FINDEV CYBERLETTER

32ND 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 32nd 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

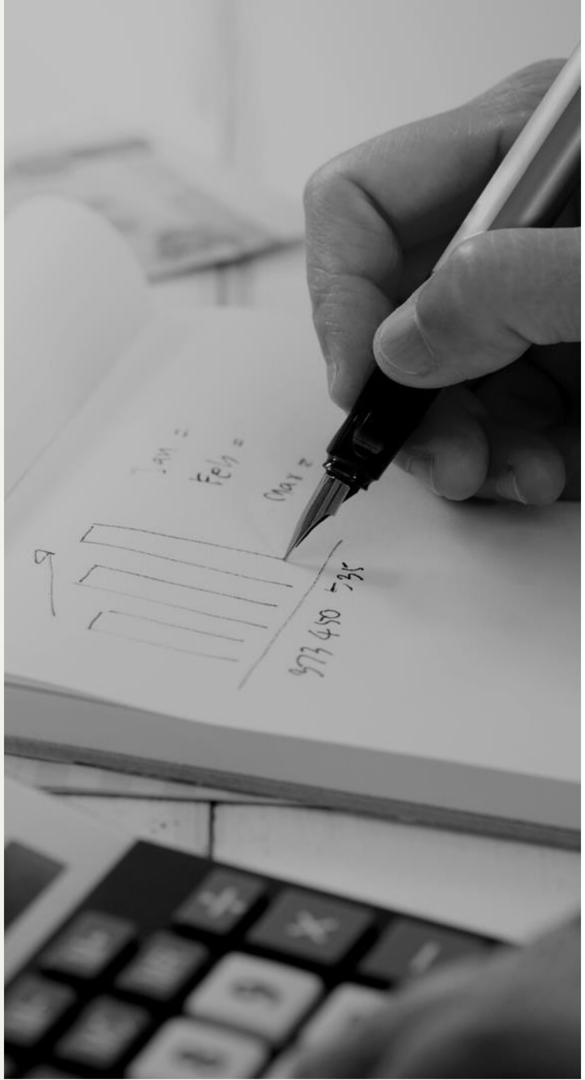
A diligent effort has been made to ensure that the content extracted from external sources has been cited and given due credit. In some cases, excerpts from the original articles have been extracted.

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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HIGHLIGHTS

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Bangladesh's well-developed digital financial services ecosystem, particularly its grassroots network of mobile money agents, has enabled millions of financial transfers at times when physical movement has been difficult.

Digital Accounts: Pace picks up as inflow crosses $2.4 billion in 13 months

Cumulative inflow under the Roshan Digital Account (RDA) reached $2.411 billion in the thirteen months since its inception, stated the State Bank of Pakistan (SBP).

Banking on Equality: SBP launches initiative in bid to improve women's financial inclusion

In a bid to promote gender diversity and inclusion in the financial sector, the State Bank of Pakistan (SBP) introduced the ‘Banking on Equality' initiative. Banking on Equality is SBP's attempt to reduce the gender gap in financial inclusion. It aims to transform the banking sector through the adoption of women-friendly business policies and practices.

NEWS ROUNDUP

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

Bangladesh's COVID-19 Response Is Taking Digital Finance to New Levels

By Snigdha Ali, Maria May

Bangladesh's well-developed digital financial services ecosystem, particularly its grassroots network of mobile money agents, has enabled millions of financial transfers at times when physical movement has been difficult. Rough estimates show that in April 2020, early in the COVID-19 pandemic, Bangladeshis opened close to 300,000 mobile financial services (MFS) accounts.

Women opened more than two-thirds of the accounts created between March and August 2020, helping close the country's considerable gender gap. Many of the transfers early in the pandemic were also conducted by people with limited digital capability. One study found that 50% of users relied on agents for support in completing a transaction.

Image Source: BRAC SIL Mobile Money Archive

*Source: Published by CGAP 7 October 2021
Click here to access the full article

Is It Possible to Estimate Financial Stress Before It Harms Borrowers?

By Anton Simanowitz, Genevieve Hennessy-Barrett, Juan Carlos Izaguirre

Collecting and monitoring lead indicators that estimate financial stress before borrowers, lenders and the overall financial sector are harmed would make it possible to take more pre-emptive action. Little research has been done to develop tools to track such indicators, but a financial stress early warning system that CGAP is piloting with a Kenya-based digital lender 4G Capital is showing early signs of success.

To test the idea out in the real world, together they have been developing and testing a customer financial stress early warning system targeting micro and small entrepreneurs in Kenya. The system they are piloting identifies customer financial stress levels based on the coping strategies they adopt.

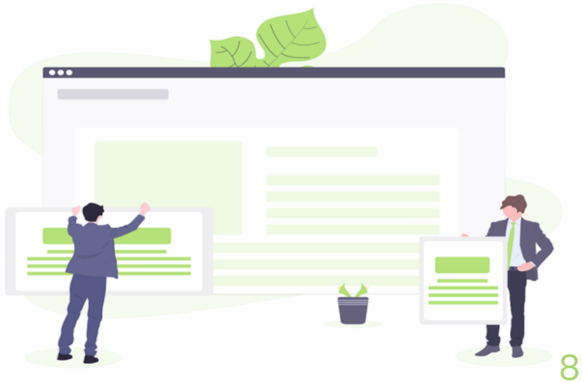
*Source: Published by CGAP 11 October 2021
Click here to access the full article

Pitfalls in MFI Digitization: Not Listening to the Customer

By Gcinisizwe Mdluli, Gerhard Coetzee

For microfinance institutions (MFIs), there are many pitfalls on the road to digitization, but one of the most common mistakes is embarking on the journey without listening to the customer. Customer-centricity is essential from the start to ensure an organization's digital solutions actually meet customers' needs and generate a return on investment.

Microfinance customers are increasingly using cell phones, gaining exposure to a wider array of digital products and becoming more technologically savvy. As MFIs conceptualize, design and prototype digital solutions, they must listen to their customers, especially vulnerable female segments, and learn about their changing preferences and needs.



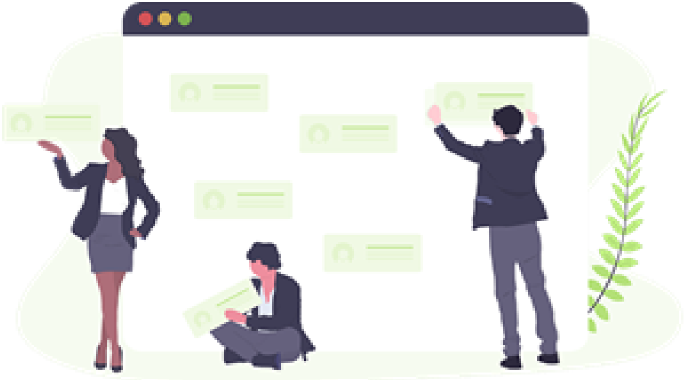
*Source: Published by CGAP 5 October 2021
Click here to access the full article

Four Ways Financial Sector Policymakers Can Promote Financial Health

By Elisabeth Rhyne

Financial sector policymakers from around the world described their increasing interest in financial health. Members of the Financial Health Working Group (FHWG) were pleased to learn that financial health or similar concepts have already been incorporated as overarching goals in several national financial inclusion or financial education strategies.

Multiple efforts are starting to measure financial health at a national level. Four ways financial sector policymakers can move toward actions that promote better financial health among citizens are to make financial health a touchstone for setting financial sector priorities, use measurement insights to target gaps, work across sectors on systemic change, and promote products and programs to support healthy financial behaviors.



*Source: Published by FinDev Gateway 5 October 2021
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Digital Accounts: Pace picks up as inflow crosses $2.4 billion in 13 months

By Ali Ahmed

Cumulative inflow under the Roshan Digital Account (RDA) reached $2.411 billion in the thirteen months since its inception, stated the State Bank of Pakistan (SBP).

As per the central bank data, an inflow of $297 million was recorded in September, over 21% higher month-on-month.

SBP data says 248,723 accounts have been opened from 175 countries during the 13-month period. On a monthly basis, the number of accounts opened increased by 12.6%.

*Source: Published by Business Recorder, 8 October 2021
Click here to access the full article

Mobilink Bank puts forth policy recommendations to foster financial inclusion in Pakistan

Pakistan's largest digital Bank, Mobilink Microfinance Bank Limited (MMBL) has put forth a 9-point agenda for the future of financial inclusion covering far-reaching and research-based recommendations in the areas of diversity & inclusion, microfinance, SME finance, housing finance, agriculture finance, digital lending, payments, savings, and insurance.

President & CEO, MMBL, commented: "The COVID-19 pandemic has made it indispensable for Pakistan to fully embrace digital transformation on a sustainable basis for wholesome socio-economic growth and development. Being an industry leader of financial inclusion in the country and as the largest digital bank, MMBL has identified key strategic areas that need immediate interventions to bring every Pakistani into the fold of financial inclusion. The development of these areas through access to finance will prove to be a game-changer for the national economy. We are committed to playing our part for the uplift of Pakistan".

*Source: Published by The Nation, 6 October 2021
Click here to access the full article

Pakistani startup Oraan raises $3m seed funding for gender-inclusive fintech

By Mutaher Khan

Oraan, a Karachi-based gender-inclusive fintech, has raised $3 million in the largest seed funding closed by a local women-led startup, according to a press statement issued by the company.

The statement said the investment was co-led by Zayn Capital and Wavemaker Partners, with participation from Resolution Ventures, i2i Ventures, Hustle Fund, Haitou Global, Plug and Play, and angels like Claire Diaz-Ortiz, a former partner at Magma Partners, who has also come on board as an adviser to the company.

Previously, the fintech had raised financing from Tharros, Zayn Capital, an angel syndicate led by Google executives, and Graph Ventures, bringing its total funding raised to date to just over $4m.

Image Source: Google Images

*Source: Published by Dawn, 27 September 2021
Click here to access the full article

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.

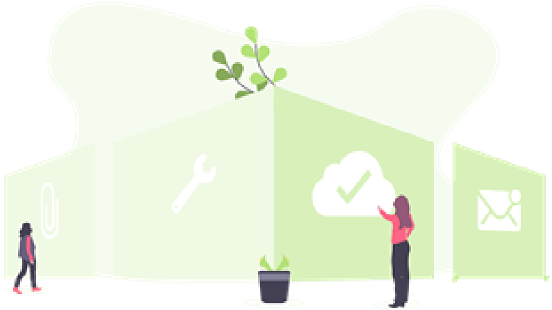
Banking on Equality: SBP launches initiative in bid to improve women's financial inclusion

In a bid to promote gender diversity and inclusion in the financial sector, the State Bank of Pakistan (SBP) introduced the 'Banking on Equality' initiative.

Pakistan President Arif Alvi in his address said women empowerment cannot be achieved without financial and digital empowerment, adding that no society can make progress until disparity is removed.

Banking on Equality is SBP's attempt to reduce the gender gap in financial inclusion. It aims to transform the banking sector through the adoption of women-friendly business policies and practices.

The SBP governor showed confidence that this initiative would also help in achieving SBP's financial inclusion objectives by bringing the excluded segments of the society in the formal banking sector.



*Source: Published by Business Recorder, 17 September 2021
Click here to access the full article

Pakistan's JazzCash to issue Mastercard debit cards

Pakistan's leading mobile account provider, JazzCash, in collaboration Mastercard, is strengthening the country's digital payments ecosystem. JazzCash users will now be able to apply for a physical or virtual Mastercard Debit Card and make payments to merchants accepting Mastercard QR payments.

The new Mastercard Debit Card will be available to all JazzCash users via a hassle-free application process. Customers will also be able to get Mastercard Virtual Cards instantly through the JazzCash app and then immediately use it for secure online payments.

Image Source: Google Images

The new set of financial solutions is set to transform Pakistan's payments industry by simplifying access to digital payments for millions of Pakistanis and driving financial inclusion among those without access to a formal bank account. Consumers will benefit from Mastercard's world-class digital solutions, with the new solutions allowing users to access digital services and make online payments safely and seamlessly.

*Source: Published by Finextra, 13 October 2021
Click here to access the full article

REDRETAIL, Telenor sign agreement: Mobile payment services being ensured at retail stores

REDRETAIL (a venture of REDtone Group) signed an agreement to enable mobile payment services at retail stores across Pakistan in partnership with Telenor Pakistan. Under the agreement, REDRETAIL will now offer mobile top-up integration with additional value-added features at kiryana stores.

Through this collaboration, consumers will have the ease to make mobile top-up related payments at their neighborhood stores. This initiative is in line with the company's aim of providing next generation financial services at kiryana stores.

Sharing her views on the agreement, Vice President, REDtone Group said, "REDRETAIL is on a mission to digitize the retail landscape and offer financial inclusion and digital services to communities across Pakistan. With over a million retail/kiryana stores across almost every corner of Pakistan; augmenting these existing channels and turning them into financial and telecommunication services hubs is how we can evolve and leapfrog as an enabled economy. We are excited to be working with Telenor Pakistan on this front."

*Source: Published by Business Recorder, 12 October 2021
Click here to access the full article

Visit no longer needed for opening bank account

The State Bank of Pakistan (SBP) has said that Pakistanis are no longer required to visit a branch for opening an account and instead can use the digital framework designed by the central bank for the purpose. “Based on the success of the Roshan Digital Account framework, the SBP has now devised a comprehensive ‘Customers’ Digital Onboarding Framework’, which will facilitate banks and Microfinance Banks (MFBs) to conveniently and remotely open bank accounts of resident Pakistanis by using digital channels including websites/portal, mobile applications, digital kiosks etc.,” said the SBP.

The SBP has advised the banking industry to implement this framework by Dec 31, 2021. The central bank is confident that this initiative will help promote digitization of banking services in the country apart from achieving the financial inclusion objectives. The framework would also provide a tool to the industry and an impetus to SBP’s initiative of Banking on Equality by bringing women into the financial system

*Source: Published by Dawn, 16 September 2021
Click here to access the full article

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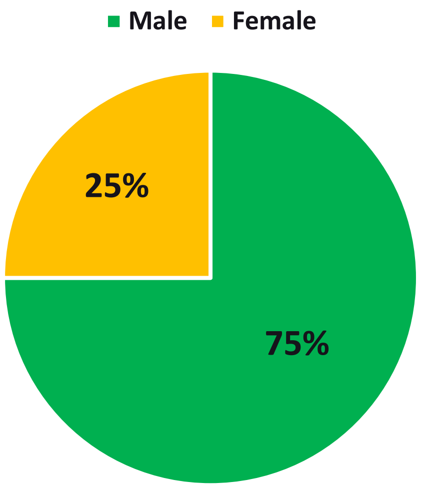
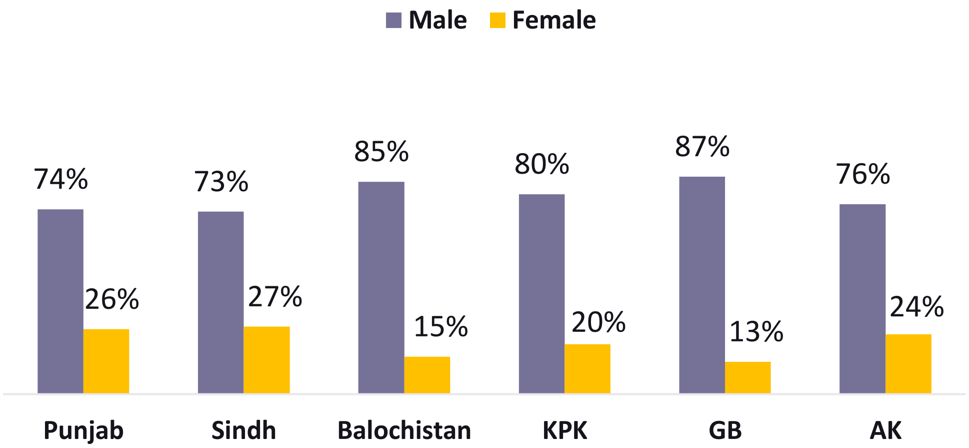
DATA VISUALIZATIONS

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 Mobile Wallet Accounts

Male vs. Female Ratio (%) 2021





*Source: Mir Nejib Rahman. State Bank of Pakistan, Monthly Statistical Bulletin and BB Quarterly Newsletters 2021
Click here for reference

Branchless Banking Mobile Wallet Accounts

Male vs. Female Ratio (%) 2021

Growth in female ratio vs. male

FY	Male	Female	%
2021	74.7%	25.3%	11.5%
2020	77.3%	22.7%	3.2%
2019	78.0%	22.0%	3.8%
2018	78.8%	21.2%	

Growth in female wallets over previous year

FY	Male	Female	%
2021	55.7m	18.8m	58.0%
2020	40.6m	11.9m	50.6%
2019	27.8m	7.9m	-4.8%
2018	30.9m	8.3m	

(FY = Financial Year (July-June), growth (%) over previous year)

*Source: Mir Nejib Rahman. State Bank of Pakistan, Monthly Statistical Bulletin and BB Quarterly Newsletters 2021
Click here for reference

Branchless Banking Mobile Wallet Accounts

Gender Gap (%) FY2018 – 2021

Gender Gap

FY	Male (mobile wallets % of total)	Female (mobile wallets % of total)	Gap %
2021	74.7%	25.3%	**49.4%**
2020	77.3%	22.7%	**54.6%**
2019	78.0%	22.0%	**56.0%**
2018	78.8%	21.2%	**57.6%**

(FY = Financial Year (July-June))

*Source: Mir Nejib Rahman. State Bank of Pakistan, Monthly Statistical Bulletin and BB Quarterly Newsletters 2021
Click here for reference

Microfinance Outreach

Gender Gap (%) Q1 – 2021

Gender Gap

	Male	Female	Total	Gap
Active Borrowers	4,023,299	3,567,831	7,591,130	**6%**
	53%	47%		

(FY = Financial Year (July-June))

*Source: Mir Nejib Rahman. State Bank of Pakistan, Monthly Statistical Bulletin and BB Quarterly Newsletters 2021
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