

FINDEV CYBERLETTER

45TH EDITION

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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)

HIGHLIGHTS

Financial Inclusion in Pakistan: Can Shariah-Compliant HAQQ Blockchain Solve the Problem?

Initiatives like HAQQ and Islamic Coin bolster marginalized communities like Pakistani Muslims, offering them a powerful tool for better financial inclusion

Digital financial inclusion is reshaping payments in Côte d'Ivoire

Pakistan lags behind neighbors in financial inclusion, report says

Most transactions are still being made using cash

President of Pakistan for skill development, financial, and digital inclusion of women

Improving Global Financial Inclusion: Implementing Open and Standardised API for Cross-Border Payments

An interlinking arrangement for payment systems is critical for enhancing cross-border payments.

The Limits of Accelerating Digital-Only Financial Inclusion

Responsible Digital Payments: How to Prioritize Women for Financial Equality and Inclusive Economies

UNPACKING THE DATA: WHY DIVERSITY SHOULD NOT BE AN AFTERTHOUGHT IN BANKS

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NEWS ROUNDUP

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

Financial Inclusion in Pakistan: Can Shariah-Compliant HAQQ Blockchain Solve the Problem?

Source: Published by www.propakistani.pk Jul 26, 2023. Click [here](#) to access full article.

One might look at a case study from El Salvador, a country that bolstered its financial participation rate by making Bitcoin legal tender.

Similar results may be accomplished by private initiatives. Pakistan's 96% Muslim population can leverage the HAQQ blockchain, which is the first ethical L1 blockchain that aims to create a Shariah-compliant and transparent financial ecosystem.

HAQQ is an application-specific blockchain built on the Cosmos SDK. At the heart of HAQQ lies the Tendermint Core Consensus Mechanism — a Proof-of-Stake Byzantine Fault Tolerance protocol, and one of the industry's fastest transaction finalization algorithms. Tendermint Core offers industry-leading security proven by the trust of Binance and Polygon.

Rapidly advancing technological and financial progress often tends to overlook those left behind. Still, the key to a fair and sustainable digital future lies in inclusion, transparency, and user convenience. Initiatives like HAQQ and Islamic Coin bolster marginalized communities like Pakistani Muslims, offering them a powerful tool for better financial inclusion.

Photo credits: www.propakistani.pk





Digital financial inclusion is reshaping payments in Côte d'Ivoire

Already a regional standout in terms of growth and investment inflows, Côte d'Ivoire is striving to become a pioneer in digital financial inclusion.

The West African country saw key indices rebound swiftly following the Covid-19 pandemic, with GDP growth reaching 7% in 2021, returning to pre-pandemic levels following a drop to 1.7% in 2020. Growth is set to remain strong, estimated at 6.7% in 2022 and projected to reach 6.2% in 2023, according to the IMF. Coupled with robust investment inflows over the past decade, the country is positioned as the strongest economy in ECOWAS, according to a 2022 report by Lloyds Bank.

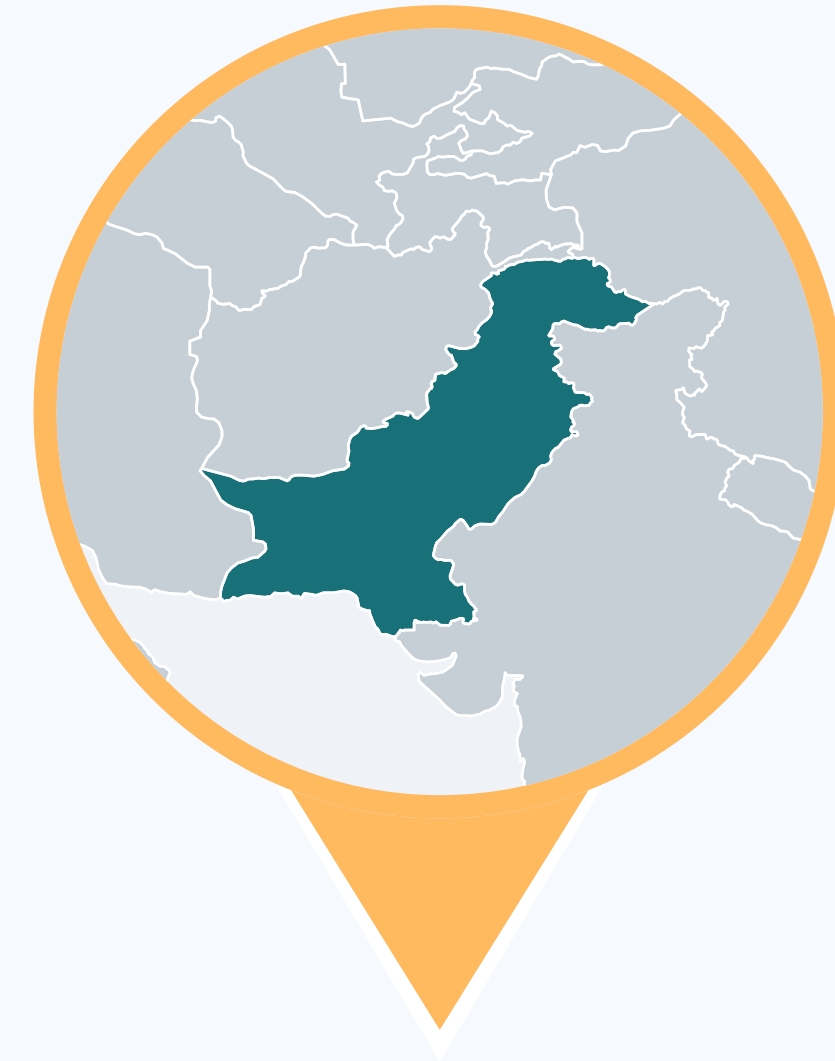
To ensure these metrics translate into advancements for the wider population, the government is working to create value-added opportunities in the agriculture sector and expand digital financial inclusion.

Source: Published by www.atalayar.com Jul 30, 2023. Click [here](#) to access full article.

Pakistan lags behind neighbours in financial inclusion, report says

Pakistan lags behind its neighbours and other emerging economies in financial inclusion, with a large amount of cash circulating outside the formal banking system, consultancy firm AF Ferguson and Co said.

The government is making efforts to encourage digital payments in an effort to assist households move away from cash and draw more people into the formal economy, but most transactions are still made using cash.



“Industry has been successful in acquiring new bank customers on wallets but the activity in those wallets needs to significantly increase,” Muhammad Yahya Khan, Group Head-Digital Banking, Bank Alfalah Limited said in the report.



Photo credits: www.geo.tv

President of Pakistan for skill development, financial, digital inclusion of women

President Dr Arif Alvi underscored the need for skill development, digital inclusion, and financial inclusion of women in Pakistan in order to make them financially self-sufficient.

He stated that women, who constituted almost 50 percent of the country's population, needed to participate in all sectors of the economy for their economic empowerment.

The president highlighted the need for projecting the success stories of women to encourage and motivate other women to take part in business and economic activities.

He also called for taking practical and meaningful steps to address gender disparity. He stressed the need for integrating women into the mainstream of economic activities for their financial empowerment.

Source: Published by www.pakistantoday.com.pk Jul 11, 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

Improving Global Financial Inclusion: Implementing Open and Standardised API for Cross-Border Payments

Digital disruptions push Central Banks to initiate Central Bank Digital Currency systems between countries. The issue of digital cross-border payments has been discussed and endorsed by every G20 summit since 2020, with Saudi Arabia's presidency. The G20 leaders have, in fact, asked the Financial Stability Board (FSB) to coordinate with the stakeholders to develop cross-border payment schemes between countries. Their aim is to make digital payments and remittances fast, cheap, transparent, and accessible to citizens, while maintaining the safety and security of online transactions for businesses and economies around the world. The FSB responded by developing a global roadmap for cross-border payments enhancement.

The BIS has suggested that an interlinking arrangement for payment systems is critical for enhancing cross-border payments. An interlinked payment arrangement would allow banks and payment service providers (PSPs) to settle a transaction without requiring them to participating in the same payment system or even using any intermediaries.

Source: Published by www.orfonline.org Jul 28, 2023. Click [here](#) to access full article.





The Limits of Accelerating Digital-Only Financial Inclusion

In the common narrative of the international development sector today, financial inclusion has become synonymous with digital financial services (DFS). But at least 1.9 billion people in the world do not have bank accounts—a useful proxy for measuring formal financial inclusion. To close this gap in formal financial inclusion, private sector actors, development and aid organizations, and governments have turned to technology to accelerate access to financial services.

However, digitally delivered financial services are only a tool, and financial inclusion is a goal that extends beyond providing access to formal financial services.

In pursuing digital financial inclusion, accelerating access to DFS has taken precedence over equally important features like providing adequate protections for those who use digital platforms to make financial transactions. As such, the populations being targeted for financial inclusion have been negatively impacted, and public trust in formal financial services or products has taken a hit. Despite growing cyber crime risks, DFS providers often do not give adequate and/or consistent attention to risk mitigation in the design of such services.



Photo credits: www.responsiblepayments.org

Responsible Digital Payments: How to Prioritize Women for Financial Equality and Inclusive Economies

This policy brief outlines the power of responsible digital payments in promoting financial inclusion for women. Despite the progress in recent years, 740 million women still lack access to financial services. The factors behind this are a lack of access to formal types of ID, limited financial capability and inadequate service design, among many other constraints against women. This brief emphasizes the opportunity and the importance of removing the structural barriers to women's economic and financial participation. It offers actionable recommendations for the key steps that policymakers and other stakeholders can take to prioritize women in their efforts toward digital financial inclusion.

Source: Published by www.undp.org July 12, 2023. Click [here](#) to access full article.

UNPACKING THE DATA: WHY DIVERSITY SHOULD NOT BE AN AFTERTHOUGHT IN BANKS

It is vital that banks recognise the power of diversity as a driving force for progress and resilience. Today, embracing diversity in all its forms is imperative for financial-services firms that are striving to excel.

It is an increasingly important issue to the workforce, and banks must catch up. In a recent survey, 76 percent of employees and job seekers said that diversity was important to them when considering job offers, while 80 percent said they wanted to work for a company that values DEI (diversity, equity and inclusion) issues.

The value of diversity extends beyond the promotion of equality and inclusivity; it brings tangible benefits to the organisation and wider society.

Research from BCG (Boston Consulting Group) has shown that when employees believe that DEI programming is a priority in their workplaces, the number of happy employees increases by 31 percentage points.

As we stand at the intersection of technological advancements, changing demographics and evolving customer expectations, banks that fail to embrace diversity risk falling behind their competitors.



Photo credits:
www.international
banker.com

Source: Published by www.internationalbanker.com July 20, 2023. Click [here](#) to access full article.

DATA VISUALIZATIONS

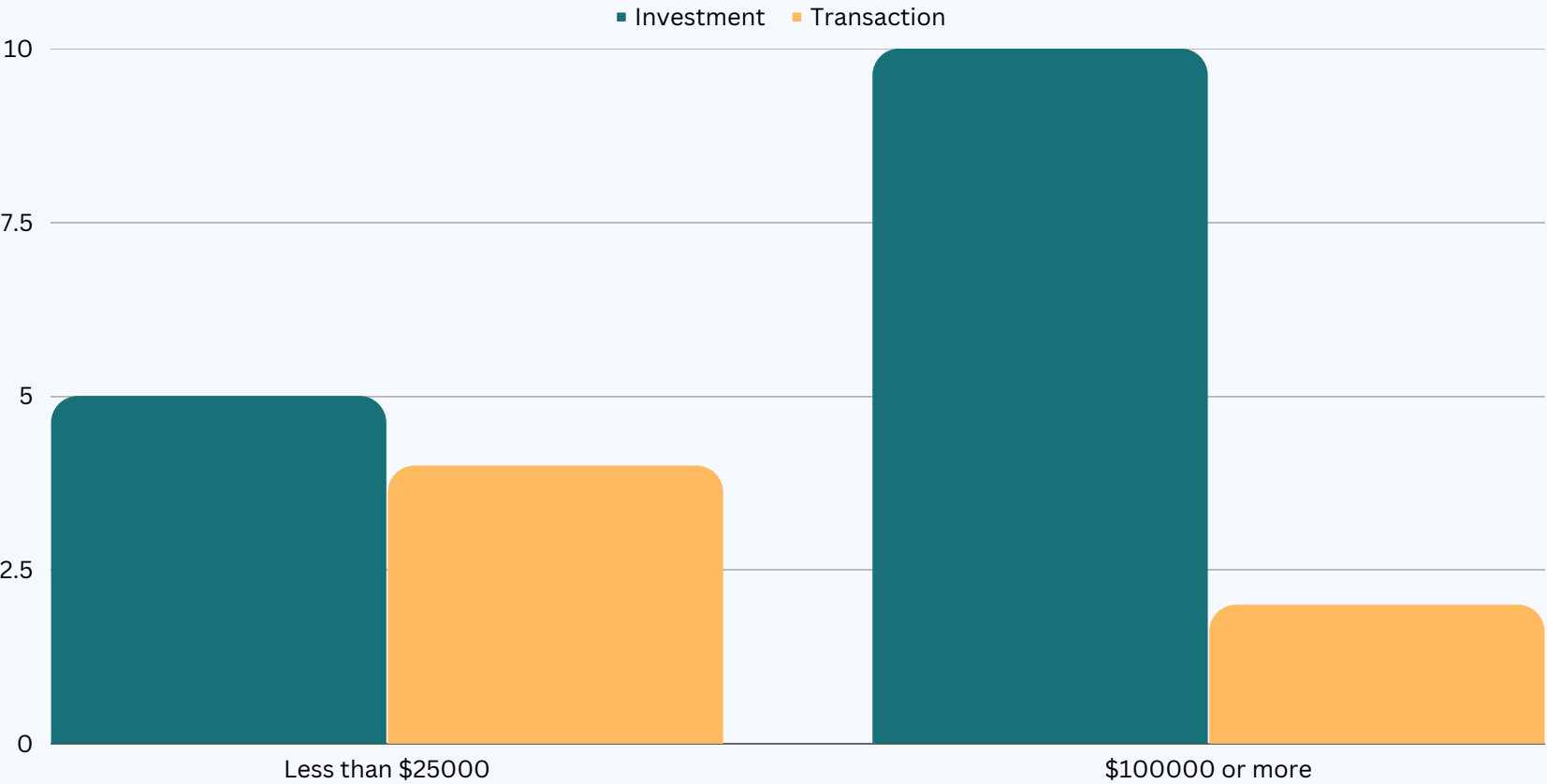
The background features a light blue grid. Overlaid on this are several faint, stylized data visualization elements: a line graph with blue and green lines and circular markers, and a bar chart with vertical bars of varying heights. In the bottom left corner, there are concentric circular arcs, and in the bottom right corner, there is a solid dark teal semi-circle.

Federal Reserve data shows crypto might help Financial Inclusion

In May the U.S. Federal Reserve published its 2022 annual report on the economic well-being of U.S. households. A section dedicated to cryptocurrency shows a higher proportion of the poorest using crypto for retail or P2P payments, although overall figures are still low. The survey asked people whether they used crypto for payments versus investments. Amongst the lowest income group with income under \$25,000, 9% of those surveyed used crypto for any purpose. The group split into 4% that use it for payments and 5% that see crypto as an investment. In other words, 44% of the low income crypto group uses it for payments.

In contrast, just 16% of the wealthiest crypto holders (2 out of 12) said they made a payment with crypto.

Characteristic(Famil y Income)	Investment Only	Transaction
Less than \$25,000	5	4
\$25,000-\$49,999	5	2
\$50,000-\$99,999	8	2
\$100,000 or more	10	2



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