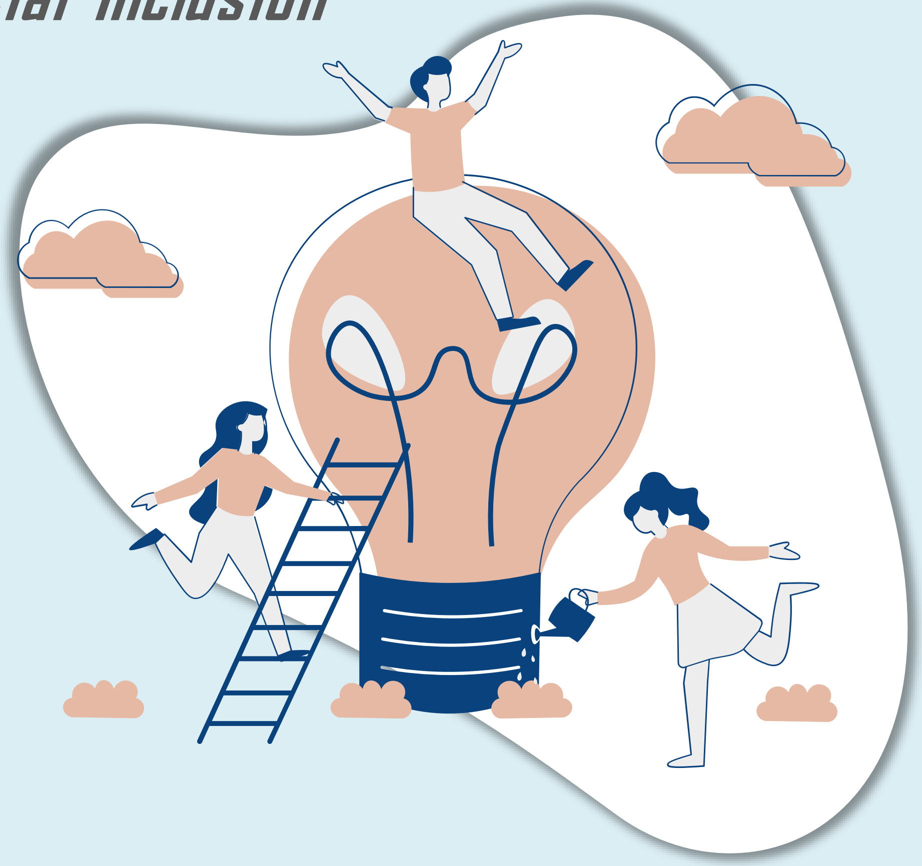
HIGHLIGHT

This issue of FinDev features a special report titled '*A Research & Learning Agenda for The Impact of Financial Inclusion*' which explores the unprecedented impact of COVID-19 on poor people's lives and the financial inclusion community's effort to help people cope and rebuild have highlighted a fundamental challenge we face as a community, our limited knowledge of how and when different types of financial services help specific groups of poor people build resilience and capture opportunities and the need to invest in efforts that address this knowledge gap and effectively help poor people safeguard against future shocks and improve their overall well-being.

FINDEV CYBERLETTER'S SPECIAL FEATURE

A Research & Learning Agenda for The Impact of Financial Inclusion

CGAP



A RESEARCH & LEARNING AGENDA FOR THE IMPACT OF FINANCIAL INCLUSION

CGAP

The report gives the following recommendations for funders of impact research, policy makers, and, more broadly, the financial inclusion research community.

OUTCOMES-BASED APPROACH

The financial inclusion community should formulate learning questions through an ***outcomes-based approach*** rather than a product-based one to address current knowledge gaps. This will help us to better understand how contextual factors, such as social norms, macroeconomic stability, and government social programs, can shape the impact financial services have on poor people’s well-being.

INNOVATION IN RESEARCH METHODOLOGY

Innovation in research methodology is necessary to answer the questions brought on by persistent knowledge gaps. While great progress has been made over the past 20 years with quantitative and experimental research methods that confidently measure impact, we still lack a holistic understanding of how impact happens. This report shows how new research initiatives are taking on these challenging questions and illustrate how a research approach that factors in more complex processes is becoming more manageable.

*Source: Published by CGAP – Titled ‘A Research & Learning Agenda For The Impact Of Financial Inclusion

Click to here access full report

A RESEARCH & LEARNING AGENDA FOR THE IMPACT OF FINANCIAL INCLUSION

CGAP

The report gives the following recommendations for funders of impact research, policy makers, and, more broadly, the financial inclusion research community.

FUNDER'S ROLE

The ***role of funders*** is crucial to support the new research initiatives, improve research methods, and scale their efforts in a way that promotes a policy-relevant learning agenda among the financial inclusion research community.

*Source: Published by CGAP – Titled 'A Research & Learning Agenda For The Impact Of Financial Inclusion
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CGAP'S NEW THEORY OF CHANGE

It explores the various ways financial services enable well-being—based on evidence and logical hypotheses derived from broader development literature that is not yet backed by research

BUILDING RESILIENCE

CAPTURING OPPORTUNITY

CGAP'S NEW THEORY OF CHANGE

RESILIENCE – Consumption smoothing is one dimension of resilience. Others include people's ability to generate the financial resources to cope and recover from shocks, and the human capital and physical capability that allows them to prepare against future shocks

Prepare Against Risks

Able to manage Risks

Able to Recover After Shocks

*Source: Published by CGAP – Titled 'A Research & Learning Agenda For The Impact Of Financial Inclusion

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CGAP'S NEW THEORY OF CHANGE

OPPORTUNITY – People's ability to seize investment opportunities that improve their well-being, through building financial resources, human capital and physical capabilities

Ability to Invest

Political Agency & Engagement

Access to Markets

*Source: Published by CGAP – Titled 'A Research & Learning Agenda For The Impact Of Financial Inclusion

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*Source: Published by CGAP – Titled ‘A Research & Learning Agenda For The Impact Of Financial Inclusion
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CGAP’S NEW THEORY OF CHANGE

People seek three main sets of preconditions/ intermediate outcomes that explain their current level of *resilience* and ability to capture *opportunities.*

FINANCIAL RESOURCES

HUMAN CAPITAL

PHYSICAL CAPABILITY

INNOVATION IN RESEARCH METHODOLOGY

THEORY-BASED EVALUATION

Focuses on defining the theories, assumptions, and possible impact mechanisms of an intervention before a study is conducted

MIXED-METHODS

systematically combine qualitative and quantitative methods in some or all stages of an evaluation. The methods used depends on the research questions being asked.

*Source: Published by CGAP – Titled 'A Research & Learning Agenda For The Impact Of Financial Inclusion
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FINANCIAL INCLUSION FOR WHAT?

RECOMMENDATIONS FOR FUNDERS AND RESEARCHERS

- Funders should support knowledge created through an outcome rather than a product focus

- Focus research questions on intermediate- and high-level well-being outcomes that may be (positively or negatively) impacted by various financial services

- Focus on diversifying the contextual settings in which impact studies are carried out to explore associations between specific context factors and customer outcomes

- Promote partnerships with local universities and across disciplines within research programs that are funded

*Source: Published by CGAP – Titled 'A Research & Learning Agenda For The Impact Of Financial Inclusion

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NEWS ROUNDUP

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

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, 26th October, 2020

Click to here access full article

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. For all the buzz around fintech, the reality is that it is hard for funders, investors and social entrepreneurs know which innovations matter for low-income, underserved customers.

*Source: Published by CGAP
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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.

NARROWING THE GENDER GAP THROUGH DIGITAL INTERVENTIONS*

NUMBER OF INCREMENTAL USERS

65,016

9,406

74,422

NUMBER OF INCREMENTAL TRANSACTIONS

127,861

14,945

142,806

VALUE OF INCREMENTAL TRANSACTIONS (PKR)

6,499,336

46,829,571

53,328,907

*Source: Published by Karandaaz Pakistan on December 8th, 2020
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