

WSIS FORUM OUTCOME DOCUMENT

Template for Submission of Executive Summaries for Thematic/Country Workshop/ Action Line Facilitation Meetings/ Interactive Sessions/ High Level Dialogues/Publication Releases/Briefings

Deadline: Thursday 22 March, 2018

Please note that the WSIS Forum Outcome Document will be released on the last day of the Forum

1) Title of your session

"E-business and financial inclusion as a catalyst for the formalization and growth of MSMEs in developing countries"

2) Name of Organization/s organizing the session.

Universal Postal Union (UPU), United Nations Conference on Trade and Development (UNCTAD), International Trade Centre (ITC)

Moderator

Paul Donohoe – Manager of Digital Economy, E-commerce and Trade Programme , UPU

Panelists

- 🔗 Bisi Adegbuyi, CEO and Postmaster General of NIPOST, Nigeria
- 🔗 Youssouf Sy, Financial Inclusion Technical Assistance Facility, UPU
- 🔗 Jorge Ortega, Global Financial Inclusion, VISA Inc.
- 🔗 Anir Chowdhury, a2i Project Advisor to Prime Minister's Office, Bangladesh
- 🔗 Mohamed Es Fih - eSolutions for Business Advisor, ITC
- 🔗 Scarlett Fondeur Gil – ICT Policy Section, UNCTAD

3) Relevance with the WSIS Action Lines – please specify the Action lines C1 to C11

Action Line C7: e-business

4) Main outcomes highlighting the following:

I. Debated Issues

- Please capture highlights of the main issues debated and interactions with audience

This session considered the importance of access to digital financial services in order to foster both financial inclusion and SMES' development and addressed the needs

for a strong “partnership for implementation approach “at country level between all relevant stakeholders and for leveraging the relevant infrastructures including the postal network to meet SDG 8 target 3. Experiences from Bangladesh, Nigeria, among others, and discussed ways to meet SDG target 8.3 on MSME growth through access to financial services.

- Please highlight key achievements and challenges shared by the audience and/ or panelists

Overview of speakers’ comments:

The UPU announced the launch of a partners-led technical assistance programme for the digitization of postal financial services to foster financial inclusion. Achievement of a consensus among postal operators that digitization is a necessity, has been a big step forward in servicing the needs of the connected businesses and citizens. The UPU brings a global and clear picture on the potential and actual contribution that national post offices make to financial inclusion through digital financial services. The UPU is studying how to enhance the contribution of the international postal network to the development of small merchant acceptance of digital payments and will be releasing, with its partners, a research paper on this key topic. UPU launched a call for partnerships to support Postal operators wishing to enter the digital financial services space.

The representative of VISA Inc. mentioned they are heavily engaged with non-traditional entities that have relationships with the underbanked and underserved populations and the capacity to reach the last mile. They are working with various channels to lead transformation through digitization of financial services and payments with social and economic impacts for targeted populations including micro and small merchants, women and farmers.

Bangladesh set up a super interoperability and mobility platform among banks, Telcos, MFS, Posts and other providers to overcome inefficiencies and gaps caused by actors working in silos. Bangladesh is focusing on social safety payments in a partner approach including the Post. Understanding the specific needs of the population is key to insurance the alignments and relevance of digital financial products.

Given the local nature of ecommerce in Bangladesh, where 80% of ecommerce is from local regions, focus is given to creating about 5,000 local ecommerce hubs located in government offices but run by entrepreneurs linking rural and urban market players.

The Postmaster General of Nigeria and CEO of NIPOST, stressed that the Nigerian Postal Service is back in the financial services space in Nigeria through innovation,

partnerships and digitization, targeting youth and rural populations. Creating added value jobs and growth in rural areas and for the youth is a strategic direction taken by Nipost. An example of successful partnership in digital solutions was the NIPOST Address Verification System which was awarded a WSIS Prize during this year's WSIS Forum.

The representative from ITC explained some of the concrete challenges faced by SMES in developing countries vis-à-vis formalization through digitization. ITC underlined the successful partnerships developed between small exporters and postal operators in developing market access especially through digital solutions, including identification and payments.

The representative from UNCTAD highlighted that the co-facilitators are also partners in eTrade For All. Overall, the eTrade For All initiative identified seven policy areas, one of which is electronic payment solutions including issues of interoperability, legal and regulatory frameworks. WSIS stakeholders were invited to make use of the platform, which includes other partners aiding on e-commerce for development, including on the issue of payments and financing for e-commerce. In addition, stakeholders were invited to the UNCTAD E-commerce Week from 16-20 April 2018 where there is an opportunity to explore the outcomes of this session as part of this year's theme of "digital platforms for development".

II. Quotes

- Please provide important quotes from the session and the names & organization of the person you are quoting.

"Posts must go digital to remain relevant, efficient and impactful to fully support financial inclusion. Many postal operators have already embraced digitization of financial services with great success both in terms of business and most importantly in terms of financial inclusion of excluded populations and enterprises. The UPU is providing policy advise and technical assistance support to the Posts willing to take that digital journey". Youssouf Sy, Senior Expert Financial Inclusion, Universal Postal Union (UPU)

«The ability to take and make digital payments is a first order of business for SMEs, especially small businesses, to join the new economy and participate in ecommerce. With unique proximity to the world's hardest-to-reach populations, Postal financial institutions are well-positioned to provide small businesses the digital payment services they need to thrive in an ever-more connected world. Posts won't just deliver mail, they'll also deliver digital payment services to neighboring merchants, supporting business growth while bringing new revenue opportunities to post offices with

technology and services that keep them vital in the digital age. » Jorge Ortega, Senior Director, Global Financial Inclusion Visa Inc.,

“We talk about savings, loans, insurance, payments and remittances, but again these are considered by the point of view of the experts. But if you look at it from the poor’s perspective it is receiving and making payments. If they are living from hand to mouth savings is not an issue, basic payments and remittances where it starts.” Anir Chowdhury, a2i Project Advisor to Prime Minister’s Office, Bangladesh

«We want to empower youth and rural populations through our innovative postal strategies and products» Adebisi Adegbuyi, Postmaster General and CEO of Nigerian Postal Service (NIPOST)

«Getting digital for informal small businesses requires creating at least 50% to 100% added value to remain profitable. Formalization and compliance costs drive online prices up while there is price pressure by econsumer who expect to buy cheaper online». Mohamed Es Fih, eSolutions, International Trade Centre, (ITC)

« Rapidly spreading digital technologies now offer an opportunity to provide financial services at much lower cost, and therefore profitably, boosting financial inclusion and enabling large productivity gains across the economy. », Paul Donohoe, Manager of Digital Economy, E-commerce and Trade Programme, Universal Postal Union (UPU)

III. Main Outcomes of the Session highlighting

- Consensus about the importance of digital financial services as a key element for financial inclusion and growth of SMSEs that can help accelerate the achievement of SDG target 8.3
- Important national infrastructures such as the postal network with the universal reach into the last mile can increase financial inclusion of unbanked and underserved communities, which can be an enabler for formalization and growth of SMSEs.
- The importance of a “human and merchant centered “approach to digital financial services was considered vital to ensure relevant services were provided to the right socio and economic segments of the population.
- All the actors of the digital financial services space including governments should partner to bring their added value.
- Consensus on added-value of digital financial services in meeting the needs of individual and small businesses in ways that are superior to the informal financial tools they use today.
- Cost of formalization and digitization of SMEs in developing countries was identified as a challenge to address in the future.

- Businesses and government leaders need to make a concerted effort to secure the potential benefits of financial inclusion using digital financial services.

Three building blocks are required:

1. widespread mobile and digital infrastructure,
2. a dynamic business and regulatory environment for financial services,
3. and digital finance products that meet the needs of individuals and small businesses in ways that are superior to the informal financial tools they use today.

IV. Main linkages with the Sustainable Development Goals

The session paid particular attention to the way e-business, e-commerce and financial inclusion pave the way to the formalization and growth of MSMEs, which make up the majority of enterprises in developing countries. This is directly related to

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Target 3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

V. Emerging Trends related to WSIS Action Lines identified during the meeting

Development-oriented policies enabling digitization are required to encourage the formalization and growth of micro-, small- and medium-sized enterprises, through access to financial services.

VI. Suggestions for Thematic Aspects that might be included in the WSIS Forum 2019

The E-Business Action Line aims to enhance the involvement of all stakeholders in promoting the benefits of e-business and stimulating the development of enabling frameworks to enhance impact of e-business applications, content and services.

Align the entire WSIS forum around the SDGs that are specifically dealt with in annual HLPF. This way a focused link can be made between the contribution that continued development of the digital economy and its benefits can make to the achievement of these specific SDG.



Leveraging ICTs to Build Information and Knowledge Societies for Achieving the Sustainable Development Goals (SDGs)