

# DIGITAL FINANCIAL SERVICES

## LEADERS AND UP & COMERS

Digital financial services (DFS) are among the quickest and most effective ways of turning millions of unbanked citizens into formal financial customers. For the first time in history, digital and mobile technology make full financial inclusion not only possible but profitable.

### LEADERS

Every day, in a number of countries around the world, a combination of customer demand, government leadership, and business innovation is driving adoption of DFS.

### BANGLADESH



POPULATION

148M

77%

RURAL



69%

UNBANKED



3%

MOBILE MONEY USERS



66,000

FINANCIAL ACCESS POINTS

48%

MOBILE MONEY AGENTS

From microfinance to mobile money, Bangladesh has long pioneered the development of financial services that meet the needs and habits of the poor. Most of Bangladesh's mobile money users subscribe to one service—bKash—which now boasts 17 million accounts and in 2015 turned a profit, after only three years on the market.

Though technically a subsidiary of BRAC Bank, bKash has been largely autonomous since its inception, and this entrepreneurial freedom—along with regulatory support from the country's central bank—has been a major factor in its success.

## TANZANIA



POPULATION

41M

80%

RURAL



60%

UNBANKED



32%

MOBILE MONEY USERS



56,000

FINANCIAL ACCESS POINTS

81%

MOBILE MONEY AGENTS

Tanzania's cross-sector investment in digital financial services has radically changed the country. From 2009 to 2014, the percentage of adults with a financial account more than quadrupled, from 12% to over 50%. This was made possible thanks to a supportive government that encourages innovation through regulation and policy, as well as a business community that embraces interoperability (the

ability for customers using one platform to transact with customers using another). Unlike Bangladesh, Tanzania has multiple successful DFS providers, all of which allow customers to make cross-platform transactions. This makes the industry as a whole much more valuable to its 16 million customers—which, in turn, benefits each provider.

## UGANDA



POPULATION

39M

87%

RURAL



56%

UNBANKED



35%

MOBILE MONEY USERS



44,000

FINANCIAL ACCESS POINTS

96%

MOBILE MONEY AGENTS

Uganda's unbanked have adopted digital financial services at explosive rates that continue to climb. From 2009 to 2014, mobile money users grew from 10,000 to 18 million, including 5.5 million new accounts in 2013-2014 alone. Major commercial banks have partnered with telecoms

and MNOs to provide competing mobile money products, which has spawned a diverse ecosystem of complementary products and services, such as digital bill paying and ATM-accessible accounts.

# UP & COMERS

Buoyed by the progress in other markets, many countries are now starting their journey toward digital solutions that are accessible and amenable to the poor and unbanked.

## INDIA



POPULATION

300M

91%

RURAL



47%

UNBANKED



2%

MOBILE MONEY USERS



50,000

FINANCIAL ACCESS POINTS

0%

MOBILE MONEY AGENTS

## TRENDS & POTENTIAL

### CROSS-PLATFORM

More and more, interoperability is being recognized as a necessary feature of a healthy DFS market. As of March 2016, seven country markets are fully interoperable:

Indonesia | Madagascar | Pakistan | Rwanda  
Sri Lanka | Tanzania | Thailand

### CROSS-BORDER

Remittance payments are a lifeline for many low-income families, and transitioning these payments to digital has several benefits.

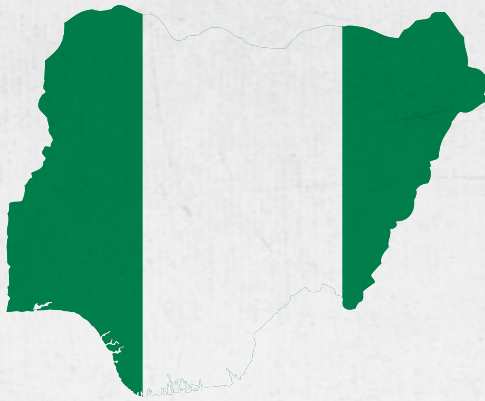
- » In 2014, remittances totaled US\$523 billion.
- » The global average for remittance fees is around 7%, but using DFS that fee can be 3% or lower.
- » Mobile money providers that offer remittance services processed 52% more cross-border transactions in 2015 than in 2014.



The national government and central bank are taking sweeping action to open India's doors to DFS. The president's flagship inclusion program reached its goal of having one financial account for every household in the country, and over 60 percent of new accounts opened under the plan currently carry a balance. In late 2015, the Reserve Bank of India began issuing licenses to a variety of banks and non-banks, enabling them to offer simple digital payment products. Finally, the quality of India's policy, regulation, and institutional environment for financial inclusion earned it "Financial Inclusion Country of the Year" status by the nonprofit Center for Financial Inclusion.



## NIGERIA



POPULATION

178M

76%

RURAL



56%

UNBANKED



2%

MOBILE MONEY USERS



30,000

FINANCIAL ACCESS POINTS

12%

MOBILE MONEY AGENTS



Nigeria is a country with full knowledge that it has work to do in making financial services more prevalent and accessible. Mobile money is nascent but set to grow—particularly as the government's national financial inclusion strategy gathers momentum and engages in clever innovations,

such as leveraging the physical network of the Nigerian postal service to serve as financial access points. The government is also now issuing ID cards (in partnership with MasterCard) that can serve as electronic passkeys to digital payment accounts.

Digital and mobile technology present an unprecedented opportunity to reimagine financial services. And the greatest potential for growth and innovation is in reimagining services that everyone can use, including the poor and unbanked.

Two billion people live outside the formal economy not because they lack interest, but because they lack options. Let's level the economic playing field, and help the world's unbanked become the active and productive financial customers they want to be.

THE LEVEL ONE PROJECT

 BILL & MELINDA  
 GATES *foundation*