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# Digital Financial Inclusion Challenges and opportunities

Financial Inclusion Global Initiative (FIGI)  
Symposium

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João Cadete de Matos

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## FINANCIAL INCLUSION

The ability of all individuals to obtain formal financial services appropriate to their needs

Main concern of central banks and other financial authorities

## DIGITAL INCLUSION

The ability of all individuals to have access to and use of Information and Communication Technologies (ICTs)

Main concern of telecommunications regulators

# DIGITAL FINANCIAL INCLUSION

**The ability of all individuals to have digital access to and use of formal financial services.**

Particularly relevant for excluded and underserved populations.

Key components : 1) a digital transactional platform; 2) retail agents, 3) the use by customers and agents of a device – most commonly a mobile phone – to transact via the platform.

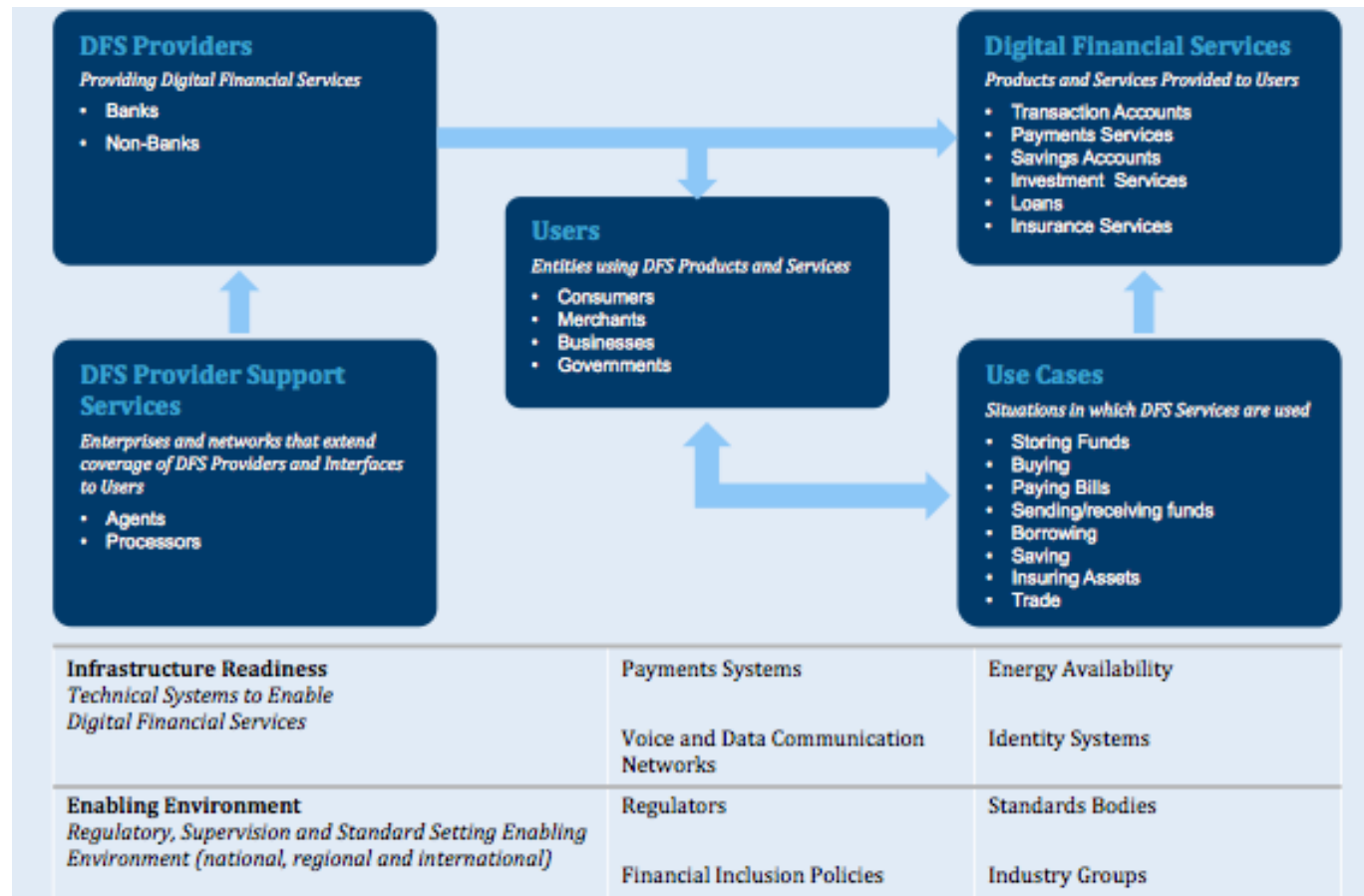
**Urgent to increase and formalize the collaboration between central banks and telecommunications regulators**

## Collaboration between central banks and telecommunications regulators supporting the development of digital financial services

- Conceiving and developing a shared and consistent strategy;
- Identifying the main critical factors to succeed;
- Actively cooperating in order to improve financial and digital literacy;
- Preparing the necessary legal and regulatory framework;
- Monitoring and supervising the agents providing digital financial services.
- Sharing data and statistics on the use of digital financial services.

Also important to have the participation of other authorities, namely consumer and data protection authorities.

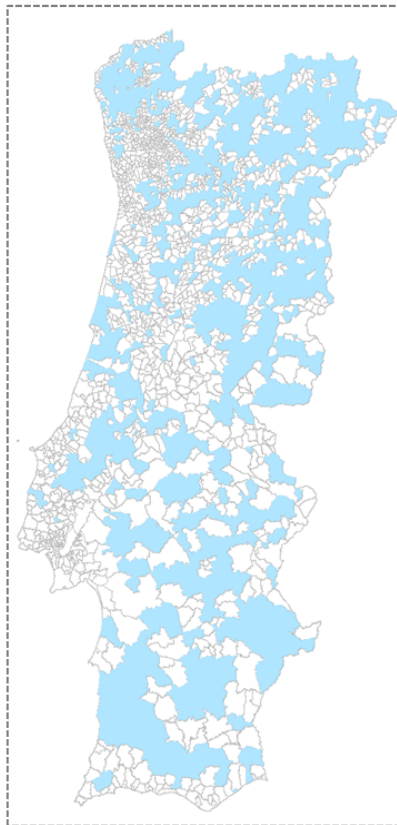
## Digital Financial Services ecosystem



**Digital Financial services requires the development of an affordable and robust broadband internet service available for all the population**

## Improvement of the mobile coverage obligations Portugal

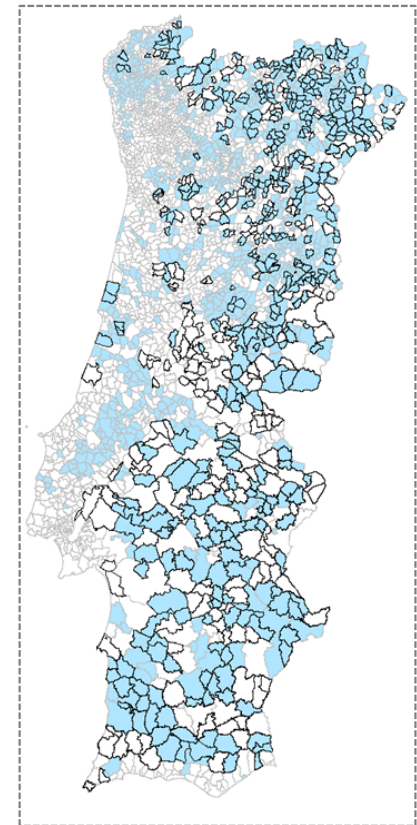
■ AREAS WHERE FIXED  
NGA COVERAGE  $\leq 1\%$



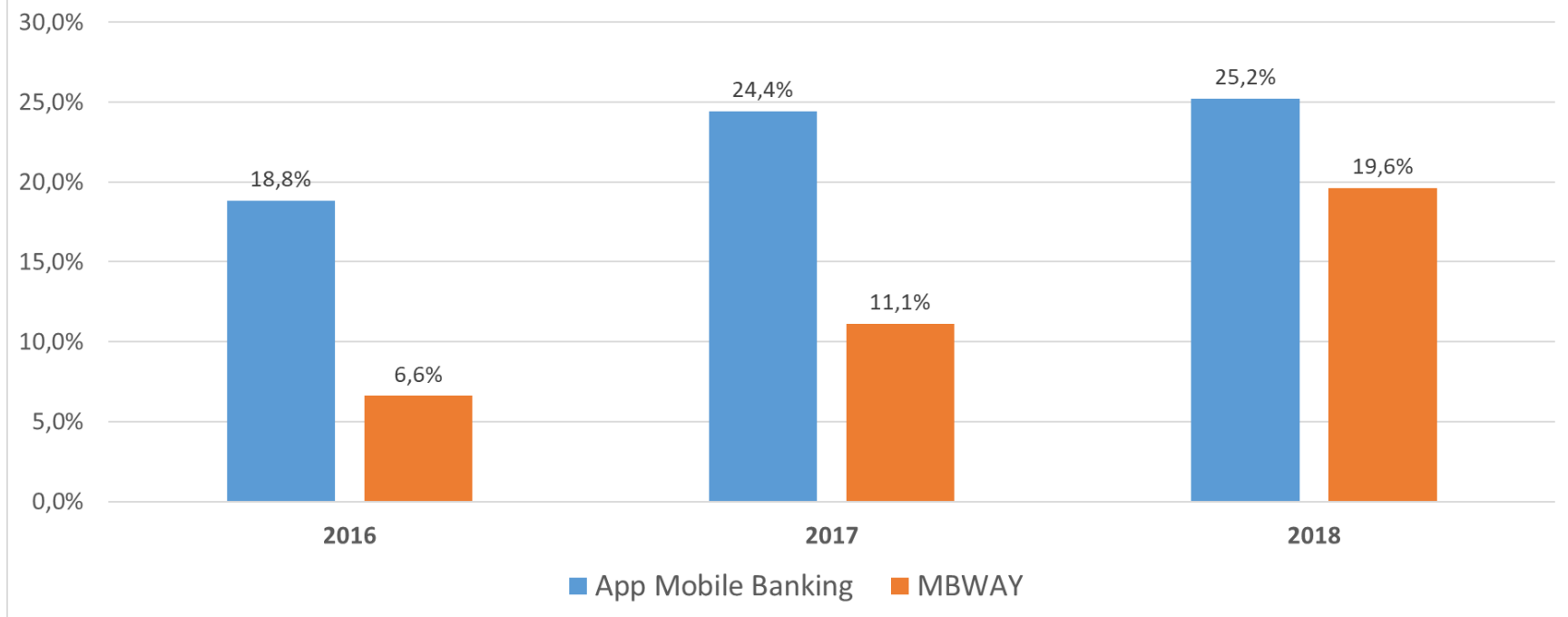
AREAS WHERE ANACOM  
IMPOSED MOBILE COVERAGE  
OBLIGATIONS

- Within the auction related to rights of use of spectrum in the 800 MHz band.
- On the renewal of rights of use of frequencies of the 2,1 GHz band.

□ MOBILE COVERAGE  
OBLIGATIONS



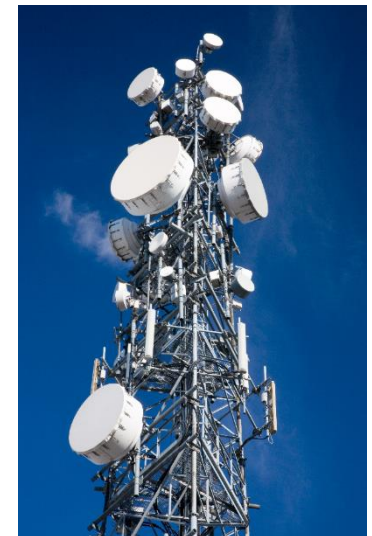
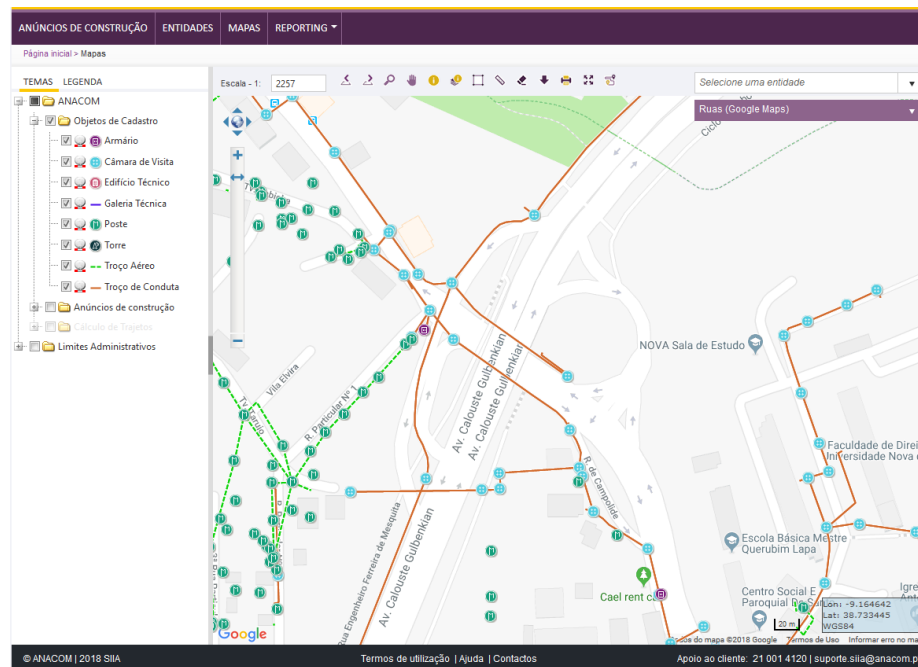
## Use of mobile phone for Payment Services Portugal



Source: Barómetro de Telecomunicações da Marktest



# Importance of infrastructure sharing



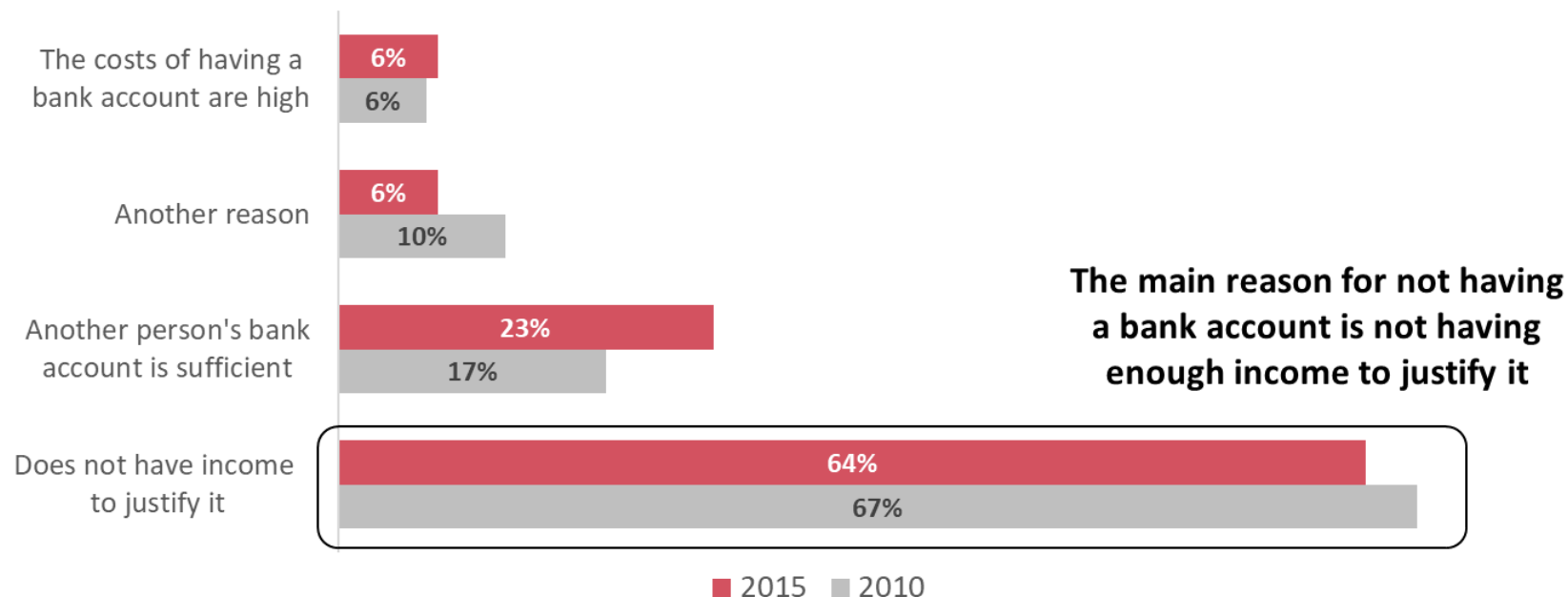
**National roaming:** Already available today in 14 European countries

## Basic bank account

It is a current account offering the holder low-cost access to a set of banking services considered essential, including to make transactions through the homebanking service.



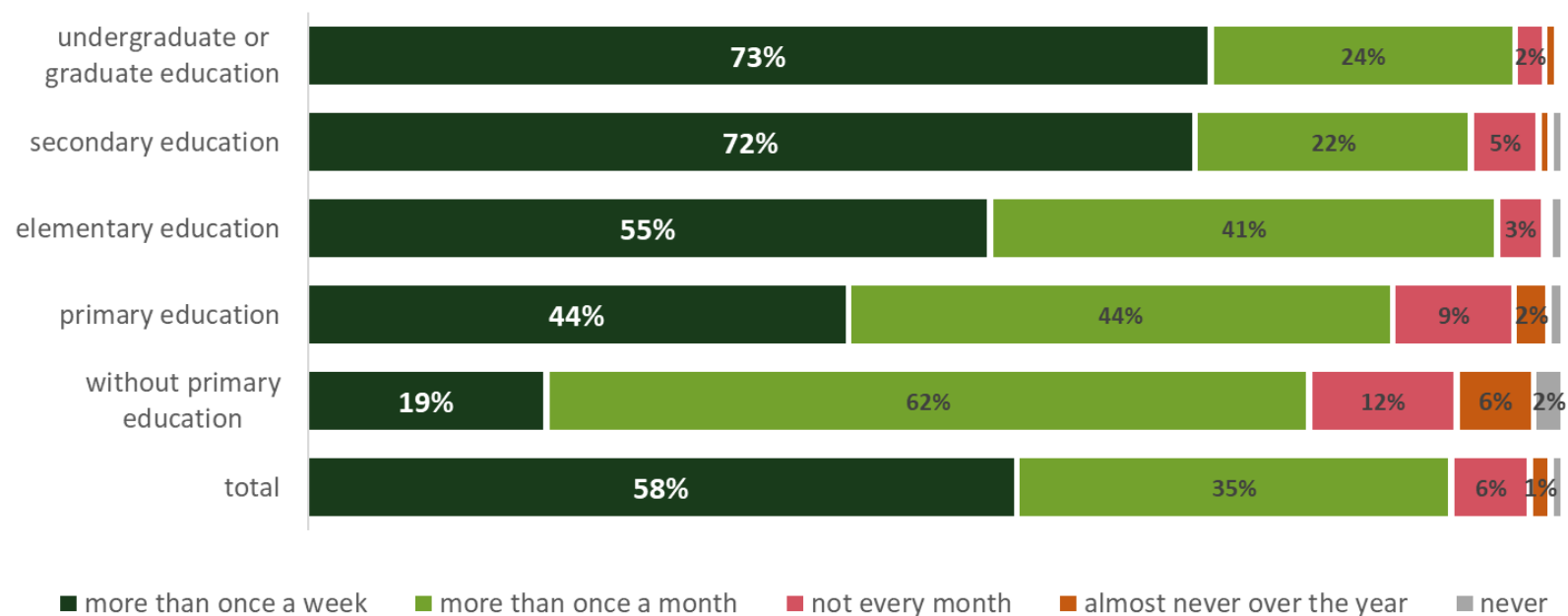
## REASONS FOR NOT HAVING A BANK ACCOUNT



Source: Banco de Portugal survey on the financial literacy of the Portuguese population

For the individuals who have a bank account...

## FREQUENCY OF USE OF BANK ACCOUNT



Source: Banco de Portugal survey on the financial literacy of the Portuguese population

## Credit register

It is key to foster financial inclusion, by supporting credit institutions in the assessment of credit risk

## THE CENTRAL CREDIT REGISTER (CCR)

The biggest database managed by *Banco de Portugal*.

It contains information on actual credit liabilities of individuals, companies or other entities vis-à-vis the participants, as well as potential credit liabilities taking the form of irrevocable commitments.

### MAIN PURPOSE

To support the participating institutions in CREDIT RISK ASSESSMENT by allowing them to access aggregated information about the indebtedness of their current and potential new clients.

### DATA REPORTED

Characterization of entities, credit contracts and related instruments and protections.

Financial data

Accounting data

Credit risk data

Original and residual maturity

Type of loan

Interest rates

etc

## Financial and digital literacy

Important to prioritize an active cooperation between the central bank and the telecommunications regulator in order to improve financial and digital literacy

### Literacia digital em Portugal (2017)

ANACOM | 2018

#### Avaliação da literacia digital

Capacidade dos indivíduos na utilização da tecnologia digital nas dimensões: Informação, Comunicação, Software e Resolução de problemas

Indivíduos entre 16 e 74 anos

31% Acima do nível básico em todas as dimensões

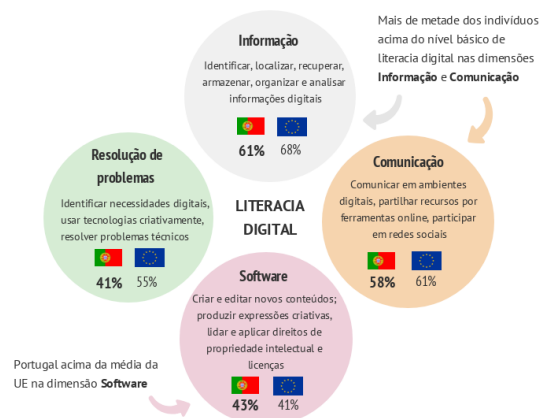
20% Nível básico

23% Abaixo do nível básico

26% Não utiliza Internet

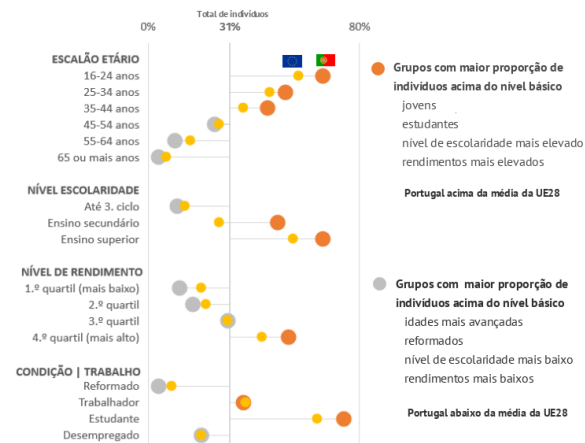
#### Dimensões

Proporção de indivíduos com um nível de literacia digital acima do nível básico por dimensões



#### Perfil sociodemográfico

Proporção de indivíduos com um nível de literacia digital acima do nível básico por grupo



Fonte: Eurostat, ICT usage by households and individuals (2017)

“Coming together is a beginning; keeping together is progress; working together is success”.

Edward Everett Hale



Committee on Payments and  
Market Infrastructures

BANK FOR INTERNATIONAL SETTLEMENTS



WORLD BANK GROUP







**Thank you for your attention!**

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**João Cadete de Matos**