FINDEV CYBERLETTER

41ST EDITION

HIGHLIGHTS

REMITTANCES GROW 5% IN 2022, DESPITE GLOBAL HEADWINDS

REMITTANCES TO LOW- AND MIDDLE-INCOME COUNTRIES GREW AN ESTIMATED 5% TO $626 BILLION, SHARPLY LOWER THAN THE 10.2% INCREASE IN 2021

ISLAMIC FINANCE INDUSTRY TO HIT $5.9TN BY 2026

THE GLOBAL ISLAMIC FINANCE INDUSTRY IS EXPECTED TO REACH $5.9TN BY 2026, DRIVEN BY ISLAMIC BANKS AND SUKUKS ACCORDING TO THE 2022 ISLAMIC FINANCE DEVELOPMENT INDICATOR (IFDI)

FAYSAL BANK, BANK OF KHYBER PARTNER TO OFFER DIGITAL PAYMENT SERVICES

THE PROMISE OF FINTECH FOR MICRO AND SMALL ENTERPRISES - A NEW REPORT BY CGAP

NEW TECHNOLOGIES ARE TRANSFORMING THE FINANCIAL SECTOR, AND SOME COULD BE THE KEYS TO ENABLING BUSINESS MODELS THAT CAN OVERCOME TRADITIONAL BARRIERS TO MSE FINANCE

SUSTAINABLE FINANCE TAXONOMIES

ONGOING GOVERNMENT-LED EFFORTS TO DEVELOP SUSTAINABLE FINANCE TAXONOMIES OFFER A UNIQUE OPPORTUNITY TO PROMOTE INVESTMENT FOR THE CONSERVATION AND PRESERVATION OF NATURE SIMPLY BY INTEGRATING NATURE-RELEVANT ECONOMIC ACTIVITIES

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 41st 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 and around the world.
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 sources have been extracted. To access the original sources, 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

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

Remittances Grow 5% in 2022, Despite Global Headwinds

Remittances to low- and middle-income countries withstood global headwinds in 2022, growing an estimated 5% to $626 billion. This is sharply lower than the 10.2% increase in 2021. A reopening of host economies as the COVID-19 pandemic receded supported migrants' employment and their ability to continue helping their families back home. Rising prices, on the other hand, adversely affected migrants' real incomes. Also influencing the value of remittances is the appreciation of the ruble, which translated into higher value, in U.S. dollar terms, of outward remittances from Russia to Central Asia.

Source: Published by www.worldbank.org November 30, 2022. Click here to access full article

Islamic finance industry to hit $5.9tn by 2026

The global Islamic finance industry is expected to reach $5.9tn by 2026, from $4tn in 2021 driven by Islamic banks and Sukuks according to the 2022 Islamic Finance Development Indicator (IFDI). The indicator is a composite weighted index that measures the overall development of the Islamic finance industry. According to the indicator, Islamic banking currently holds 70 percent of the global Islamic finance industry while Sukuk's grew by 14% in 2021 to $713bn. Islamic funds, the third biggest sector, saw standout growth of 34% to $238bn worth of assets under management in 2021

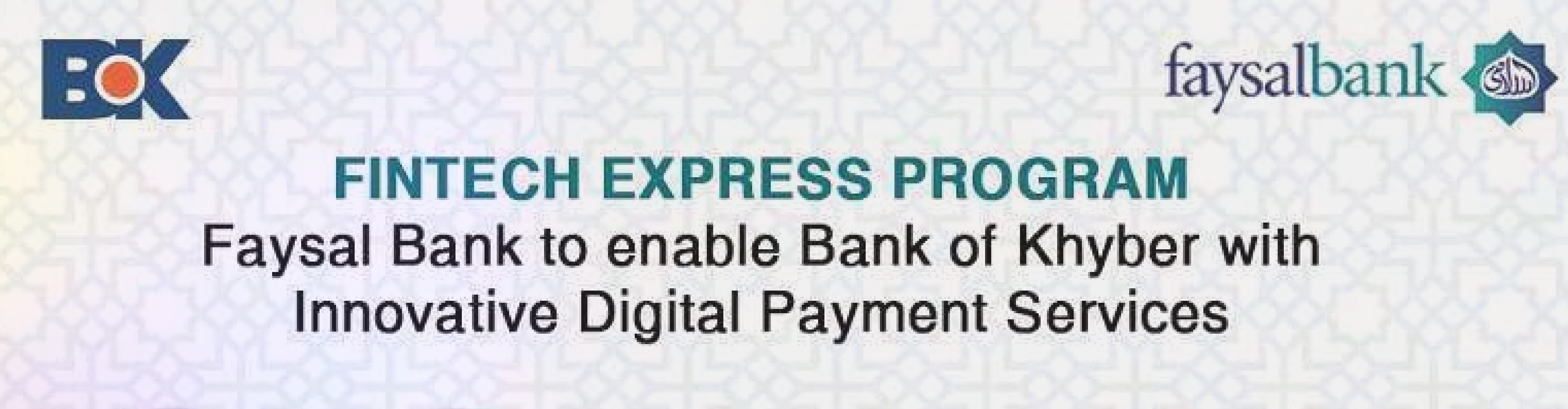
Source: Published by www.arabianbusiness.com November 29, 2022. Click here to access full article

Japanese fintech leader Smartpay first to launch the next phase of digital consumer finance through open banking

Japan-based fintech Smartpay has launched Smartpay Bank Direct, the country's first digital consumer finance service that allows customers to pay for online installment purchases straight from their bank accounts. Smartpay Bank Direct emphasizes user security while delivering convenience for the consumer, through a network of 67 partner banks across Japan.

While Japan remains the third wealthiest country in the world, it has one of the highest credit card penetration rates in Asia, with over 60% of transactions completed in cash.

Source: Published by www.prnewswire.com December 26, 2022. Click here to access full article



Faysal Bank, Bank of Khyber partner to offer digital payment services

Faysal Bank's Fintech Express Program is focused on identifying financial institutions and aiding their customers' digital journey through innovative technologies. With this partnership, Bank of Khyber will leverage Faysal Bank's Fintech Express Program to accelerate the customers' digital journey and provide its customer accessibility to a host of digital solutions to aid their banking needs.

Source: Published by pkrevenue.com December 2, 2022. Click here to access full article

INITIATIVES

CONSTANT WORK IS BEING UNDERTAKEN BY EXPERTS, GOVERNMENTS, AND RESEARCH ORGANIZATIONS TO ENHANCE UNDERSTANDING AND FIND SOLUTIONS TO CHALLENGES ENCOUNTERED WITHIN THE FINANCIAL SERVICES INDUSTRY. THIS SECTION COVERS SOME OF THESE RESEARCH FINDINGS

The Promise of Fintech for Micro and Small Enterprises - A new report by CGAP

Nearly 500 million micro and small enterprises (MSEs) are estimated to be operating around the world. Access to credit and other financial services is critical to the growth and sustainability of these businesses, and consequentially to the low-income and vulnerable populations which rely on MSEs for their livelihoods. Yet despite decades of efforts and some notable successes in expanding MSE finance, the credit gap remains an estimated 4.9 trillion U.S. dollars.

New technologies are transforming the financial sector, and some could be the keys to enabling business models that can overcome traditional barriers to MSE finance: high operating expenses, low lifetime customer value, and credit risk uncertainty. This reading deck highlights technological trends and fintech business models with high potential to reach underserved MSEs with improved and responsible financial services.

Source: Published by www.cgap.org December, 2022. Click here to access full article

Sustainable finance taxonomies - a common language to shift finance towards nature-positive investments

A new WWF report, "When Finance Talks Nature", reveals that while a growing number of countries are developing government-led sustainable finance investment frameworks, the majority of these fail to adequately address nature loss. Of the 14 taxonomies currently under development in G20 countries, only six include or plan to include nature-related environmental objectives for the most impactful industry sectors. Ongoing government-led efforts to develop sustainable finance taxonomies offer a unique opportunity to promote investment for the conservation and preservation of nature simply by integrating nature-relevant economic activities

Source: Published by wwf.panda.org December 5, 2022. Click here to access full article

Finclusion Group rebrands to bolster financial inclusion in Africa

Finclusion Group, which is boosting financial inclusion in Africa, has rebranded to Fin and closed a $2m equity round. Fin has earmarked the capital to add new territories to its business, as well as create new offerings. One area it is particularly interested in is the support of microfinance banks.

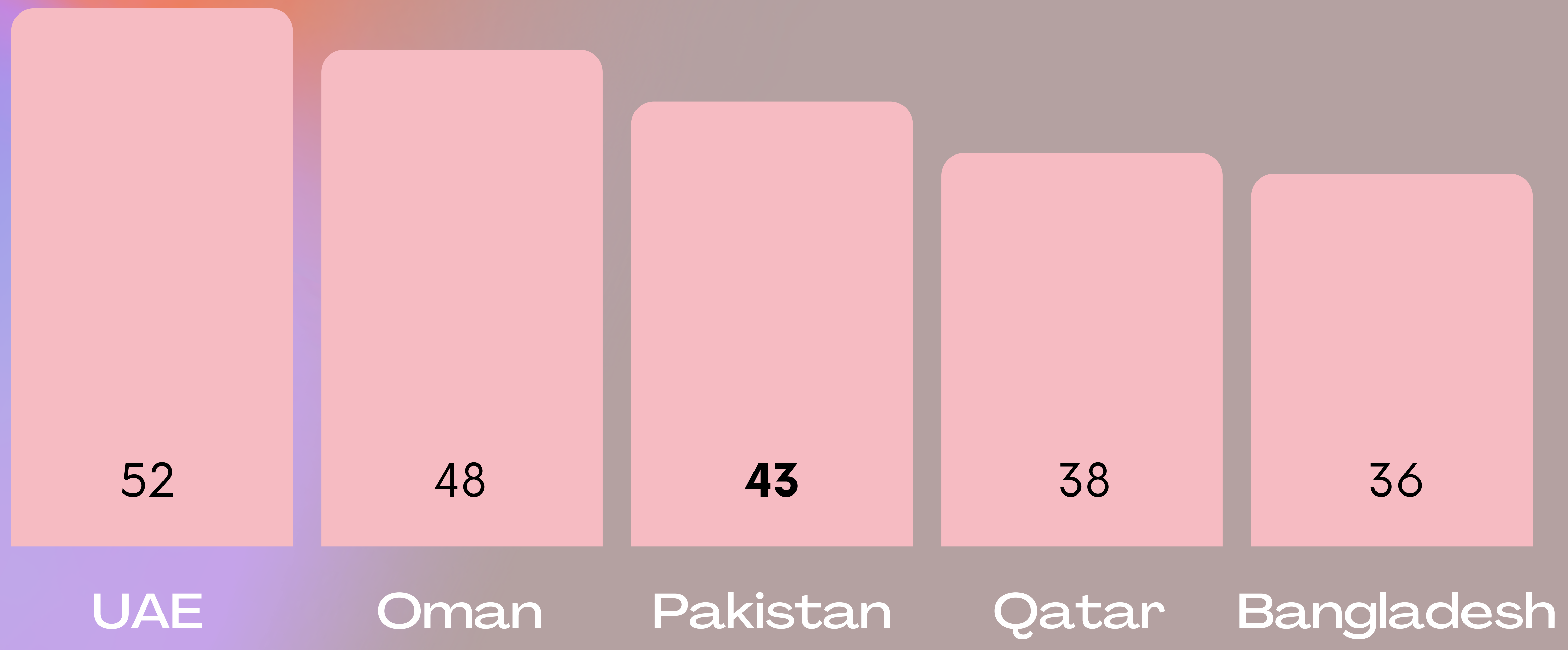
The neobank currently offers credit, insurance, BNPL and other financial services. In the new year, the company hopes to provide microfinance banks with tools to improve their operations. For example, services to allow higher credit or better savings tools.

Source: Published by fintech.global December 9, 2022. Click here to access full article

DATA VISUALIZATIONS

Islamic Finance Development Indicator 2022: Pakistan ranks 8th out of the top 15 IFDI countries, with a score of 43, showing better performance in Islamic finance industry indicators than Qatar.

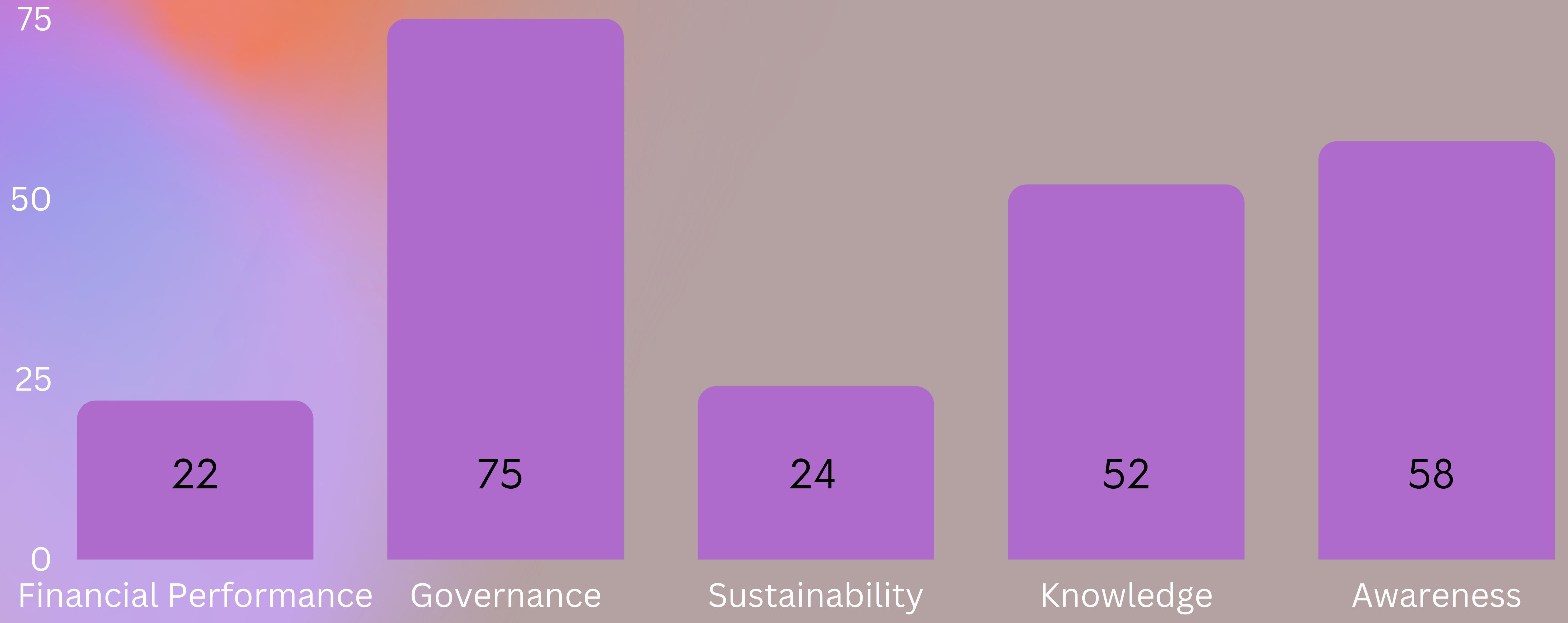
The IFDI score is based on financial performance, financial governance, financial sustainability, knowledge and awareness.



Source: Islamic Finance Development Indicator Report 2022

Islamic Finance Development Indicator 2022: Pakistan shows relatively higher performance in the governance indicator

Islamic financial governance, seems to be Pakistan's forte, whereas social respondibility and economic governance (falling under the 'sustainability' indicator, appear to be a weak spot.



Source: [Islamic Finance Development Indicator Report 2022]

GALLUP PAKISTAN

Affiliated with Gallup International

Pakistan's Foremost Social Research Lab

http://www.gallup.com.pk

/GallupPak

/GallupPak

caf@gallup.com.pk