FINDEV CYBERLETTER

31ST 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 31st 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.

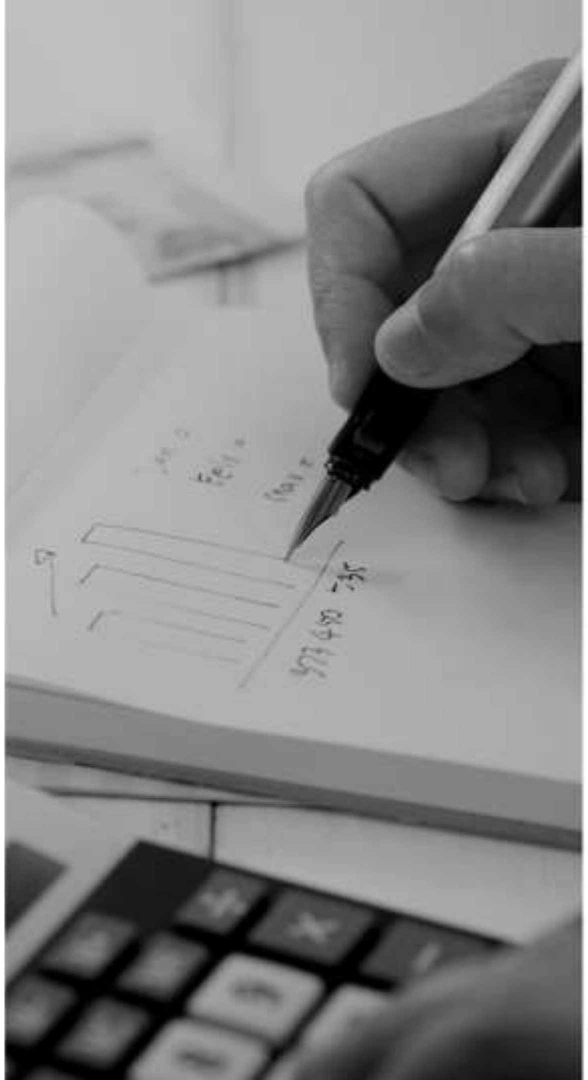
2) INITIATIVES – Constant work is being undertaken by experts, governments and research organizations in order to enhance the understanding of, and to find solutions to the challenges encountered within the financial services industry. This section will aim to cover some of these research initiatives, 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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For the longest time, Pakistani banks have come under fire for being rent-seeking organisations that do nothing but park the public's money in risk-free government securities. That is well-evidenced by the investment-to-deposits ratio consistently staying well above 60 per cent and clocking in at 75pc in July.

Leveraging Gender Lens Investments for Women's Financial Needs

Advancing gender equity and women's economic empowerment (WEE) has recently been high on the agenda for development funders. CGAP's 2019 Funder Survey noted that an increased number of funders are focused on expanding the range of suitable and meaningful financial services for women, improving women's financial capabilities and addressing gendered barriers impeding women's economic empowerment.

Nadra launches contactless biometric verification service for banking

The National Database and Registration Authority (Nadra) has launched contactless biometric verification services for the banking and payments industry, making Pakistan one of the first countries in the world to implement the technology on national level.

NEWS ROUNDUP

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

New windows for financial inclusion

by Mutaher Khan

For the longest time, Pakistani banks have come under fire for being rent-seeking organisations that do nothing but park the public's money in risk-free government securities. That is well-evidenced by the investment-to-deposits ratio consistently staying well above 60 per cent, and clocking in at 75pc in July.

This government borrowing in turn leads to crowding out of the private sector, where again most of the funds are channelled towards the few big corporates. Meanwhile, small and medium enterprises (SME) continue to be deprived of capital and thus fail to scale. This vicious cycle results in a lack of corporatisation, as one can easily see from the flat trend in total listed companies on the Pakistan Stock Exchange.

*Source: Published by Dawn, 23rd August 2021
Click here to access full article

The Resilience of Mobile Money in Sub-Saharan Africa

by Simon K. Andersson-Manjang

Over the last decade, the mobile money industry has grown stronger and stronger, with Sub-Saharan Africa as the main engine behind this growth. In fact, the region continued to grow through the 2020 COVID-19 outbreak, as well as through the regional and national lockdowns that came with it.

By the end of 2020, Sub-Saharan Africa accounted for 64 percent of all mobile money value transacted globally, reaching $490 billion for the year, an increase of 23 percent from the previous year. The region was also home to 53 percent of all monthly active mobile money accounts.

*Source: Published by FinDev Gateway, 10th August 2021
Click here to access full article

Leveraging Gender Lens Investments for Women's Financial Needs

by Ann J. Miles, Estelle Lahaye, Elizabeth Munee Kiamba

Advancing gender equity and women's economic empowerment (WEE) has recently been high on the agenda for development funders. CGAP's 2019 Funder Survey noted that an increased number of funders are focused on expanding the range of suitable and meaningful financial services for women, improving women's financial capabilities and addressing gendered barriers impeding women's economic empowerment. Gender lens investing (GLI) is evidently a popular approach being deployed by a wide range of funders to drive financial inclusion and to increase women's economic participation.

*Source: Published by CGAP, 12th August 2021
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Digital Consumer Credit in India – Time to Take a Closer Look

by Eric Duflos, Jayshree Venkatesan, Amulya Neelam, Sarah Stanley

Emerging global evidence shows that digital credit is making loans accessible, including to customers who do not usually borrow from formal lenders. Estimates suggest that the digital lending market could almost double in the next five years. If properly regulated, digital credit might help consumers better capture opportunities and manage economic shocks. However, in some regions, the rapid growth of digital consumer credit (a subset of the digital credit offering) has exacerbated customers' vulnerabilities, especially poor customers. As media reports of abusive lending practices emerge amid India's digital consumer credit boom, the country can steer digital credit in a more promising direction by ramping up its efforts to listen to consumers and taking the necessary actions.

Image Source: https://pixabay.com/photos/rickshaw-travel-taxi-transport-2158447/

*Source: Published by CGAP, 3rd August 2021
Click here to access full article

Bangladesh's 50 Years: Taking the Long View of Financial Inclusion

by Greg Chen

Bangladesh turned 50 this year. Since gaining independence, the country has outperformed its neighbors on basic development indicators. Per capita income is up, and even more impressive are the leaps forward it has taken on infant mortality, women's participation in the labor force and educational attainment. All this has happened alongside many years of large-scale financial inclusion, which begs the question: how significant have financial services been in Bangladesh's development?

There are good reasons to observe that Bangladesh's progress has been largely driven by factors other than financial inclusion. For example, nationwide drives to teach oral rehydration have helped bring down infant mortality. And a multitude of investments in informal and formal primary education have helped gradually increase levels of educational attainment for both boys and girls. The garment industry is rightly viewed as a major driver of the country's economic growth.

*Source: Published by CGAP, 10th August 2021
Click here to access full article

Forging Her Own Path: Women and Informal Online Commerce

by Joep Roest, Yasmin Bin-Humam

Forty-six-year-old Naing Naing set up a catering business in her hometown in Myanmar at the urging of her son. Building on initial success of orders placed by phone and Viber, Naing Naing turned to Facebook with the help of her family. Soon after, orders placed in Facebook comments and via Facebook messenger jumped from 25 to 85 per month.

Since she started her business, Naing Naing's family has more confidence, admiration and trust in her. While her husband and son worry about the stress of running a business, Naing Naing is determined. Recently, when her husband fell too ill to work, she was proud that the household could live modestly on her earnings. She feels more secure and stable than ever, knowing that if something were to happen to her husband, she would be able to make her own way.

*Source: Published by CGAP, 7th September 2021
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INITATIVES

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.

TAG can run pilot operations on its financial app: SBP

The State Bank of Pakistan has granted Islamabad-based fintech firm TAG an approval to run pilot operations on its financial app.

TAG is building a state-of-the-art financial super app and is striving to play an instrumental role in the government's initiative of financial inclusion and digitalization of the economy. Backed by top investors from the Silicon Valley and leading corporates including strategic partnerships with Amazon and VISA, TAG is reimagining the very essence of financial services in Pakistan by revolutionizing the way transactions are conducted.

*Source: Published by The Nation, 15th August 2021
Click here to access full article

Financial products: SECP approves various 'innovative' solutions under SCRS

The Securities and Exchange Commission of Pakistan (SECP) under the Second Cohort of Regulatory Sandbox has granted approval to various innovative solutions including parametric insurance, real estate asset tokenization, unified digital distribution of mutual fund application, digital identity/AML/KYC (AI-based) and centralized KYC.

The SECP, in pursuance of its reforms agenda to support and encourage fintech revolution in the country had launched the Second Cohort of Regulatory Sandbox (SCRS) in April 2021. The 2nd cohort received immense response from a wide range of innovators including well-established entities, foreign companies and start-ups. Dozens of applications proposing modern solutions and business models were received, however, preference was given to innovation in the areas of security token offerings (STOs), blockchain/distributed ledger, machine learning and robotic processes automation-based solutions.

*Source: Published by Business Recorder, 21st August 2021
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CARE International in Pakistan and Mastercard launch ‘Ignite’ programme to support millions of entrepreneurs

In support of the Pakistan Government’s National Financial Inclusion Strategy (NFIS), CARE International in Pakistan (CIP) and Mastercard, on September 08, launched the ‘Ignite’ small business programme during a ceremony presided by Dr Sania Nishtar, Special Assistant to the Prime Minister (SAPM), in Islamabad. The programme is part of a global collaboration between CARE and the Mastercard Centre for Inclusive Growth.

The programme will be rolled out with several local partners including U-Bank – its financial service provider, White Rice – a behavioural design firm and Mera Maan – a social enterprise focused on capacity building and enterprise development.

*Source: Published by The Nation, 13th September 2021
Click here to access full article

Nadra launches contactless biometric verification service for banking

The National Database and Registration Authority (Nadra) has launched contactless biometric verification services for the banking and payments industry, making Pakistan one of the first countries in the world to implement the technology on national level.

The service was launched during a visit by State Bank of Pakistan (SBP) Governor Dr Reza Baqir to the Nadra headquarters here on Thursday.
Banks will make use of the digital app on smartphones capturing and verifying biometrics of the potential account holders from their homes. With the introduction of this digital technology, the banking system will take a paradigm shift, adding the remote biometric capturing technology to the digital banking system.

*Source: Published by Dawn, 10th September 2021
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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.

Distribution of Active Borrowers

Top 5 Districts: Greatest Increase in Microcredit Outreach

District	Active Borrowers (Q2)	Growth (Q1 to Q2)	
		Net	%
ICT	1,554,428	376,482	32.0
Bahawalpur	224,792	16,359	7.8
Larkana	67,131	9,173	15.8
Sukkur	76,721	8,719	12.8
Gujranwala	214,885	6,746	3.2

*Source: Published by Pakistan Microfinance Network, MicroWatch; Issue 60: Q2 (APR-JUN) 2021 on August 20th 2021
Click here to access full article

Distribution of Active Savers

Top 5 Districts: Greatest Increase in Savings Outreach

District	Active Savers (Q2)	Growth (Q1 to Q2)	
		Net	%
Vihari	945,823	637,665	206.9
Faisalabad	1,629,313	630,137	63.1
Rawalpindi	3,282,354	502,569	18.1
Multan	1,325,248	479,264	56.6
Rahimyar Khan	1,412,029	468,819	49.7

*Source: Published by Pakistan Microfinance Network, MicroWatch; Issue 60: Q2 (APR-JUN) 2021 on August 20th 2021
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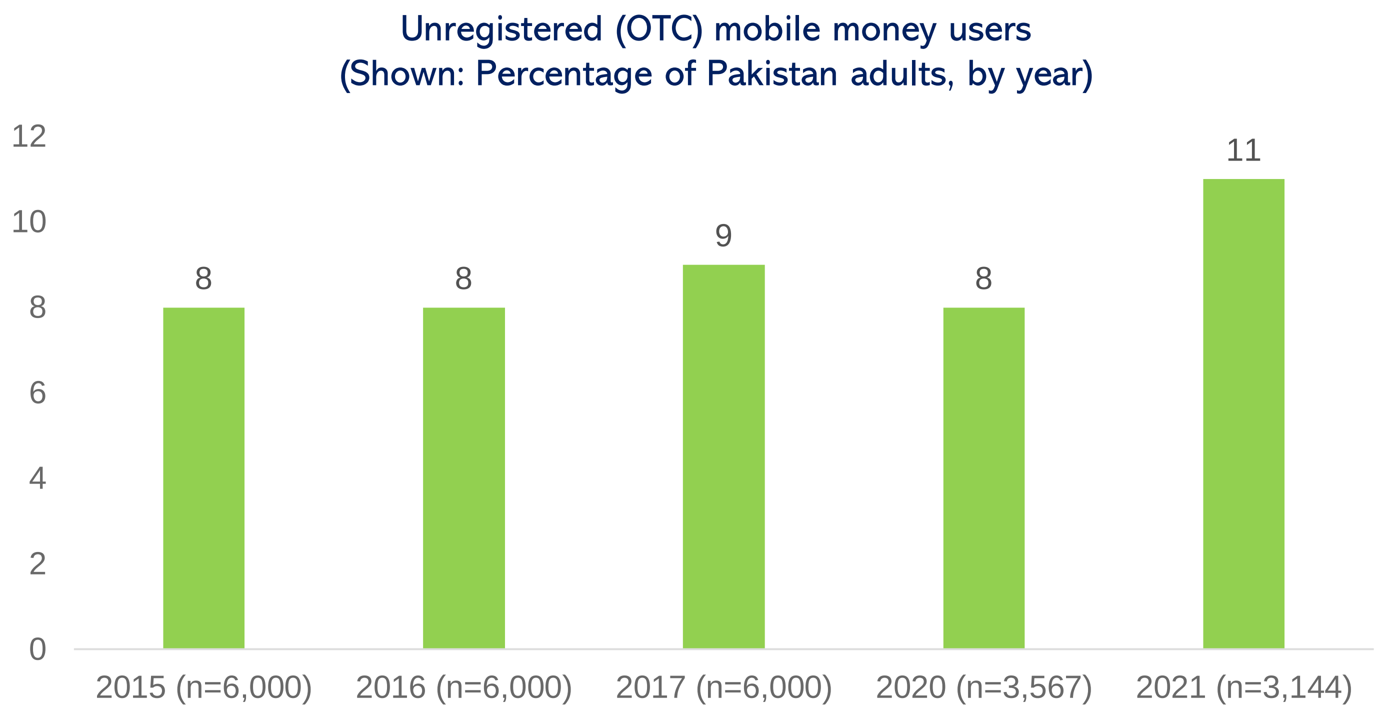
OVER-THE-COUNTER (OTC) MOBILE MONEY USERS



*Source: Published by Kantar, Financial Inclusion Insights; COVID-19 Impact Study
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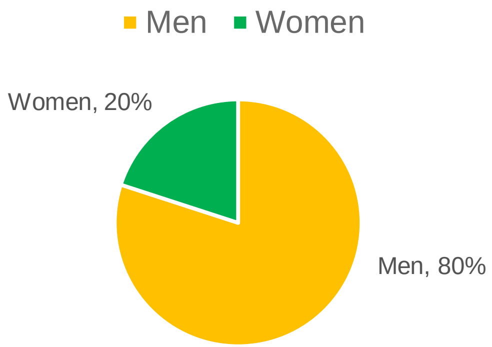
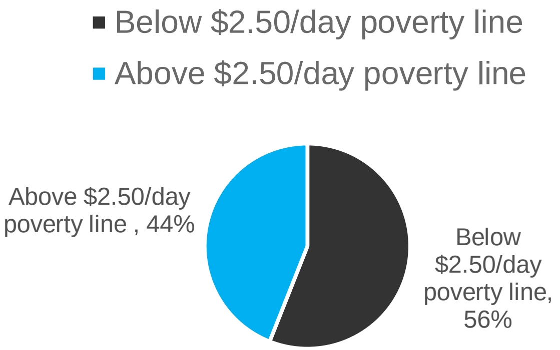
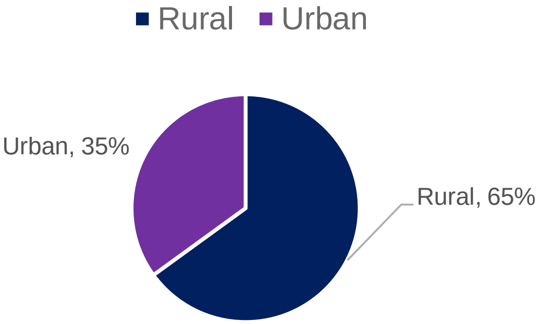
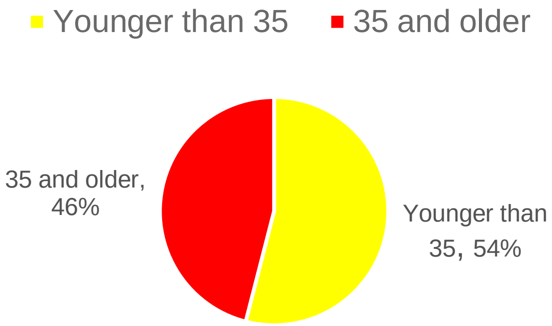
OVER-THE-COUNTER (OTC) MOBILE MONEY USERS

COVID-19: Unregistered (OTC) mobile money users, by demographic
(Shown: Percentage of Pakistan adults who access mobile money over the counter, n=319)









*Source: Published by Kantar, Financial Inclusion Insights; COVID-19 Impact Study
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