

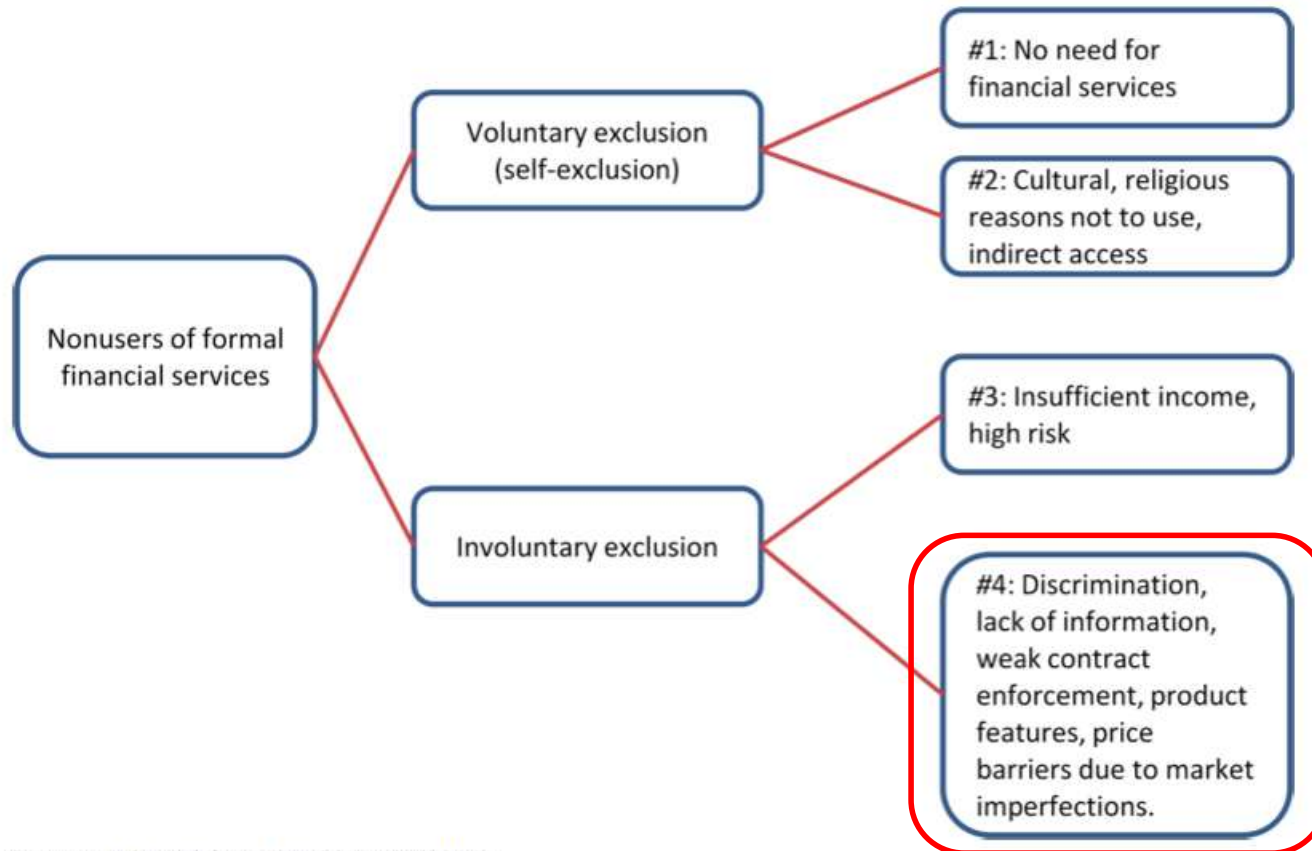
GLOBAL BEST PRACTICES IN FINANCIAL INCLUSION

October 31, 2014

Definition

- Financial inclusion is a measure of the proportion of individuals and firms that use financial services provided by a formal institution
- No single measure of financial inclusion exists

Financial Exclusion



Source: Adapted from World Bank (2014).

Source: IMF Working paper: Assessing Countries' Financial Inclusion Standing—A New Composite Index

Five barriers to Financial Inclusion

1. Natural barriers
 - such as the distance to a bank
2. Lack of financial infrastructure
3. Restrictive regulations
4. Governance failures
5. Lack of suitable products

Source: Special report (September 2014) by Standard Chartered Bank Global Research

FI Indicators*

- ATMs / 1,000 sq km
- ATMs / 1 lac adults
- CB** branches / 1 lac adults
- CB branches / 1 lac adults
- Saved at a financial institution in the past year (15+)
- Borrowed from a financial institution in the past year (15+)
- POS terminals per 1 lac adults
- Payments by credit card per adult
- Payments by debit card per adult
- Credit card
- Debit card
- Mobile phone used to pay bills

*Global Findex Database

**Commercial Bank

Figure 4: Financial inclusion heatmap

	Automated teller machines (ATMs) (per 1,000 sq km)	Automated teller machines (ATMs) (per 100,000 adults)	Commercial bank branches (per 100,000 adults)	Commercial bank branches (per 1,000 sq km)	Saved at a financial institution in the past year (% age 15+)	Loan from a financial institution in the past year (% age 15+)	Point of sale (POS) terminals (per 100,000 adults)	Payments by credit card (per adult)	Payments by debit card (per adult)	Credit card (% age 15+)	Debit card (% age 15+)	Mobile phone used to pay bills (% age 15+)	Average rank
US			35.4	9.6	50.4	20.1		91.2	157.2	61.9	71.8		1
KR			18.8	79.1	46.9	16.6		119.5	25.7	56.4	57.9		2
CA	6.6	209.0	24.3	0.8	53.2	20.3	2,520.0	94.9	137.9	72.3	88.0		3
GB					43.8	11.8	2,310.5	33.2	114.8	51.6	87.6		4
DE					55.9	12.5	837.9			35.7	88.0		5
HK	2,975.0	49.6	23.8	1429.0	42.8	7.9	6,257.5	54.8	16.3	58.1	75.8		6
AU	3.9	166.9	29.6	0.7	81.9	17.0	3,928.0	83.4	111.8	64.2	79.1		7
SG	3,807.1	60.2	10.2	612.9	58.4	10.0	1,989.4		50.1	37.3	28.6	9.8	8
JP	390.9	129.0	34.0	103.1	51.3	6.1	1,560.7		0.1	64.4	13.0		9
AE	49.9	66.9	14.5	10.8	19.2	10.8	896.4	14.2	2.2	30.0	55.4	11.7	10
TR	41.1	59.1	18.3	12.8	4.2	4.6	3,304.1	33.4	2.9	45.1	56.6	4.3	11
TH	83.8	77.9	11.3	12.1	42.8	19.4	456.1	5.4	0.5	4.5	43.1	0.5	12
BR	20.6	119.6	46.2	7.9	10.3	6.3	2,379.5	19.4	16.1	29.2	41.2	1.3	13
ZA	17.3	60.0	10.7	3.1	22.1	8.9	689.3		15.5	7.8	45.3	4.4	14
MY	34.0	56.4	10.5	6.3	35.4	11.2	829.0	14.3	0.6	11.9	23.1	2.4	15
RU	11.2	152.9	37.1	2.7	10.9	7.7	293.3	0.3	5.2	9.7	37.0	1.7	16
SA	5.5	61.5	8.7	0.8	17.2	2.1	445.4	1.7	6.7	16.9	42.3	15.0	17
MX	18.9	45.8	14.9	6.1	6.7	7.6	565.7	4.8	6.0	13.0	22.3	3.9	18
PH	35.7	17.7	8.1	16.3	14.7	10.5				3.2	13.2	2.1	19
CN					32.1	7.3	225.9		3.3	8.2	41.0	1.3	20
BD	27.9	3.6	7.8	61.6	16.6	23.3				0.9	2.3	1.7	21
VN	42.9	20.0	3.6	7.8	7.7	16.2				1.2	14.6	3.6	22
IN	25.4	8.9	10.6	30.4	11.6	7.7	58.2	0.3	4.2	1.8	8.4	2.2	23
KE	3.9	9.5	5.2	2.1	23.3	9.7				6.1	29.9	13.4	24
ID	15.9	16.5	8.5	8.2	15.3	8.5		1.1	9.1	0.5	10.5	0.2	25
NG	11.9	12.0	6.4	6.4	23.6	2.1				0.8	18.6	1.4	26
UG	3.3	3.8	2.4	2.1	16.3	8.9	2.3		1.5	1.6	10.3	3.3	27
PK	7.0	4.8	8.7	12.7	1.4	1.8	46.6			0.7	2.9	1.5	28
GH	2.7	4.1	5.5	3.6	16.1	5.8				2.2	11.4	0.9	29
EG					0.7	3.7	67.4			1.4	5.1	0.4	30

Source: Global Findex Database, G20 Financial Inclusion Indicators, Standard Chartered Research

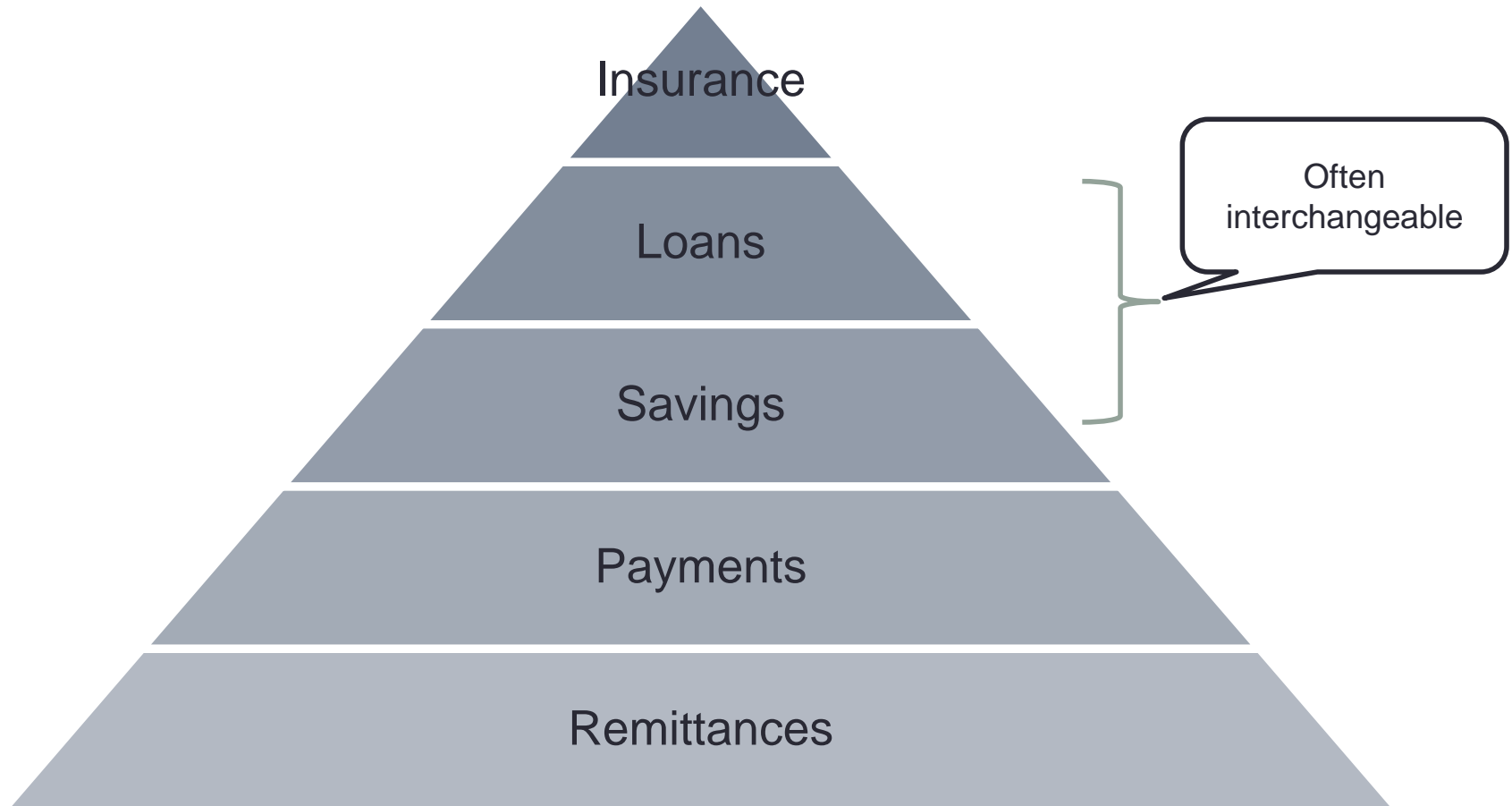
Note: The rank is obtained from averaging the ranks on each individual characteristic

Bangladesh

Kenya



FI service adoption progression



Digital Finance Ecosystem

Regulators (Central Banks or Telecom regulator)

Banks

**Agent Network
Managers***

**Mobile Network
Operators**

**Technology
Service Providers**

Merchants

**Utility Service
Providers**

**Government
Agencies**

Agents network

Customers

Digital Finance Models (1/6)

Regulators (Central Banks or Telecom regulator)

Banks
Offers Financial products

Mobile Network Operators
Offers the mobile network interface

Agent Network Managers
Builds and manage the agent network

Technology Service Providers
Builds and manage the technology platform

Agents network
Service the Customers

Merchants

Utility Service Providers

Government Agencies

Provide value added services through the branchless banking channel

Digital Finance Models (2/6)

Regulators (Central Banks or Telecom regulator)

Banks
Offers Financial products

Mobile Network Operators
Offers the mobile network interface

Builds and manage the agent network

Technology Service Providers
Builds and manage the technology platform

Agents network
Service the Customers



Merchants

Utility Service Providers

Government Agencies

Provide value added services through the branchless banking channel

Digital Finance Models (3/6)

Regulators (Central Banks or Telecom regulator)

Banks
Offers Financial products

Mobile Network Operators
Offers the mobile network interface

Builds and manage the agent network

Builds and manage the technology platform

Agents network
Service the Customers



M-Shwari

Merchants

Utility Service Providers

Government Agencies

Provide value added services through the branchless banking channel

Digital Finance Models (4/6)

Regulators (Central Banks or Telecom regulator)

Banks
Offers Financial products

Mobile Network Operators
Offers the mobile network interface

Agent Network Managers
Builds and manage the agent network

Builds and manage the technology platform

Agents network
Service the Customers



Eko India Financial Services, India
bKash, Bangladesh

Merchants

Utility Service Providers

Government Agencies

Provide value added services through the branchless banking channel

Digital Finance Models (5/6)

Regulators (Central Banks or Telecom regulator)

Mobile Network Operators
Offers payment and Non-Banking products

Offers the mobile network interface

Builds and manage the agent network

Builds and manage the technology platform



Agents network
Service the Customers



MPesa Kenya;
MTN Money
Tanzania;
XL Tunai,
Indonesia

Merchants

Utility Service Providers

Government Agencies

Provide value added services through the branchless banking channel

Digital Finance Models (6/6)

Regulators (Central Banks or Telecom regulator)

Agent Network Manager
Offers payment and Non-Banking products

Builds and manage the technology platform

Builds and manage the agent network

Mobile Network Operators
Offers the mobile network interface



Agents network
Service the Customers

Oxygen Services, India
WING Cambodia

Merchants

Utility Service Providers

Government Agencies


Provide value added services through the branchless banking channel

Digital Financial Services

Bank led	MNO led	Third-party	Hybrid
Caixa (Brazil)	M-Pesa (Kenya)	bKash (Bangladesh)	M-Pawa (Tanzania)
Zero (India)	EcoCash (Zimbabwe)	Wing (Cambodia)	easypaisa (Pakistan)

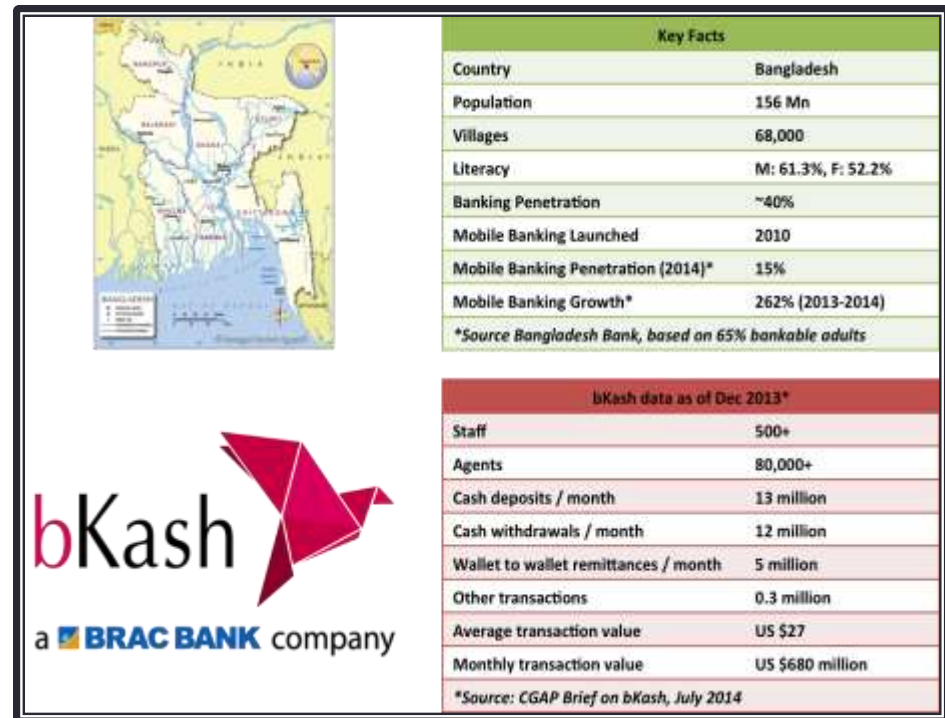
Wing

- Non-bank
- Remittances
- Bill payment
- Phone recharge
- Interoperable
- USSD

	<table border="1"><thead><tr><th colspan="2">Key Facts</th></tr></thead><tbody><tr><td>Country</td><td>Cambodia</td></tr><tr><td>Population</td><td>15 Mn</td></tr><tr><td>Rural population</td><td>11.8 Mn (79%)</td></tr><tr><td>Literacy</td><td>79%</td></tr><tr><td>Banking Penetration</td><td>~9%</td></tr><tr><td>Mobile Banking Launched</td><td>2009</td></tr><tr><td>Mobile Banking Penetration (2014)*</td><td>-not available</td></tr><tr><td>Wing customers</td><td>-not available</td></tr></tbody></table>	Key Facts		Country	Cambodia	Population	15 Mn	Rural population	11.8 Mn (79%)	Literacy	79%	Banking Penetration	~9%	Mobile Banking Launched	2009	Mobile Banking Penetration (2014)*	-not available	Wing customers	-not available
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bKash

- Non-bank wallet
- BRAC Bank: partner
- Remittances
- Savings
- Payments
- Interoperable
- USSD



Tanzania

AFRICA IS ONE OF THE FASTEST GROWING MOBILE PHONE MARKETS IN THE WORLD.

1/2

More than half of Africa's population owns a mobile phone



In 9 African countries there are more mobile money accounts than traditional bank accounts




In Tanzania, 1 in every 2 people with a mobile phone uses it to pay bills and send, save and borrow money

- 55% of adults now use financial services through 12.3 million active mobile accounts in the country (as of July 2014)
- Happened in four years from 2009-2013


EcoCash Save

- EcoCash: mobile wallet
- Remittances
- Payments
- Steward Bank partner
- EcoCash Save
- Instant Loans



Key Facts	
Country	Zimbabwe
Population	13 Mn
Rural population	8 Mn (62%)
Literacy	90.7%
Banking Penetration	~24%
Mobile Banking Launched	2011
Mobile Banking Penetration (2014)*	~60%
Ecocash customers	4 million+
<i>*Source: Sum total of Mobile Money subscribers (TechZim)</i>	

EcoCash\$ave data as of 2013*	
Staff (EcoCash)	110+
Agents	11,000+
Ecocash \$ave (Mobile Savings A/C)	1 Million+
Cash deposits / Month (average)	US\$3.45 million
Cash withdrawals / month (average)	US\$2.6 million
Average deposit value	US \$32
Average withdrawal value	US \$23
<i>*Source: Econet wireless</i>	



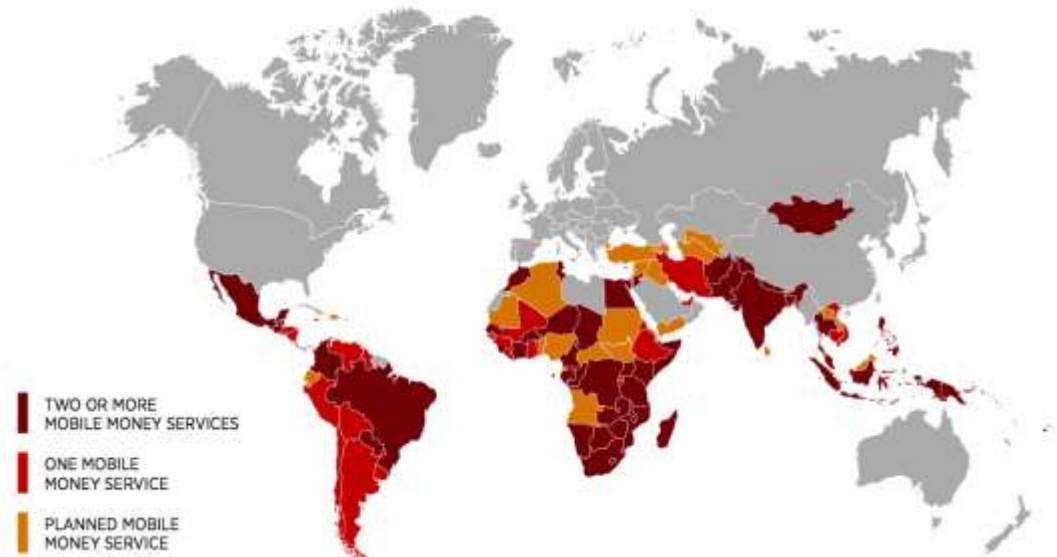
Global Mobile Money Deployments

219
services

84
countries

203
Million
registered
mobile money
users

NUMBER OF LIVE MOBILE MONEY SERVICES FOR THE UNBANKED
BY COUNTRY (DECEMBER 2013)



Source: GSMA State of the Industry Report 2013

India story

A 2011 study by Analysys Mason, a global think tank, found that the total transaction value of domestic remittances in India stood at \$13 billion (around Rs.79,400 crore today) in 2010, with 80% directed towards rural areas. The market is expected to reach about \$20.3 billion by 2014, growing at a compounded annual rate of 12%.

India story



Best practices

- Light regulation
- Building a dedicated organization
- Partners with long term view and trust
- Focus on products with easiest adoption, then move up
- Clear business model with value for all partners
- Make agent care, management, education, a priority
- Make the user interface easy
- Share KYC information – avoid duplication, digitize
- Aim for interoperability
- Spend money on marketing to educate customers