FINDEV CYBERLETTER

43RD EDITION

HIGHLIGHTS

ON THE VERGE OF A DIGITAL BANKING REVOLUTION IN THE PHILIPPINES

ISDB PRESIDENT AND PAKISTAN'S FEDERAL MINISTER OF ECONOMIC AFFAIRS SIGN MOU FOR 3-YEAR COUNTRY ENGAGEMENT FRAMEWORK

THIS IS BASED ON PILLARS OF SUPPORTING SOFT AND HARDWARE INFRASTRUCTURE DEVELOPMENT; IMPROVING PRODUCTIVITY IN AGRICULTURE AND FOOD SECURITY; IMPROVING ACCESS TO FINANCE

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FINANCIAL INCLUSION HELPS RURAL HOUSEHOLDS ADDRESS CLIMATE RISK

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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 43rd issue of the FinDev Cyberletter series (For May). 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)

NEWS ROUNDUP

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

ON THE VERGE OF A DIGITAL BANKING REVOLUTION IN THE PHILIPPINES

Recognizing that fostering fintech innovation will be vital to achieve their ambitious goals for financial inclusion,2 regulators are laying the necessary groundwork for digital financial services and digital-first business models. The sectoral regulator has recently introduced new digital banking licenses,

created a real-time payments system, and established a standardized QR network. Digital start-ups are proliferating; traditional banks are investing in their digital offerings; and foreign banks and fintech service providers are expanding their presence in the Philippines.

Source: Published by www.mckinsey.com May 3, 2023. Click here to access full article

SENDSPEND SPEARHEADS INTERNATIONAL FINANCIAL INCLUSION BY PARTNERING WITH BANK ALFALAH FOR REAL-TIME MONEY TRANSFER FROM THE UK TO PAKISTAN

Bank Alfalah, one of the largest commercial banks in Pakistan, has collaborated with SendSpend, headquartered in London, United Kingdom (UK), to launch a state-of-the-art, international remittance service. The cloud-based service allows immediate and effortless money transfers from the UK to Pakistan through mobile phones, allowing individuals and businesses to send and receive money internationally more conveniently than ever. Through its partnership with SendSpend, Bank Alfalah is equipping the users of 17 different mobile wallets in Pakistan to not just receive funds internationally but also the possibility to use Bank’s over 900 ATMs nationwide to cash out. Users will also be able to have the funds transferred directly into the bank account of their choice in any bank.

Source: Published by www.ffnews.com May 4, 2023. Click here to access full article

JAZZCASH, CBA PARTNER TO PROMOTE DIGITAL FINANCIAL SERVICES

In a recent development, JazzCash and Community Business Agent (CBA) have formed a partnership to provide Cash-In and Cash-Out services to JazzCash customers through CBA’s retail network. The CEO of CBA, Ghazanfar Ali Khan, emphasized the company’s commitment to elevating micro-entrepreneurship and helping small and medium-sized enterprises (SMEs) to scale upwards and achieve financial sustainability. He underscored CBA’s dedication to continuous improvement, innovation, and collaboration to play a more significant and impactful role in the industry.

Source: Published by www.propakistani.pk May 8, 2023. Click here to access full article

ISDB PRESIDENT AND PAKISTAN'S FEDERAL MINISTER OF ECONOMIC AFFAIRS SIGN MOU FOR 3-YEAR COUNTRY ENGAGEMENT FRAMEWORK

Kingdom of Saudi Arabia, the Government of the Islamic Republic of Pakistan and the Islamic Development Bank (IsDB) have signed a Memorandum of Understanding to launch the process for preparing the IsDB Group Country Engagement Framework (CEF) for the country that covers 2023-2025. This new IsDB CEF for Pakistan is based on three main pillars namely i) supporting soft and hardware infrastructure development; ii) improving productivity in agriculture and food security; iii) improving access to finance for the private sector with a special focus on SMEs.

Source: Published by www.isdb.org May 14, 2023. Click here to access full article

SECP AMENDS NBFC REGULATIONS TO ADAPT TO NEW TECHNOLOGIES

The Securities and Exchange Commission of Pakistan (SECP) has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008, with a view to promote the development of the digital financial environment and financial inclusion.
For the introduction of digital fund management, lending platforms, and trustee services, enabling provisions have been made. These provisions are designed to make it easier for digital technologies to be used in order to increase accessibility, efficacy, and cost-effectiveness.

Source: Published by www.brecorder.org May 18, 2023. Click here to access full article

THE G20 CAN BRIDGE INDIA'S DIGITAL FINANCIAL SERVICE GAP

The G20 has recognized financial inclusion as a fundamental driver of economic growth, which reduces economic vulnerability and poverty and enhances people's quality of life. Digital financial services can also fill the gap in improving access to financial services through the G20 High-Level Principles for Digital Financial Inclusion. Doing so would help achieve the gender equality goal of sustainable development. Continued efforts towards advancing financial inclusion policies are crucial to promote empowerment and inclusive growth.

Source: Published by www.eastasiaforum.org May 18, 2023. Click here to access full article

SECURING DIGITAL FINANCE IN POST-CONFLICT CENTRAL AFRICAN REPUBLIC

Access to internet connectivity is very low in the Central African Republic and access to stable electricity is just as bad. Yet, the country is pursuing digitalization as a solution to the lack of financial services in its post-conflict environment. Endeavors like using Bitcoin and Sango Coin—both of which heavily depend on internet connectivity—as legal tender, coupled with low cybersecurity awareness raises questions about the viability of such digital solutions. How the government promotes security as part of its digital transformation of financial services will be very important to the future of the country’s citizens.

Source: Published by www.carnegieendowment.org May 22, 2023. Click here to access full article

MOBILINK BANK, HASHOO FOUNDATION SIGN MOU

Mobilink Bank and Hashoo Foundation (HF) have signed a Memorandum of Understanding (MoU) to jointly enhance financial inclusion for Micro, Small and Medium Enterprises (MSMEs).

This collaboration strives to empower MSMEs supported and trained by Hashoo Foundation, fostering their entrepreneurial journey. Mobilink Bank, through this partnership, is committed to enabling the growth and success of small businesses amidst a rapidly evolving economic landscape.

Source: Published by www.brecorder.org May 23, 2023. Click here to access full article

NBP CUSTOMERS ADOPTING DIGITAL BANKING SUCCESSFULLY

The National Bank of Pakistan has unequivocally recognized and commended the ground-breaking accomplishments of its Digital Champion campaign. The bank deeply appreciates its esteemed digital ambassadors whose unwavering commitment and outstanding efforts were instrumental in successfully directing NBP customers toward adopting digital banking. The campaign's resounding success is evidenced by the activation of over 250,000 debit cards through the mobile app in 8 months, which was made possible by a massive effort of 7500 NBP staff from 98% of the branches.

Source: Published by www.brecorder.org May 28, 2023. 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

FINANCIAL INCLUSION AND REMITTANCE SERVICES: A CROSS-COUNTRY ANALYSIS

Using the Global Findex survey data, the various factors that may impact the use of banks and digital channels for remitting money have been explored. The cross-country analysis shows that while many people send/receive remittances in low-income countries, they are still transmitted through informal channels. In India, it is observed that the use of financial institutions/mobiles as remittance channels have improved from 2017 to 2021, especially for the lower-income people. The econometric analysis conducted for both conventional and digital modes of remittance transmission shows that while the banking infrastructure matters for formal remittance transmission, the poorer countries are able to address the problem of lack of adequate infrastructure by using the mobile platform.

Source: Published by www.epw.in May 20, 2023. Click here to access full article

FINANCIAL INCLUSION HELPS RURAL HOUSEHOLDS ADDRESS CLIMATE RISK

Financial inclusion plays an important role in helping households manage risks, but its role in mitigating climate risks is unexplored. Access to formal financial institutions in regions with high climate risks increases households' access to liquidity that they need to buffer against climate shocks. Using longitudinal data from 1082 rural households located in the semi-arid tropics in India, we find that households facing high climate risks hold a higher proportion of assets in liquid form. Access to formal financial services, however, reduces the need to keep liquid assets to be able to respond to high climate variability. Our results suggest that expanded financial inclusion in regions with high climate variability can reallocate resources held in unproductive liquid assets to invest in climate adaptation.

Source: Published as a research article by www.nature.com May 16, 2023. Click here to access full article

SETTING UP FUNDERS TO ADVANCE INCLUSIVE FINANCE: 5 RECOMMENDATIONS

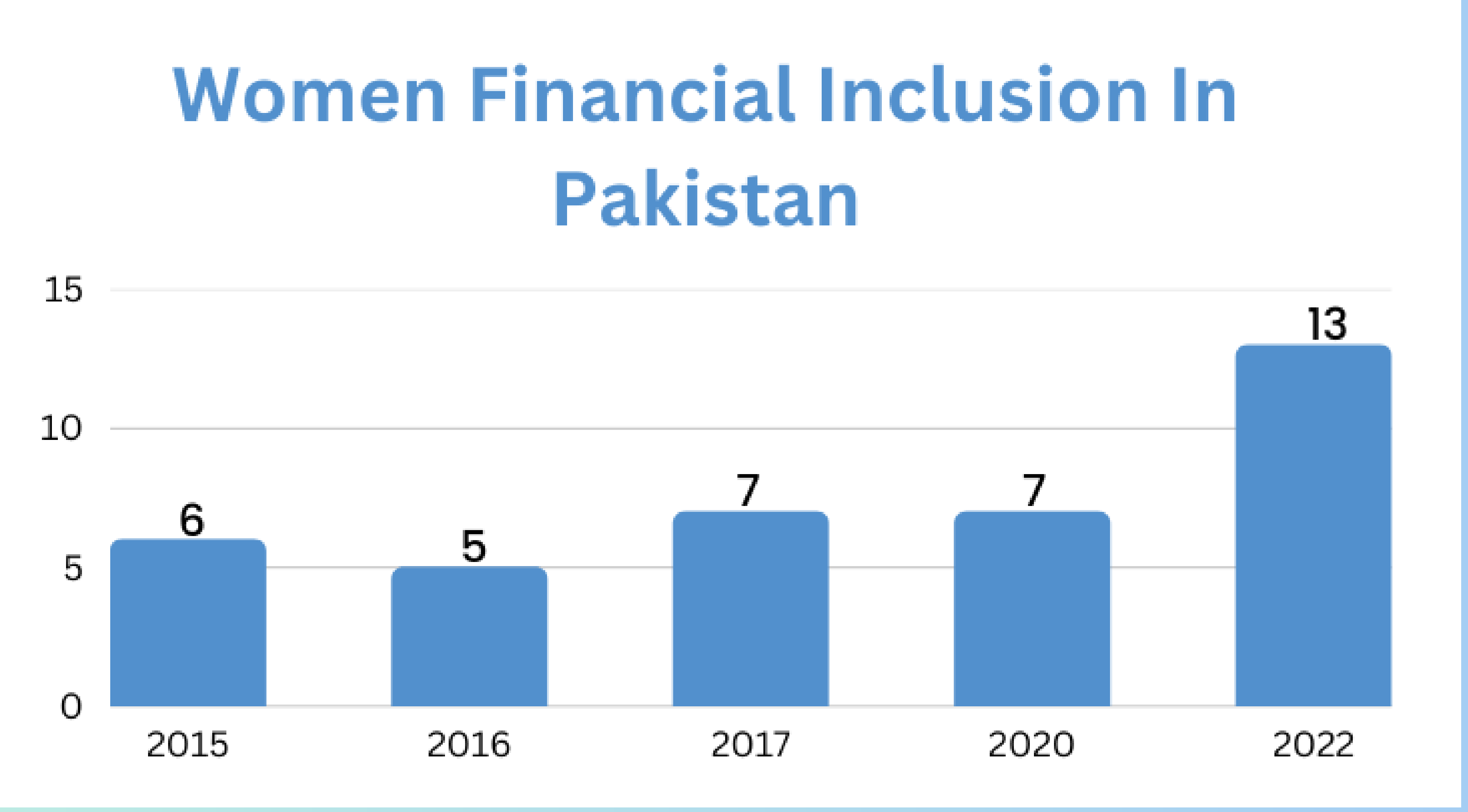
Development funders play an important role in advancing inclusive finance: with around 3,000 active projects and total commitments of more than USD 45 billion, they influence the dynamics of financial systems and help transform the way these systems work to include and serve people living in poverty. Because financial systems are constantly evolving, however, funders need to continue thinking about and adapting their roles. The 5 recommendations are: 1. Impact narratives elevate inclusive finance as a priority and help staff identify opportunities; 2. A focal point for inclusive finance can be a key asset to steer the development of the inclusive finance portfolio, even when the focal point is not directly designing projects; 3. Systematically analyzing root causes of financial exclusion during project design helps identify entry points for transformational change; 4. Supporting financial services providers can be even more transformational when funders plan for scaling impact beyond their partners; 5. Semi-annual portfolio analysis is essential to identifying and responding to lessons learned.

Source: Published by www.cgap.org May 30, 2023. Click here to access full article

DATA VISUALIZATIONS

Women's Financial Inclusion in Pakistan has increased from 6% in 2015 to 13% in 2022.

The level of financial inclusion for women in Pakistan almost doubled between 2020 and 2021. This increase comes mainly from a sharp rise in the adoption of mobile money wallets among women, with the percentage of adult women using mobile money increasing from 2% in 2020 to 6% in 2022. There was also a substantial increase in the number of bank accounts held by women, with the percentage rising from 5% in 2020 to 8% in 2022.



Source: Karandaaz Financial Inclusion Survey, Feb 22, 2023 ; Indicator: Women with accounts (%)

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