



Today, more than two billion adults do not have a bank account or access to other formal financial services—services that can help people protect their earnings, weather personal financial crises, send and receive payments, and better manage their farms and small businesses. And because of this, many families lack the tools they need to escape the cycle of poverty.

This needs to change. We have the power to change this. It's in everyone's best interest if we do. And with the ubiquity of mobile phones and the rise of digital payment technologies, it's now possible.

At the Bill and Melinda Gates Foundation, we believe that an economy that includes everyone benefits everyone. From this guiding principle, we've created the Level One Project, aimed at helping build inclusive, interconnected digital economies in every country around the world to bring the poor into the global financial system. Working across the public, private and nonprofit sectors in coordination with a wide variety of institutions, the Level One Project is a multi-year effort to address digital payment system infrastructure at a national level, and do so in a way that's both sustainable and compelling for providers of financial services.

WHAT WE ARE CREATING

The foundation of this project is the Level One Project Guide—a playbook to establishing national digital financial services systems, enabled by shared, open, standards-based components, and governed by its direct participants.

Substantial efforts have already been made at reforming financial systems in emerging markets across the world, with many examples showing the great potential of digital technologies and mobile network infrastructure. Today, two dominant trends have emerged, which may help to accelerate access to effective, efficient and affordable financial services for the poor:

First, mobile technology has spread at a remarkable pace in the developing world. According to a study done by the World Bank, 90 percent of the world's poor are now covered by a mobile signal, giving us a unique opportunity to reach vast segments of the population who may not live near a physical banking location.

Second, as explained in *Fighting Poverty, Profitably*, digital payment technologies can reduce the cost of financial transactions by more than 90 percent. One reason why is that digital payments can eliminate the need for a physical location to do banking—something that can be extremely challenging in many areas of the developing world.

We have observed these trends, learned from our experiences in more than 30 countries, seen what emerging new technologies can do, and ultimately, incorporated those lessons and potential into the Level One Project Guide—a vision of how an inclusive digital financial services system can work for the benefit of poor people. The underlying design principles of the Guide include:

- A push payment model with immediate funds transfer and same day settlement
- Open-loop interoperability between providers
- Adherence to well-defined and adopted international standards
- Adequate system-wide shared fraud and security protection
- Efficient and proportional identity and know-your-customer (KYC) requirements
- Meeting or exceeding the convenience, cost and utility of cash.

By utilizing an open, digital approach to transactions, and partnering with organizations across the public and private sectors, the Level One Project Guide aims to provide access to a robust, low-cost shared digital financial services infrastructure,

sparking innovation from new and existing participants, reducing risk, and generating substantial value for providers, individuals and economies in developing markets. Additional resources have been created to help governments, NGOs and financial service providers successfully implement these changes. For example, The Level One Project Guide addresses:

- Business requirements for mobile wallet providers, Interoperability Service for Transfer (IST) providers and agent management system providers
- Developer resources like Application Program Interfaces (APIs) based on our working prototype of a system designed around the Guide's principles
- Key regulatory issues and corresponding choices that a country regulator may face while implementing a digital financial services system
- System operating rules relevant to an open-loop, participant-governed system

INCLUSIVE DIGITAL ECONOMIES CREATE MARKET OPPORTUNITY FOR EVERYONE

Through the Guide and the other aspects of the Level One Project, we are seeking a robust, interactive dialogue within the global community of parties that can help deliver meaningful, functional and appropriate financial services that work for everyone—but especially for people with very low incomes, who lack access to financial services today.

This includes:

- **Governments:** Through a digital payment system, governments can improve service to citizens and reduce the administrative cost of paying workers and beneficiaries. Such a system would also reduce leakage and corruption in collection and disbursement programs, harness GDP that's currently being left on the table to generate new jobs, and allow for further investments in economic development.
- **NGOs/Foundation:** The Level One Project aims to help NGOs and foundations deliver services and opportunities to populations historically excluded from the benefits of formal financial services. In this way, projects work from the ground up to eventually reinforce national institutions and infrastructure, driving progress across all sectors of the economy, including health, agriculture, education, gender equality and more.
- **Private Sector:** Participants in an inclusive economy will have the opportunity to reach billions of new customers through digital services. Examples of industries that directly benefit include:
 - *Telecommunications:* A digital financial services system cannot work without connectivity and communications. Due to the reliance on mobile technology, telecommunications providers play an integral role in helping to develop a more inclusive economy—and must, if they are to realize the full value of this previously untapped market and its growing customer base.
 - *Banking/Finance:* Personal and business savings and credit are the backbone of economic development. Banking and finance providers gain access to new markets and domestic capital to fuel significant potential growth.
 - *Merchants:* In offering new payment options to customers, retailers will be able to tap into a new consumer base and grow customer satisfaction.

LET'S GET TO WORK

The success of the Level One Project will be based on collaboration. A more inclusive economy isn't going to come from a single team working alone or one organization with a limited budget. It won't work if it's constrained to a single country, or if major industries aren't involved. And there's no single pathway to the unifying inclusive digital financial services system that we aim to achieve. But if poverty is to be slashed in the next 15 years, and billions are to enjoy the benefits of effective, efficient and affordable financial services, then it will take the involvement and collaboration of many. Countries. Governments. NGOs. The private sector. You.

We need everyone to be involved. Because the more who get involved, the more successful we'll all be.

For more information and discussion about the Level One Project, including the full text of Level One Project Guide, please visit leveloneproject.org.