Financial Inclusion

WELCOME

March 19, 2019
Elias Aad, Vice President

mastercard.

Country's Challenges

High 'unbanked' population

Large size of shadow economy

Low levels of financial literacy

Cash dominancy (>90%)

Growing pop. vs. shrinking budgets

Elevation of residents' expectations

mastercard

The magnitude of the challenge

71%
of people live on less
than $10/day

160Bn
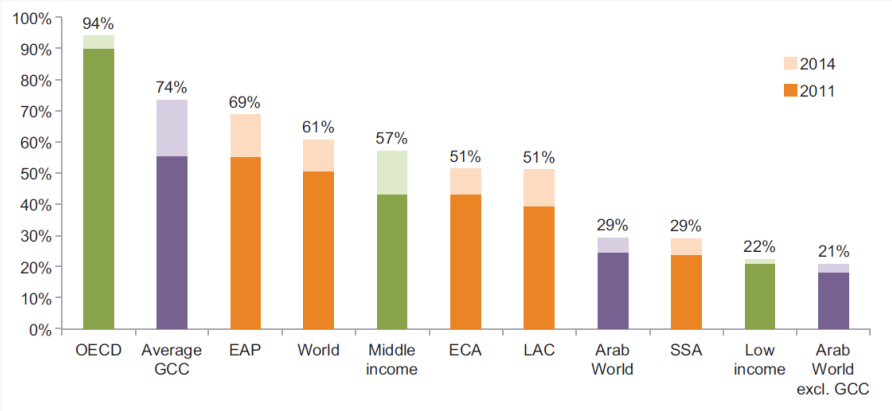From Donors go into
development/ technology
investments

53%
Countries have increasing
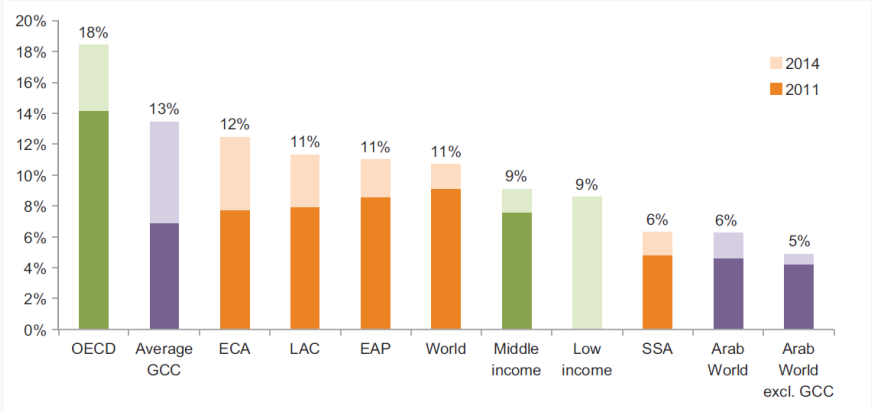growth of income
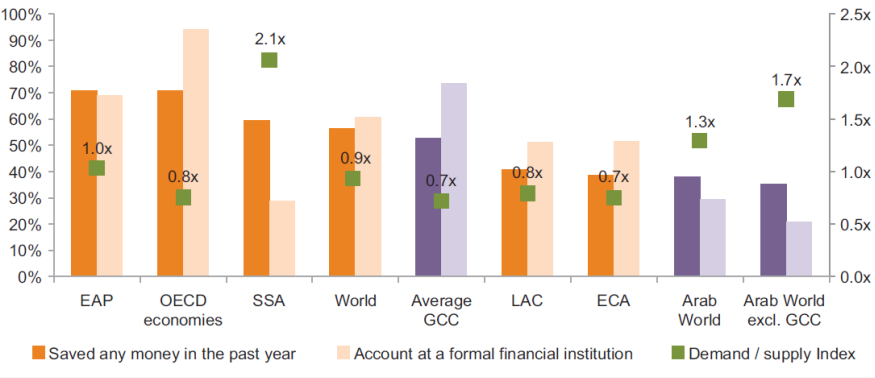inequality

17%
Of people in the
world are
underemployed

mastercard

Financial Access

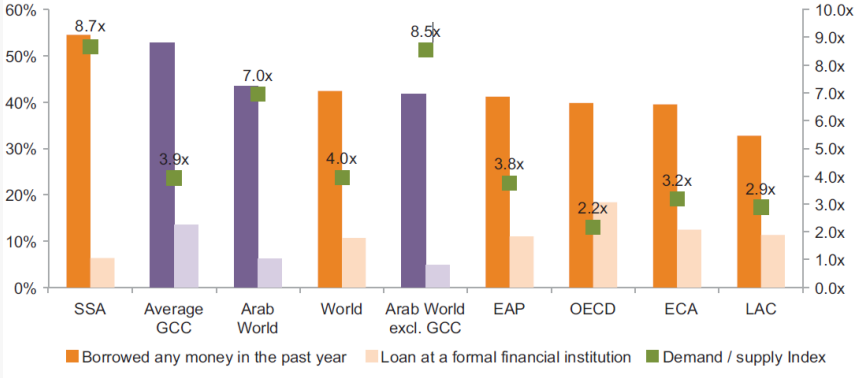**Account at a Formal Financial Institution (age 151), By Region**

Loans at a Formal Financial Institution (age 151), by Region

mastercard

Financial Usage

Savings vs. Formal Account Ownership (age 151), by Region

Savings chart legend: Saved any money in the past year | Account at a formal financial institution | Demand / supply Index

Demand/supply values: EAP 1.0x, OECD economies 0.8x, SSA 2.1x, World 0.9x, Average GCC 0.7x, LAC 0.8x, ECA 0.7x, Arab World 1.3x, Arab World excl. GCC 1.7x

Loans vs. Formal Loans (age 151), by Region

Loans chart legend: Borrowed any money in the past year | Loan at a formal financial institution | Demand / supply Index

Demand/supply values: SSA 8.7x, Average GCC 3.9x, Arab World 7.0x, World 4.0x, Arab World excl. GCC 8.5x, EAP 3.8x, OECD 2.2x, ECA 3.2x, LAC 2.9x

Country's Opportunities

Young population

Public Private Partnerships

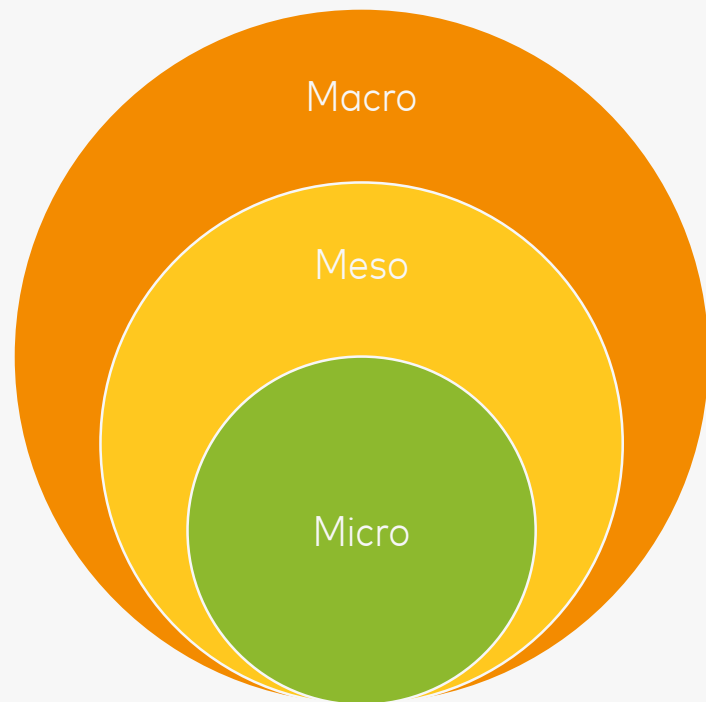**High digital literacy & adoption**

High mobile penetration

Multi-digital channels

Access to Data

mastercard

Why financial inclusion

Benefits of financial inclusion and adoption of electronic payments accrue at multiple levels:

Macro

Meso

Micro

<u>For governments and the economy</u>	FRAUD AND LEAKAGE	CORRUPTION	COST OF CASH
	SHADOW ECONOMY	TAX EVASION	ECONOMIC GROWTH
<u>For businesses and communities:</u>	REDUCE COST OF DISBURSEMENT	INCREASE IN PRODUCTIVITY	EFFICIENCY AND TRANSPARENCY
	LONG TERM WELFARE UPLIFTMENT	LIFT LOCAL ECONOMIC ACTIVITY	INNOVATION AND INCREASED EMPLOYMENT
<u>For individuals:</u>	DIGNITY	REDUCE EMBEZZELMENT	INCREASED ECONOMIC OPPORTUNITY
	SAFETY AND SECURITY	CONTROL AND CONVINIENCE	IMPROVE STANDARD OF LIVING

mastercard

The 3 Major Targets of Financial Inclusion

Individuals

2Bn adults globally do not have bank accounts

$$$

Businesses

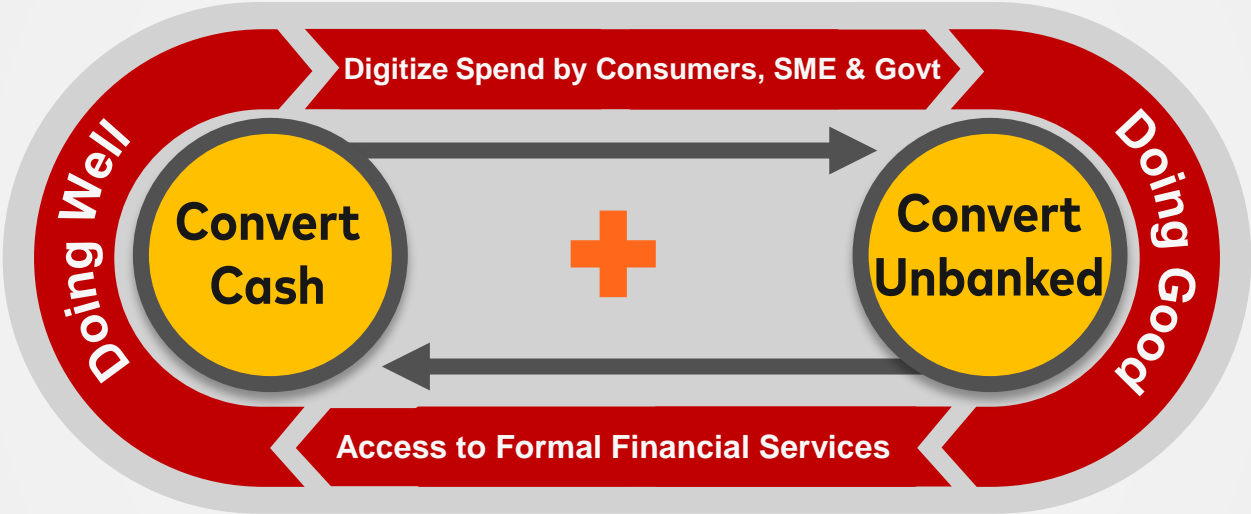>200M businesses in emerging markets do not have bank accounts

$$$

Governments

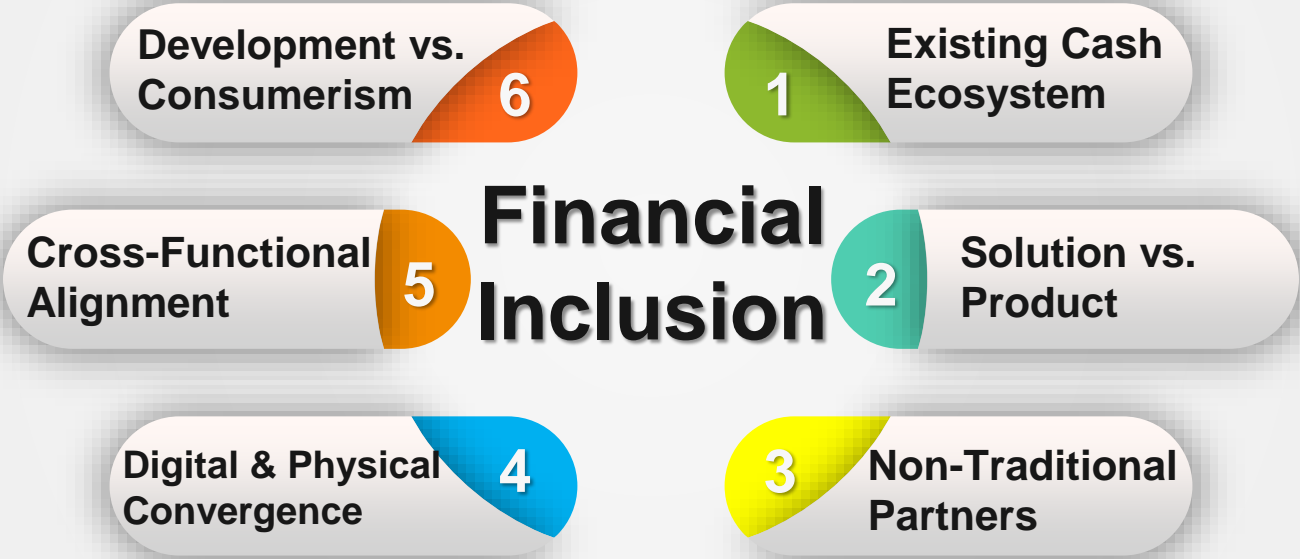Most financial inflows and outflows are in cash (or other non-electronic form)

$$

mastercard

Financial Inclusion Equation

Doing Well

Doing Good

Digitize Spend by Consumers, SME & Govt

Convert Cash + **Convert Unbanked**

Access to Formal Financial Services

mastercard

Key Success Factors for Financial Inclusion

Development vs. Consumerism **6**

1 Existing Cash Ecosystem

Cross-Functional Alignment **5**

Financial Inclusion

2 Solution vs. Product

Digital & Physical Convergence **4**

3 Non-Traditional Partners

mastercard

Case Studies

mastercard

UAE: ADVANCING FINANCIAL INCLUSION
with Mastercard Prepaid Payroll Solutions

CONTEXT:

- 7.3 Million immigrant workers out of a total population of 9.3MM

- 90% of the labor force comes from India, Pakistan and Bangladesh

- Minimal wage transparency led to the centralized Wages Payment System initiated by the Ministry of Labor

SOLUTION:

- Mastercard with its partners **National Bank of Abu Dhabi (NBAD), UAEXchange & C3 Payroll** launched a target payroll offering targeted at immigrant workers in the UAE

- Solution features included **one-time free ATM access** & connecting to the **HomeSend remittance gateway** to send money home

- Offered a safe and secure way for consumers to **save, transact and send money to family**

- Engagement with company mangers and accounting teams to **educate workers** about the features and mechanism of using the card

OUTCOME:

- Over 1.8 MM cardholders on the program

- Streamlining payment issuance processes for over 4000 companies in the UAE

- Since the launch of the program in 2011, financial inclusion (measured by the world bank) in the UAE has risen from 60% in 2011 to 84% in 2014

mastercard

EGYPT: ADVANCING FINANCIAL INCLUSION
with **Mastercard Prepaid Payroll Solutions**

Central Bank Of Egypt
البنك المركزي المصري

BACKGROUND:

- In 2008, the Central Bank of Egypt (CBE) and the Ministry Of Finance (MoF) began seeking ways to promote financial inclusion in Egypt.

- Only 10% of the population of nearly 90 million had a banking relationship.

CHALLENGES:

- To catalyze change, initiated a program to provide government employees with a safer and more convenient method of receiving their wages.

- Payroll was distributed primarily in cash from the government, but some entities had private label cards issued by a state owned entity owned by the Ministry of Finance (MoF) for ATM cash withdrawals.

- In many instances, Egyptian workers would not be paid immediately or on time, and usually had to wait in line for several hours before getting their cash disbursement.

- Managing disbursement of regular and recurring government payments to over six million government employees was very costly, time consuming, and posed a challenge to keep clear and concise records.

SOLUTION:

- Mastercard worked in partnership with the Central Bank of Egypt to introduce a prepaid card program, which would enable MoF to distribute funds in a timely manner.

- Additional key partners were the public State banks: National Bank of Egypt, Banque Misr, and Banque du Caire.

OUTCOME:

- Today, more than 4.6 million cards have been issued to government employees in Egypt

- Enabled the CBE and the MOF to deliver on their objectives of financial inclusion and reduction of cash payments and management costs

- Allowed customer banks to reach an untapped consumer base

mastercard