

ITUEvents

# FIGI Symposium

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#financialinclusion

**FIGI** FINANCIAL INCLUSION  
GLOBAL INITIATIVE



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# **Harnessing FinTech for Financial Inclusion: Enabling innovation while mitigating risks**

**Harish Natarajan**  
**Lead Financial Sector Specialist**  
**World Bank Group**



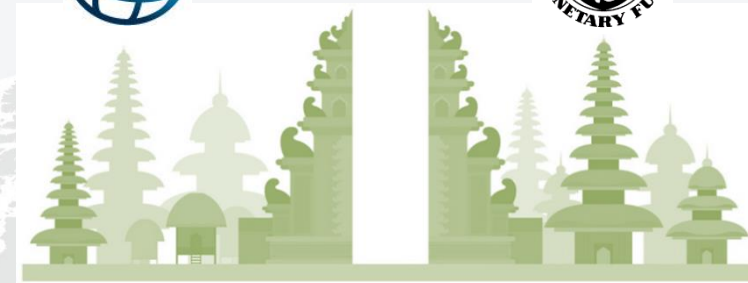


Source: World Economic Forum

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### IMF and WBG: Bali Fintech Agenda





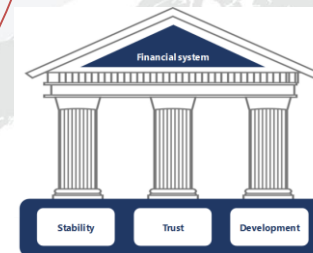
Advances in technology that can transform the provision of financial services by spurring the development of new business models, applications, processes, products, and services



**Foster enabling environment to harness opportunities**



**Strengthen financial sector policy framework**



**Address potential risks and improve resilience**



**Promote international collaboration**



# **Harnessing FinTech for Financial Inclusion: Fireside Chat on Mexico's FinTech Law**

**Luis Leyva Martinez**  
**Director General of Regulatory Development**  
**Comision Nacional Bancaria y de Valores (CNBV)**



# Harnessing FinTech for Financial Inclusion: Questions for the ITU

**Vijay Mauree**  
**International Telecommunications Union**





# **Harnessing FinTech for Financial Inclusion: Perspective of CGAP**

**Nadine Chehade**  
**Senior Financial Sector Specialist**  
**Consultative Group to Assist the Poor (CGAP)**

# What is fintech?



- **Technology-enabled innovation** in financial services that could result in **new business models, applications, processes or products** with an associated material effect on the provision of **financial services**.

Financial Stability Board, 2017



# Why are we discussing it?



- A lot of people are...



Source: CB Insights; McKinsey

# The 2014 'fin-tech-clusion' storyline



- *Since then, speed of change has increased*



# What is the impact on financial inclusion?



- Technology has already had an impact on access to financial services



Source: Findex

# How to look at the fintech space?

- *There are several options (1/3)*

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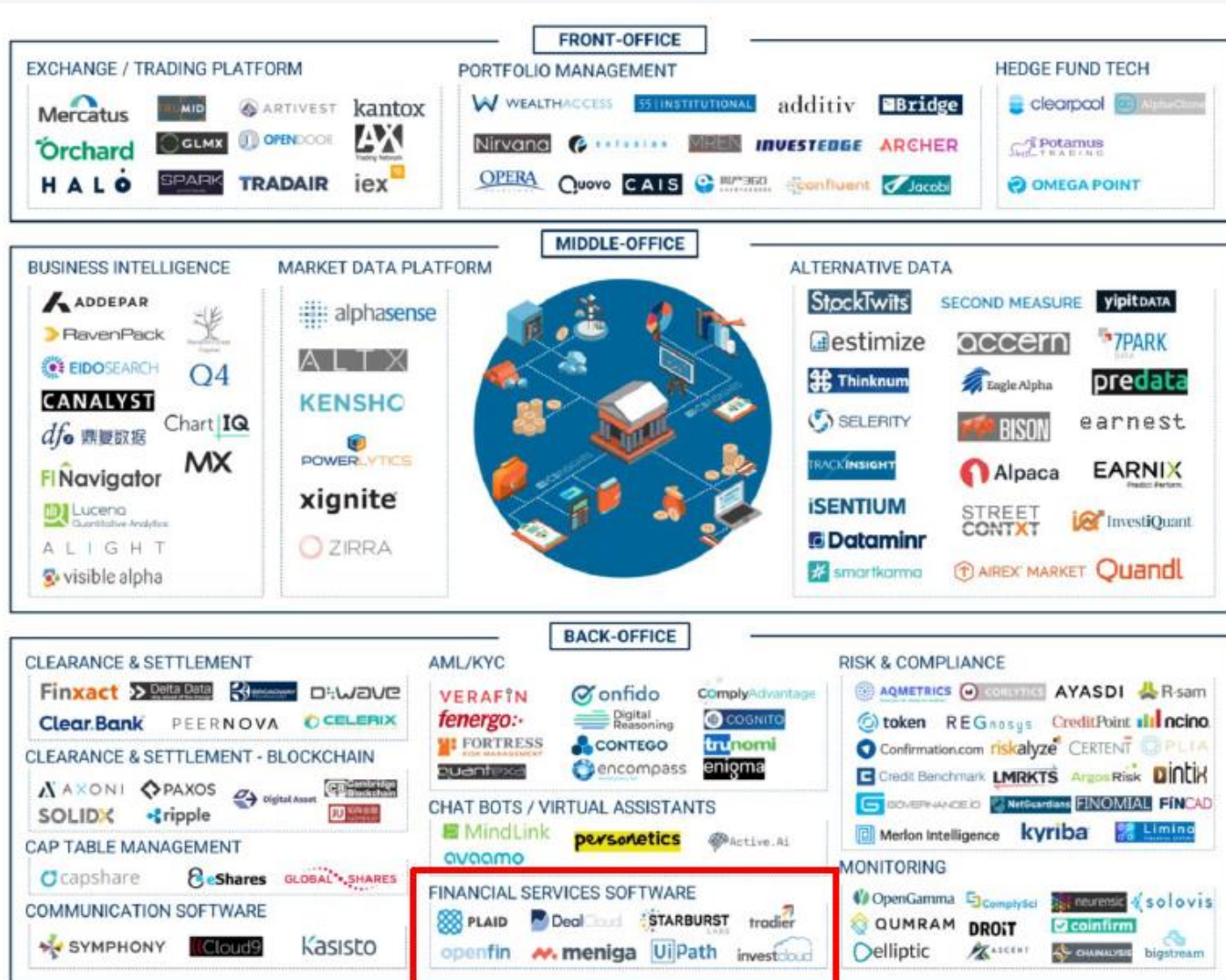
By product



Source: BI Intelligence

# How to look at the fintech space?

- *There are several options (2/3)*



By type of client



# How to look at the fintech space?



- *There are several options (3/3)*

## The CGAP way \*

\*Work in progress



**Technology**

What innovative technologies enhance access and use of financial services?

- Digital platforms
- Blockchain
- USSD
- Superplatforms
- Alternative data
- Satellite data
- Computer vision
- Scoring algorithms
- Apps
- Smart messaging bots
- Behavioral analytics

**Business**

What business models are scalable and game-changing?

- Payments
- Credit
- Savings & Pensions
- Insurance
- Paygo financing
- Digital identity
- Marketplace
- Interactive customer engagement
- UI/UX

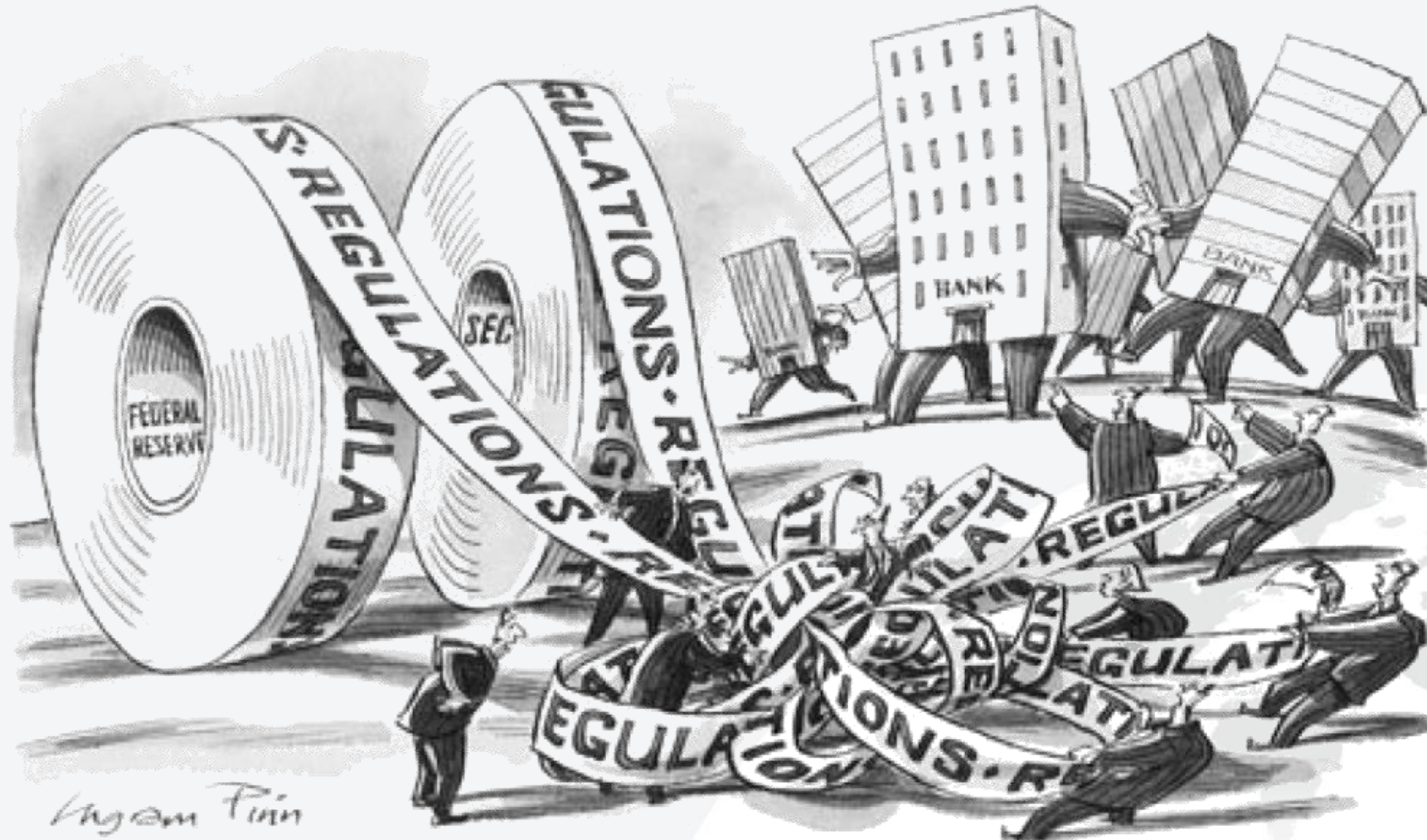
**Impact**

How are the ecosystem and the target customer impacted?

- Low-income
- Smallholders
- MSMEs
- Youth
- Women
- Displaced & Migrants
- Financial service providers
- Teclos
- Fintech companies

# There is no ONE global story...

- ...but several regional or country-specific ones



Source: Bilaterals.org



This is because **regulations matter** more in financial services than in other tech-disrupted industries (and there are good reasons for it)

# Regulators and supervisors job is changing



- *As fast as our storytelling of 2014!*



Regulators are hesitant to make changes, even when proven (e.g. e-money, risk-based CDD)



# Four strategies for policy-makers?



• *Or perhaps only one*

1. Do nothing
2. Do something... ex-post  
e.g. China regulating crowdlending
3. Do something... ex-ante
4. Open pathways for a regular dialogue  
and accept to fail, sometimes, at small scale





# Harnessing FinTech for Financial Inclusion: Fireside Chat on Operations as FinTech Angel Investors

**Aly El Shalakany**

**President**

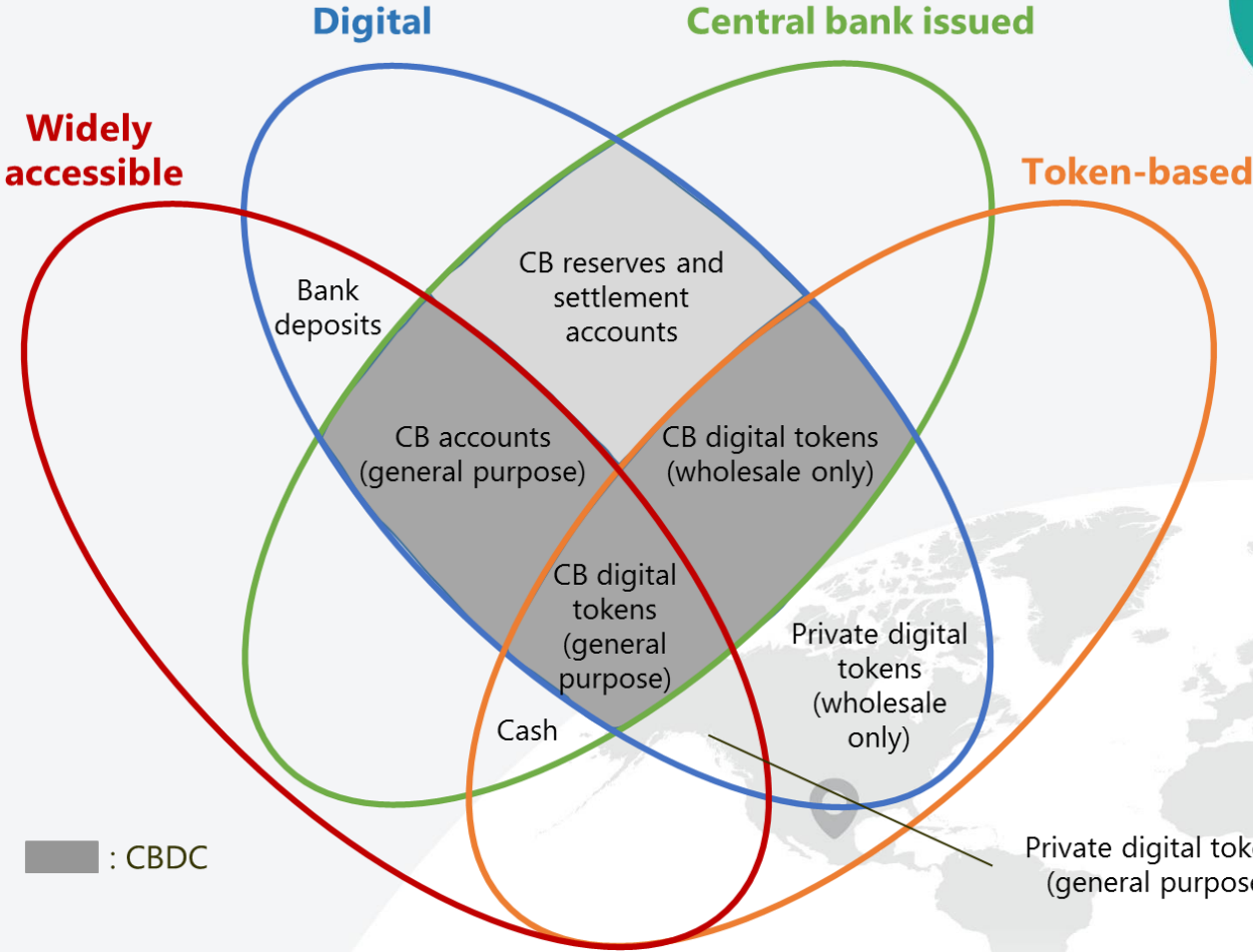
**Middle East Angel Investment Network**



# **Harnessing FinTech for Financial Inclusion: Central Bank Digital Currencies and Digital Assets – Perspective of CPMI**

**Marc Hollanders**  
**Committee on Payments and Market Infrastructures**  
**Bank for International Settlements**

# The money flower



Source: Bech and Garratt, BIS Quarterly Review, September 2017, adapted by CPMI-MC report (2018).

# Cryptocurrencies



Novel technology is not the same as better technology or better economics. That is clearly the case with Bitcoin: while perhaps intended as an alternative payment system with no government involvement, it has become a combination of a bubble, a Ponzi scheme and an environmental disaster.

Large price swings, high transaction costs and a lack of consumer and investor protection make cryptocurrencies unsafe and unsuited to fill money's role as a shared means of payment, store of value and unit of account.

Speech by Agustin Carstens, February 2018



# Central bank digital currencies – payments



- CBDC requires careful and deep analyses of needs, alternatives, challenges and potential risks
- Countries are in different level of developments but payments are better in the last years – faster, more efficient, stable  
Question: What really can become better if we implement CBDC?
- Cross-border payments are an exception: clearing and settlement is the main issue in cross-border payments. CBDC could potentially improve the speed and efficiency.

CPMI-MC report on *Central bank digital currencies* – March 2018



**Questions?**

**Thank you!**

