FINDEV CYBERLETTER

35TH 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 35th 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)

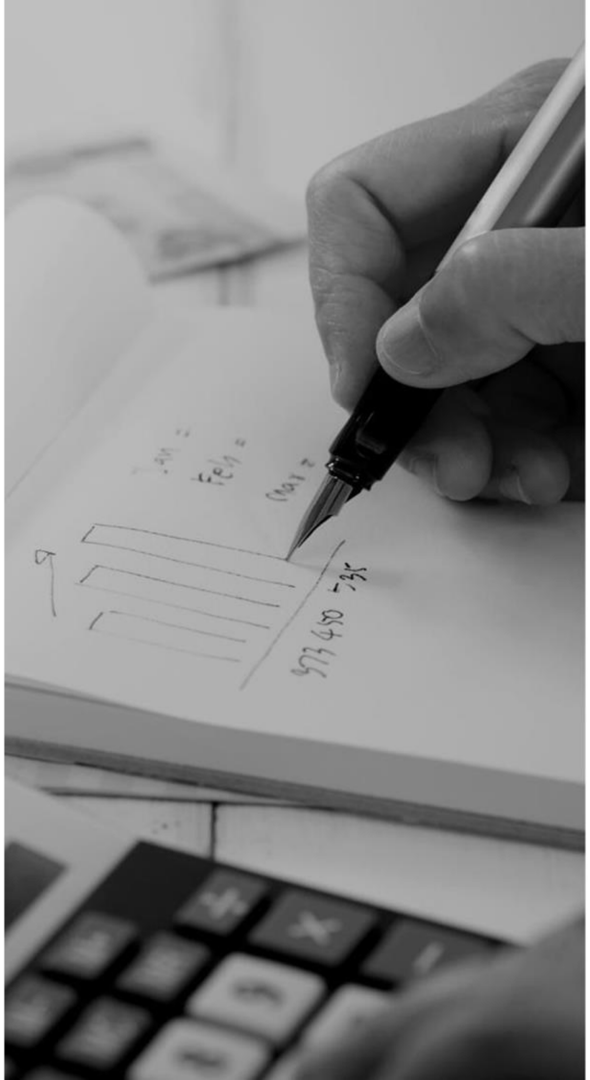


Table of Contents

NEWS ROUNDUP

INITIATIVES

DATA VISUALIZATION

Highlights

Shifting Perspectives: From Financial Inclusion to Financial Health of Forcibly Displaced Persons (FDPs)

UNHCR recently launched the first ever Indicator Report to illustrate progress on the 2018 Global Compact on Refugees (GCR), in which commitments were made to enhance refugees' self-reliance. The findings are bleak: an estimated two thirds of refugees currently live in poverty. While 75 percent of refugees legally have access to decent work, in practice this is much lower due to other restrictions.

Pakistan launches digital wallet for financial inclusion on back of biometric SIM registry

Pakistan's government has unveiled a plan to bring 50 million people into the financial system by leveraging the country's biometric registry of SIM cards, Dawn reports.

New era of digital banking begins: SBP

The State Bank of Pakistan (SBP) has introduced a framework to grant licenses for setting up wholly digital banks that will provide all the banking services, from account opening to deposit and lending, through digital means and the customers will not need to visit any branch physically.

News Roundup

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

Financial Health and Consumer Protection: Two Frameworks Converging

By Eric Duflos & Juan Carlos Izaguirre

In 2019, FSD Kenya discovered something surprising. Over the past three years, usage of formal financial services in Kenya had gone up by eight percentage points, rising from 75 to 83 percent of adults. But during that same time period, financial health had gone down, with the percentage of financially healthy adults declining from 39 to 22 percent. What happened? Around this time, FSD Kenya and CGAP also identified significant consumer protection issues in digital credit, such as lack of transparency and high delinquency and default rates. It turned out that usage of certain formal financial services was actually harmful to some people's financial health, highlighting the important link between financial consumer protection and financial wellbeing.

*Source: Published by FinDev Gateway, 7th December 2021
Click to here to access full article

WhatsApp and Algorithms: How to Get Financing to Farmers in East Africa

By Bram Willem van den Bosch & Lillian Nassanga

There are a number of reasons behind the lending gap for farmers in East Africa. First of all, the eligibility and underwriting standards are too strict. Banks in Uganda and across East Africa require registered collateral and a formal proof of income, two documents that most smallholder farmers are unable to provide since they are self-employed. And then there is the problem of efficiency. Most banks in the region are not efficient enough to make a profit from the smaller loans that farmers need, and they also take too long to approve loans. Often, farmers will not receive the money for a loan they requested until long after the season is over.

*Source: Published by FinDev Gateway, 23rd November 2021
Click to here to access full article

*Image Source: https://unsplash.com/photos/7k91OUDYAQ0

COVID-19 and Microfinance: How Digitization Helps Build Resilience

By Isabelle Barres, Gcinisizwe Mdluli

As the risks of a solvency crisis grow for smaller institutions in the microfinance sector (Tier 2 and 3 institutions), CGAP has been calling for coordination among policy makers, private funders, development finance institutions (DFIs) and donors to help mitigate the threat. As part of this call, CGAP has highlighted the need for a digitization approach that puts microfinance customers at the center. This is because digitization doesn't just improve the odds of survival for individual microfinance providers and the microfinance sector more generally. When done right, with a focus on creating value for customers, it can also improve the resilience of the people microfinance providers serve.

*Source: Published by CGAP, 6th December 2021

Click to here to access full article

MFI Digitalization: How Can DFIs and IFIs Contribute?

By Roberta Lesma

In the European Investment Bank's (EIB's) latest Finance in Africa report, EIB and CGAP review the state of the African microfinance sector in the context of the COVID-19 crisis. As the authors highlight, digitalization has boosted the resilience of African microfinance providers and helped them to continue serving their clients. However, the microfinance sector is not out of the woods yet. The full impacts of the pandemic will take time to unwind, and even large, well-established institutions may struggle to relaunch their lending operations as they deal with non-performing loans on their books. What needs to be in place to ensure that digitalization can continue to drive financial inclusion in Africa? How can development finance institutions (DFIs) and international financial institutions (IFIs) like the EIB contribute to successful digital transformation of the financial sector?

*Source: Published by CGAP, 2nd December 2021
Click to here to access full article

Shifting Perspectives: From Financial Inclusion to Financial Health of Forcibly Displaced Persons (FDPs)

By Linnea Kreibohm, Barri Shorey, Hans-Martin Zademach & Kim Wilson

UNHCR recently launched the first ever Indicator Report to illustrate progress on the 2018 Global Compact on Refugees (GCR), in which commitments were made to enhance refugees' self-reliance. The findings are bleak: an estimated two thirds of refugees currently live in poverty. While 75 percent of refugees legally have access to decent work, in practice this is much lower due to other restrictions. For instance, at least one third of refugees are not allowed to move freely. The economic downturn resulting from the pandemic has affected forcibly displaced persons (FDPs) more severely, as they are often confined to working in informal sectors with no social protection or benefits and therefore face higher income losses. The highest losses were for refugee women who faced the triple disadvantage of gender discrimination, displacement and COVID-19.

*Source: Published by FinDev Gateway, 13th December 2021
Click to here to access full article

Understanding The Role Of Data Intelligence In Financial Inclusion

By Michel Kilzi

In 2018, Domo predicted that every human would create at least 1.7MB of data per second during 2020. It's unclear exactly how the pandemic impacted this number, but it is clear that the pandemic spurred an influx of customers turning to digital and mobile channels — and fintech solutions often provided a lifeline that was previously underappreciated by many segments of society. Financial inclusion went from a nascent ambition of finding solutions for generic problems to a ubiquitous and explicit solutions source, tailored to serve distinctive communities with very specific needs.

*Source: Published by Forbes, 14th December 2021
Click to here to access 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.

MMBL’s ambition for driving digital and financial inclusion highlighted at DevFest 2021

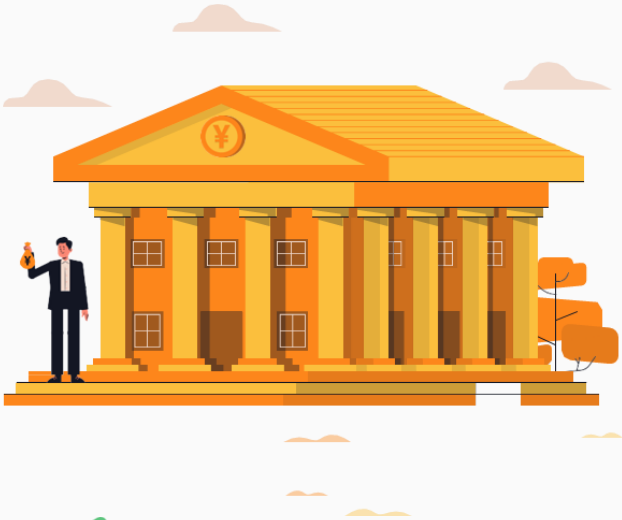
By Usman Aslam

Pakistan’s largest digital bank, Mobilink Microfinance Bank Limited’s (MMBL’s) efforts for accelerating socio-economic growth by promoting digital and financial inclusion in the country were highlighted at the 6th Annual DevFest 2021, organized by Google Developers Groups Islamabad at the National University of Sciences and Technology (NUST), Islamabad.

*Source: Published by TechJuice, 3rd January 2022,
Click to here to access full article

New era of digital banking begins: SBP

By Shahid Iqbal



The State Bank of Pakistan (SBP) has introduced a framework to grant licences for setting up wholly digital banks that will provide all the banking services, from account opening to deposit and lending, through digital means and the customers will not need to visit any branch physically.

"The SBP has set the stage for the dawn of a new era for banking in Pakistan with the introduction of a Licensing and Regulatory Framework for digital banks in line with international best practices," said the central bank in a statement on Monday.

*Source: Published by Dawn, 4th January 2022
Click to here to access full article

Pakistan launches digital wallet for financial inclusion on back of biometric SIM registry

By Chris Burt

Pakistan's government has unveiled a plan to bring 50 million people into the financial system by leveraging the country's biometric registry of SIM cards, Dawn reports.

The Asaan Mobile Account (AMA), a digital wallet service led by the State Bank of Pakistan, and operated in cooperation with the Pakistan Telecommunications Authority, the country's Virtual Remittance Gateway (VRG) and 13 banks offering branchless services.

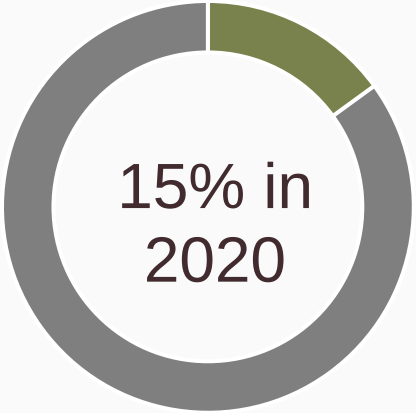
*Source: Published by Biometric Update, 15th December 2021
Click to here to access full article

Data Visualization

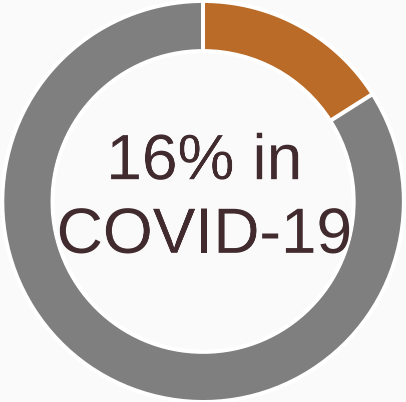
RESEARCH BACKED BY CONCRETE DATA NOT ONLY INCREASES ITS CREDIBILITY BUT ALSO HELPS PAINT AN ACCURATE PICTURE OF A PARTICULAR SITUATION. THIS SECTION CONTAINS GRAPHICAL REPRESENTATIONS ON VARIOUS TOPICS.

ACTIVITIES OF BANK ACCOUNT OWNERS

(Shown: Percentage of adults, N=3,567)

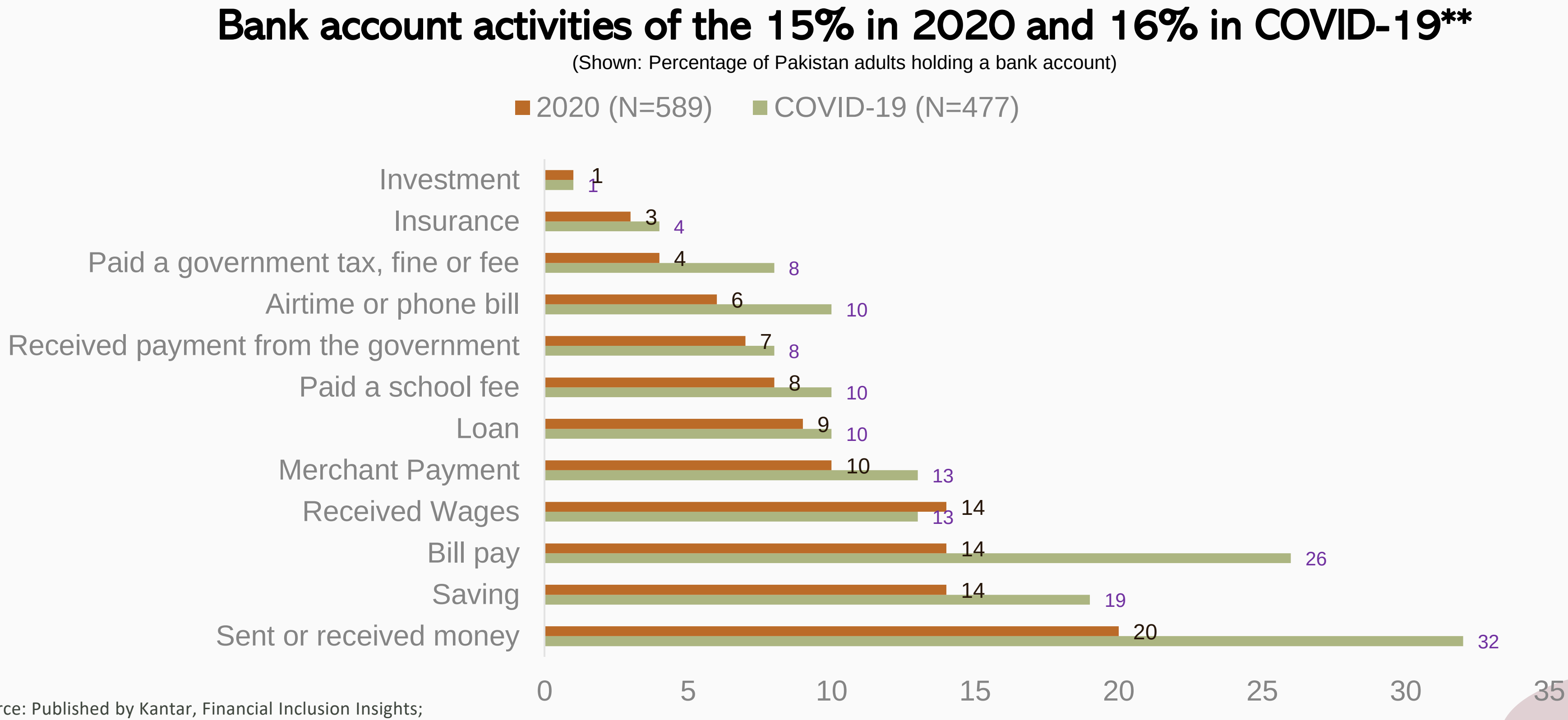


(Shown: Percentage of adults, N=3,144)



*Source: Published by Kantar, Financial Inclusion Insights; COVID-19 Impact Study
Click to here access full article

ACTIVITIES OF BANK ACCOUNT OWNERS



*Source: Published by Kantar, Financial Inclusion Insights; COVID-19 Impact Study
Click to here access full article

**Please refer to previous slide

MOBILE PHONE OWNERSHIP DEMOGRAPHICS

Change in mobile phone ownership by demographic

(Shown: Percentage of each demographic group who are phone owners)

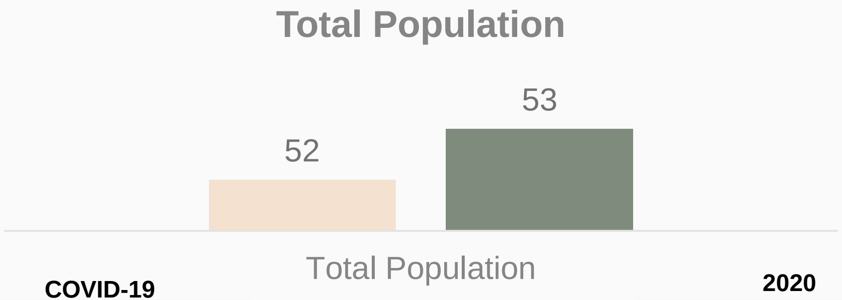
COVID-19

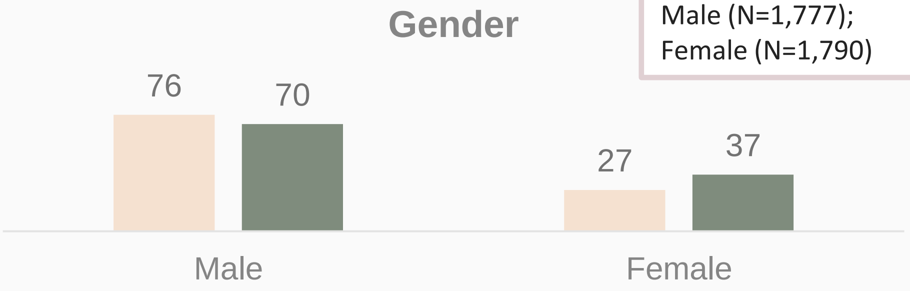
Male (N=1,549);
Female (N=1,595)

2020

Male (N=1,777);
Female (N=1,790)

2020 (N=3,567) COVID-19 (N=3,144)



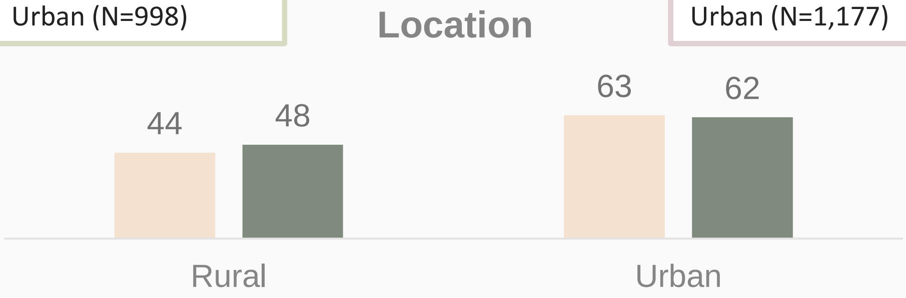


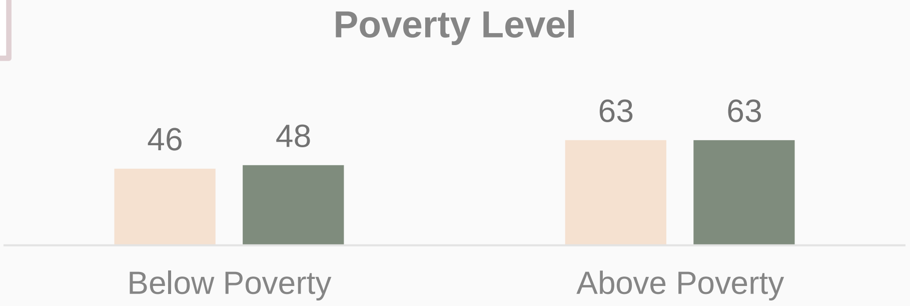
COVID-19

Rural (N=2,146),
Urban (N=998)

2020

Rural (N=2,390),
Urban (N=1,177)





COVID-19

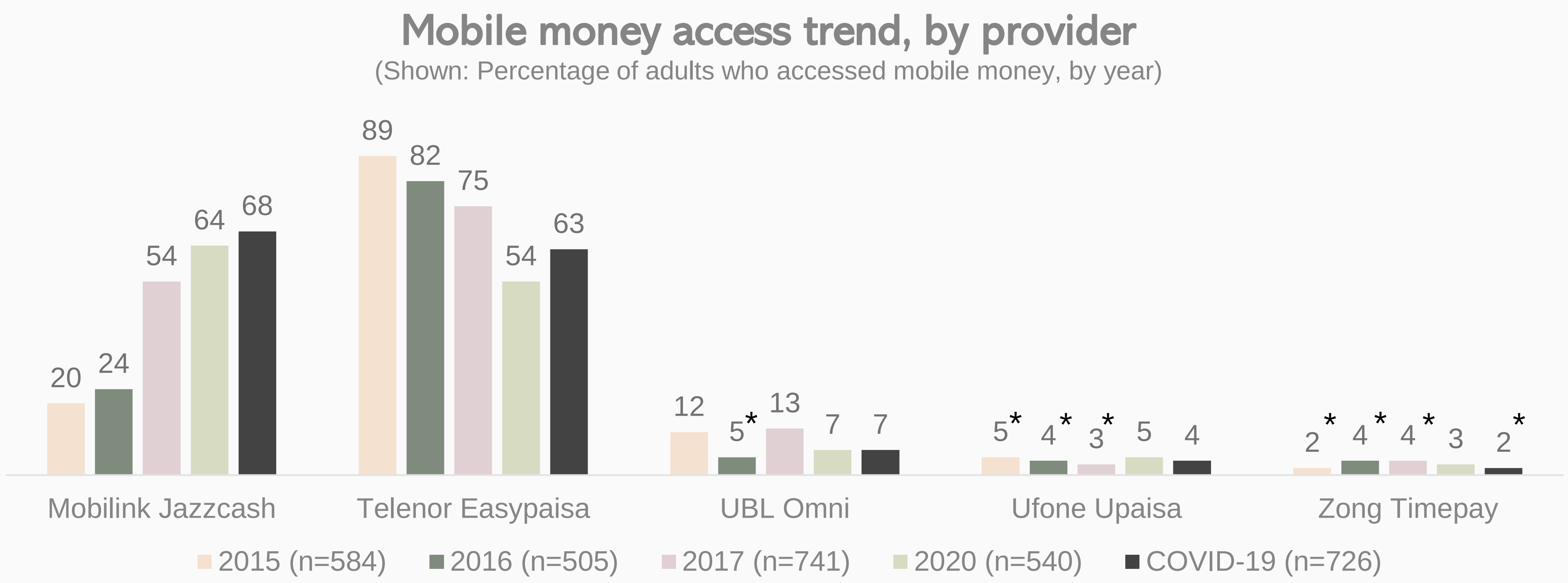
Below poverty (N=2,251),
Above poverty (N=893)

2020

Below poverty (N=2,524),
Above poverty (N=1,043)

*Source: Published by Kantar, Financial Inclusion Insights; COVID-19 Impact Study
Click to here access full article

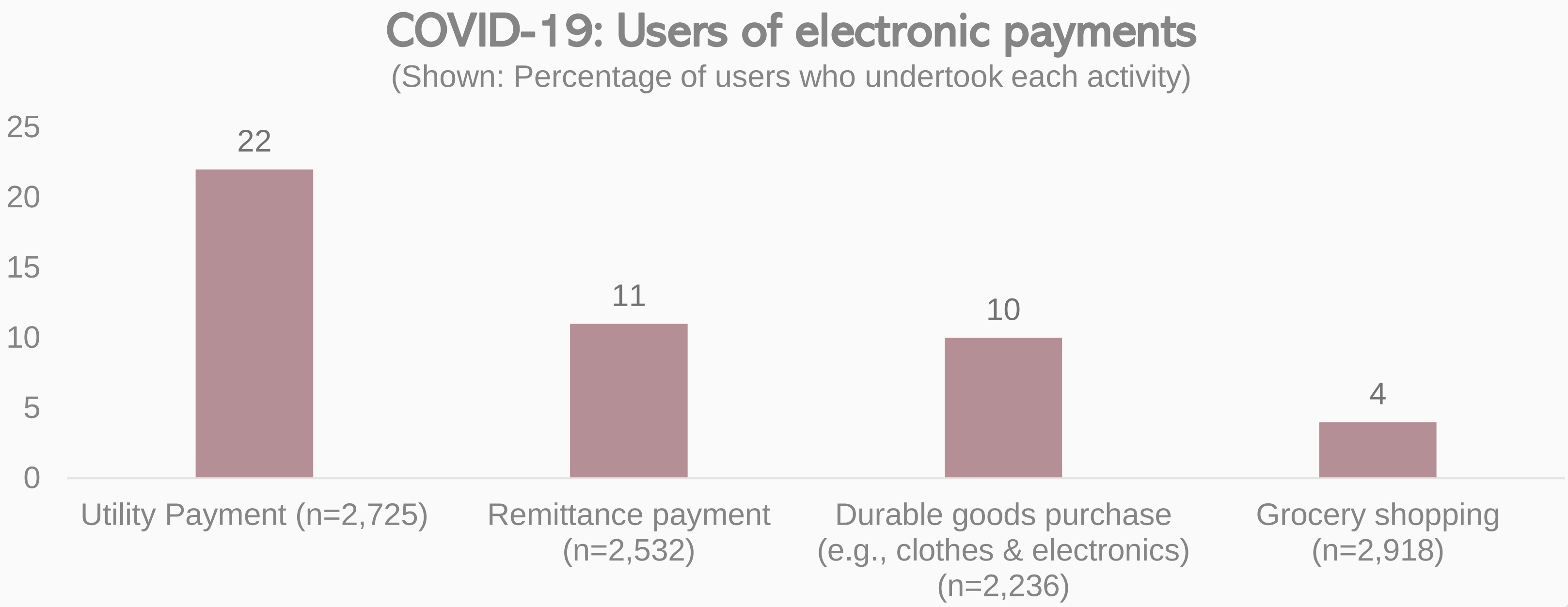
MOBILE MONEY PROVIDERS



*Source: Published by Kantar, Financial Inclusion Insights; COVID-19 Impact Study
Click to here access full article

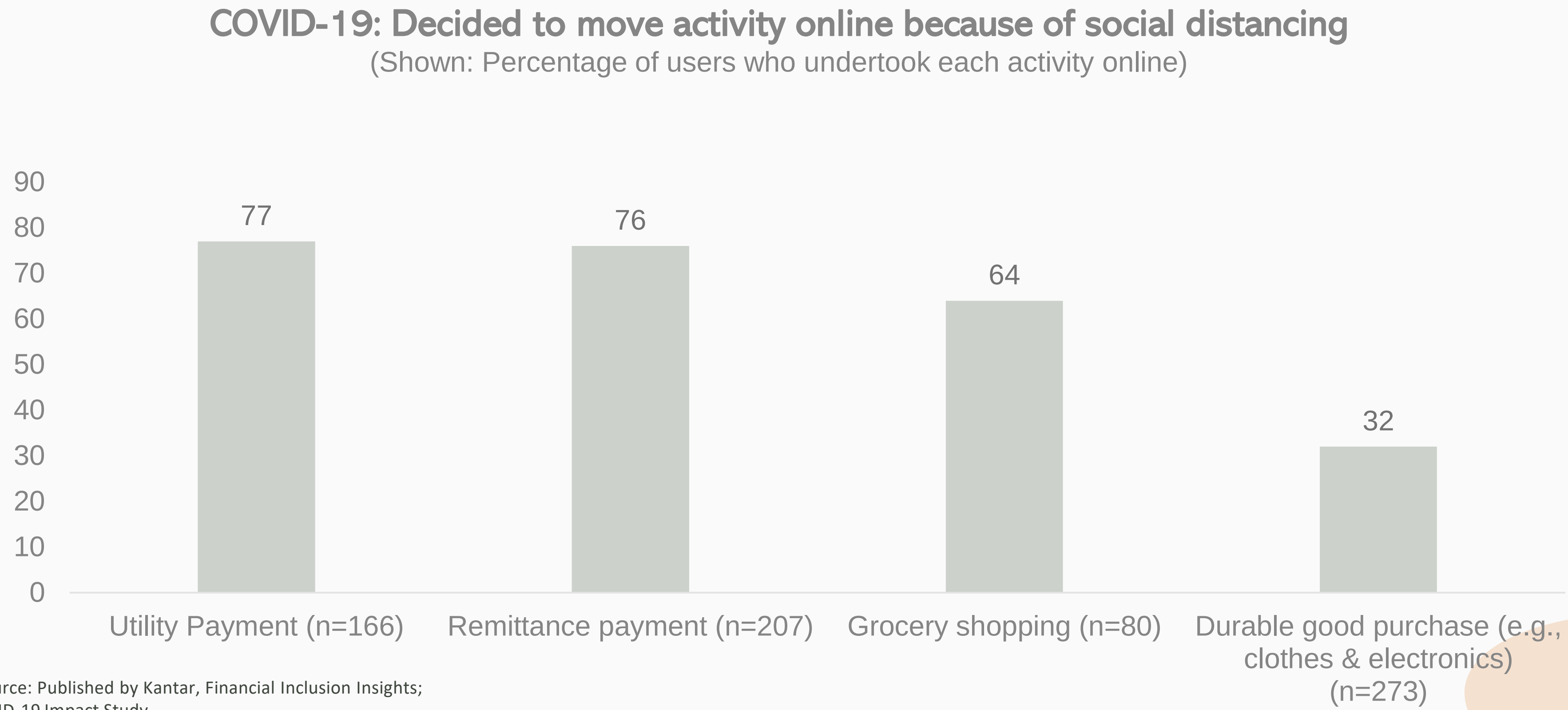
*Fewer than 50 observations

COVID-19 IMPACT ON PURCHASING BEHAVIOR



*Source: Published by Kantar, Financial Inclusion Insights;
COVID-19 Impact Study
Click to here access full article

COVID-19 IMPACT ON PURCHASING BEHAVIOR



*Source: Published by Kantar, Financial Inclusion Insights; COVID-19 Impact Study
Click to here access full article

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

www.gallup.com.pk/

/GallupPak

@GallupPak

caf@gallup.com.pk