FINDEV CYBERLETTER

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54TH 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 54th issue of the FinDev Cyberletter series (For April/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

INSOLVENCY FRAMEWORKS TO PROTECT MOBILE MONEY USERS

Mobile money is revolutionizing the way people in developing countries access and manage their funds.

INSURANCE TO HELP BUILD A GREEN, RESILIENT & INCLUSIVE FUTURE?

Three priorities for driving systems change in inclusive insurance include understanding risk management and risk layering at a household level, creating a favorable environment for the development of inclusive insurance, and developing innovative solutions that can successfully reach low-income populations.

THE IMPERATIVE OF FINANCIAL INCLUSION FOR WOMEN

Simplifying documentation processes and promoting digital financial services can significantly enhance women's access to formal banking channels.

BIZNET 2024

Pakistan's leading innovation platform celebrated its third edition at the President House Islamabad in an event, titled "Embracing Financial Inclusion & Business Transformation"

FIWC 2024 PAVES WAY FOR FINANCIAL INCLUSION

A grant initiative powered by Karandaaz Pakistan, aimed at transforming access to financial services for women

1ST EDITION OF PAKISTAN FINANCIAL LITERACY WEEK

SBP Governor Jameel Ahmad highlighted the importance of financial services as a fundamental right and the need to empower citizens

NEWS ROUNDUP

THIS SECTION COVERS THE LATEST HAPPENINGS FROM THE REALM OF FINANCIAL INCLUSION AND DIGITAL FINANCE

RISKIER THAN WE THINK? A FOCUS ON INSOLVENCY FRAMEWORKS TO PROTECT MOBILE MONEY USERS

SOURCE: PUBLISHED BY WWW.BLOGSBYWORLDBANK.ORG. 12TH FEBRUARY 2024.
CLICK HERE TO ACCESS FULL ARTICLE

Mobile money is revolutionizing the way people in developing countries access and manage their funds. However, it also poses risks, particularly in cases of insolvency. In many countries, mobile money firms are subject to a country's regular corporate insolvency regime, without special resolution mechanisms. This can lead to loss of value and illiquidity, which can cause delays in returning funds to customers. These risks can become systemic in countries where mobile money adoption is significant.

Policymakers have used safeguarding tools to protect funds against these risks, but these may not provide sufficient safety in practice. For instance, many common law countries require mobile money firms to store funds in trusts, which may not be consistent with the applicable corporate insolvency law. Additionally, few insolvency systems are fully consistent with the World Bank Principles for Effective Insolvency and Creditor/Debtor's Regimes.

The 2019 insolvency of British e-money firm Ipagoo exemplifies the dangers policymakers may face if they fail to properly examine fund safeguarding rules for mobile money firms. This could lead to significant risks for customers, even in countries where mobile money use is not widespread. More research is needed to understand these risks and the extent to which regulatory tools can address them.

HOW CAN INSURANCE HELP BUILD A GREEN, RESILIENT & INCLUSIVE FUTURE?

The world is changing rapidly, with 150 million people facing financial catastrophes annually due to healthcare costs and up to 132 million more likely to be pushed into extreme poverty by 2030 due to climate change. Insurers' business models may need to fundamentally change to better leverage risk modeling capabilities. Policymakers can create a more favorable environment for the development of inclusive and responsible insurance. For example, farmers in developed economies have access to premium subsidies for insurance, but solutions are needed to extend protection systems to those most vulnerable to risk and yet have the least income to pay for insurance.

Three priorities for driving systems change in inclusive insurance include understanding risk management and risk layering at a household level, creating a favorable environment for the development of inclusive insurance, and developing innovative solutions that can successfully reach low-income populations. Insurance plays a key role as risk managers and can advise on risk mitigation strategies as part of a comprehensive risk management solution.

SOURCE: PUBLISHED BY WWW.CGAP.ORG. 15TH FEBRUARY 2024.
CLICK HERE TO ACCESS FULL ARTICLE

EMPOWERING PAKISTAN: THE IMPERATIVE OF FINANCIAL INCLUSION FOR WOMEN

SOURCE: PUBLISHED BY WWW.PAKISTANTODAY.COM. 19TH FEBRUARY 2024.
CLICK HERE TO ACCESS FULL ARTICLE

Pakistan faces a significant gender gap in financial inclusion, with only 7.6% of women having access to formal banking services. This hinders the nation's economic potential and contributes to systemic gender inequalities.

Financial inclusion programs tailored to women can provide access to capital, training, and mentorship opportunities, addressing the barriers women face. The government and financial institutions must collaborate to create an ecosystem that encourages women to become financially literate and participate actively in the formal economy. Simplifying documentation processes and promoting digital financial services can significantly enhance women's access to formal banking channels. Investing in women is not just a matter of social justice but a strategic imperative for a brighter, more inclusive economic future.

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

BIZNET 2024: EMBRACING FINANCIAL INCLUSION & BUSINESS TRANSFORMATION

BizNet 2024, Pakistan's leading innovation platform, celebrated its third edition at the President House Islamabad.

The event, titled "Embracing Financial Inclusion & Business Transformation," brought together industry leaders, policymakers, and startup founders to promote financial inclusion and technological advancements.

Iftikhar Hussain, CEO of Transforming Hub, highlighted the role of banks and fintech in fostering innovation, entrepreneurship, and economic growth in Pakistan. He announced two initiatives to further Transforming Hub and Women Business Network's mission: a Women's Festival in April and a delegation to the US to showcase Pakistan's entrepreneurial spirit.

The event also highlighted the need for technology to reach underserved communities and the future of financial inclusion.

SOURCE: PUBLISHED BY WWW.PARADIGMSHIFT.COM.PK. 21ST FEBRUARY 2024.
CLICK HERE TO ACCESS FULL ARTICLE

EMPOWERING WOMEN ENTREPRENEURS: FIWC 2024 PAVES WAY FOR FINANCIAL INCLUSION

The Financial Inclusion of Women Challenge Round 2024 (FIWC) is a grant initiative powered by Karandaaz Pakistan, aimed at transforming access to financial services for women by providing tailored solutions tailored to their unique needs and preferences. Launched on February 2nd, 2024, FIWC 2024 targets economically active females across all sectors and financially excluded and underserved women in rural and urban areas. The initiative focuses on developing women-centric financial products and services, ensuring inclusivity and amplifying the impact of financial services on their lives. The initiative offers up to Rs. 20 million for each innovative proposition, aiming to increase the usage of financial products and services among female customers. FIWC has partnered with female-led fintechs like Oraan, RedMarker, DigiKhata, InstaCare, and Walee to drive financial independence and empowerment for women. Participating in FIWC 2024 allows women to shape the financial landscape and drive economic growth.

SOURCE: PUBLISHED BY WWW.PROPAKISTANI.PK. 26TH FEBRUARY 2024.
CLICK HERE TO ACCESS FULL ARTICLE

KARANDAAZ

GOVERNOR SBP INAUGURATES 1ST EDITION OF PAKISTAN FINANCIAL LITERACY WEEK

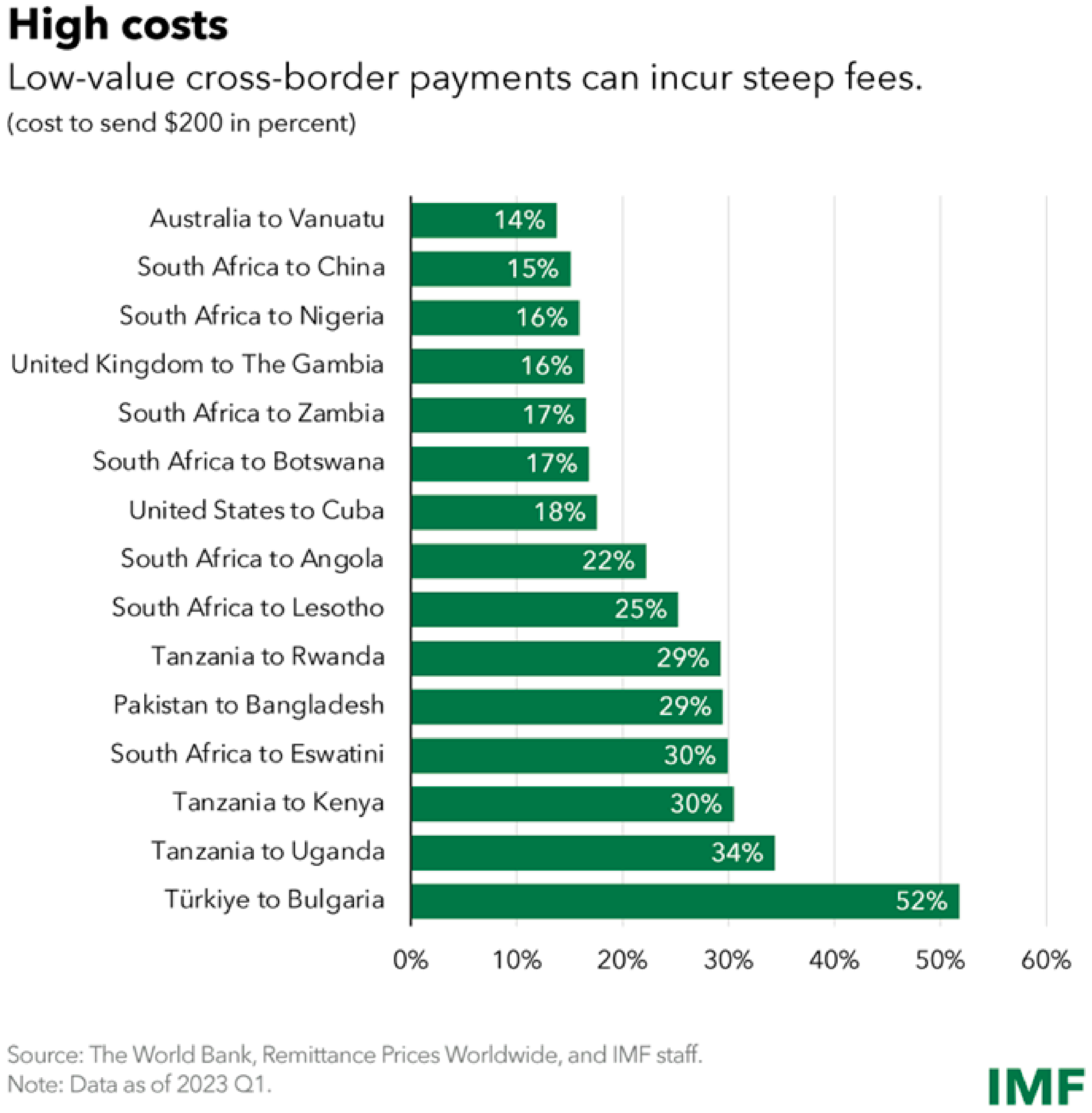
Governor Jameel Ahmad of the State Bank of Pakistan (SBP) highlighted the importance of financial services as a fundamental right and the need to empower citizens to participate fully in the economy. He addressed the inaugural event of Pakistan Financial Literacy Week (PFLW) in Karachi, where the theme was 'Digital Bankari – fori aur asaan'. SBP has been working on increasing the availability and utilization of financial services for people and businesses, implementing national level strategies and policies such as the National Financial Inclusion Strategy, National Financial Literacy Program, and Banking on Equality Policy.

The World Bank Group's Miquel Dijkman appreciated Pakistan's progress in financial inclusion and digital technology adoption, stating that financial literacy is pivotal to addressing the underbanked population, promoting economic development, and reducing poverty. The PFLW inauguration ceremony also included a panel discussion on the future landscape of digital finance.

SOURCE: PUBLISHED BY WWW.BOLNEWS.COM. 4TH MARCH 2024.
CLICK HERE TO ACCESS FULL ARTICLE

DATA VISUALIZATION

HOW TRAINING AND ADVICE CAN SPEED CROSS-BORDER PAYMENTS AND CUT COSTS



Faster, cheaper, and more transparent cross-border payment services have the potential to improve many lives by supporting economic growth, international trade, global development, and financial inclusion.

The global average cost of sending $200 from one country to another is about $12.50 in the first quarter of 2023, or 6.25 percent, according to the World Bank's Remittance Prices Worldwide database.

High fees, especially bank-to-bank transfers, are a main driver of the high costs for corridors between emerging market and developing economies. Such bank fees tend to be much lower for transfers originating in advanced economies where foreign-exchange margins can be 50 percent or more of the cost in some corridors.

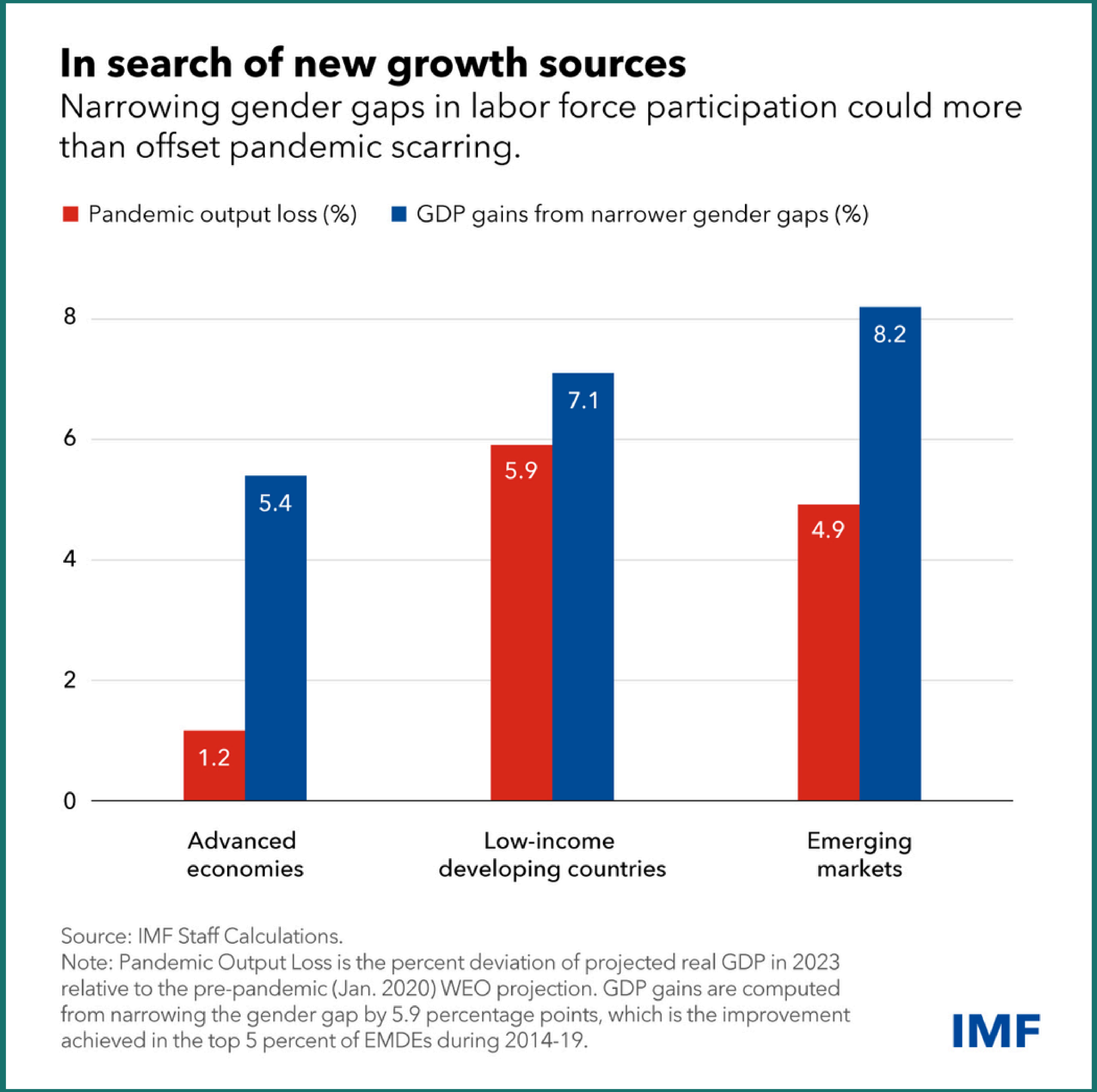
SOURCE: PUBLISHED BY WWW.IMF.ORG. 3RD JANUARY 2024. CLICK HERE TO ACCESS FULL ARTICLE

COUNTRIES THAT CLOSE GENDER GAPS SEE SUBSTANTIAL GROWTH RETURNS

Narrowing the gap between the share of men and women who work is one of the very important reforms policymakers can make to revive economies amid the weakest medium-term growth outlook in more than three decades.

With global growth predicted to languish at just 3 percent over the next five years, many economies are missing out by not tapping women's potential. Only 47 percent of women are active in today's labor markets, compared with 72 percent of men. The average global gap has fallen by only 1 percentage point annually over the past three decades and remains unacceptably wide.

It is estimated that emerging and developing economies could boost gross domestic product by about 8 percent over the next few years by raising the rate of female labor force participation by 5.9 percentage points—the average amount by which the top 5 percent of countries reduced the participation gap during 2014-19. As the chart shows, that's more than the economic "scarring," or output losses, inflicted on countries by the pandemic.



SOURCE: PUBLISHED BY WWW.IMF.ORG. 27TH SEPTEMBER, 2023.
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