

June 13, 2019

INTERNATIONAL TRENDS IN FINANCIAL INCLUSION

Greta Bull, CGAP CEO



Bulent Suberk, CGAP Photo Contest

The Consultative Group to Assist the Poor (CGAP)

Shaping the Field of Financial Inclusion for 25 Years

CGAP I

1995–1998

Prove concept of microcredit

CGAP II

1998–2003

Scale up microfinance

CGAP III

2003–2008

Financial services for the poor

CGAP IV

2008–2013

Emerging digital business models

CGAP V

2014–2018

Build inclusive financial systems

CGAP VI

2019–2024

Empower the poor with financial services for a digital economy



Mission

To make financial services meet the needs of poor people. By advancing responsible and inclusive financial systems, we help move people out of poverty, protect their gains and advance global development goals.

Impact through Evidence

We spur innovation, test solutions and inspire change through partnerships, knowledge sharing and evidence-based advocacy with financial service providers, policymakers and funders.

Where it All Began: Microfinance

Roots in Bangladesh and Latin America in the 1970s

Today:

- 774 financial services providers
- More than 115 million borrowers
- Gross loan portfolio of \$96.6 billion
- 99 million depositors, saving \$64 billion
- \$16 billion under management in specialized MIVs



Microfinance: What We Learned

- Poor people want to save and borrow... and are credit-worthy
- Concentration of successful markets in South Asia, Latin America, Eastern Europe and Central Asia and East Asia
- **MFIs can prosper where there is:**
 - Supportive regulatory environment
 - Population density
 - Adequate economic growth



Mobile Money

Mobile payments take off

M-Pesa launched
in Kenya in 2007...

...and spread widely
across Africa and
beyond

Today:

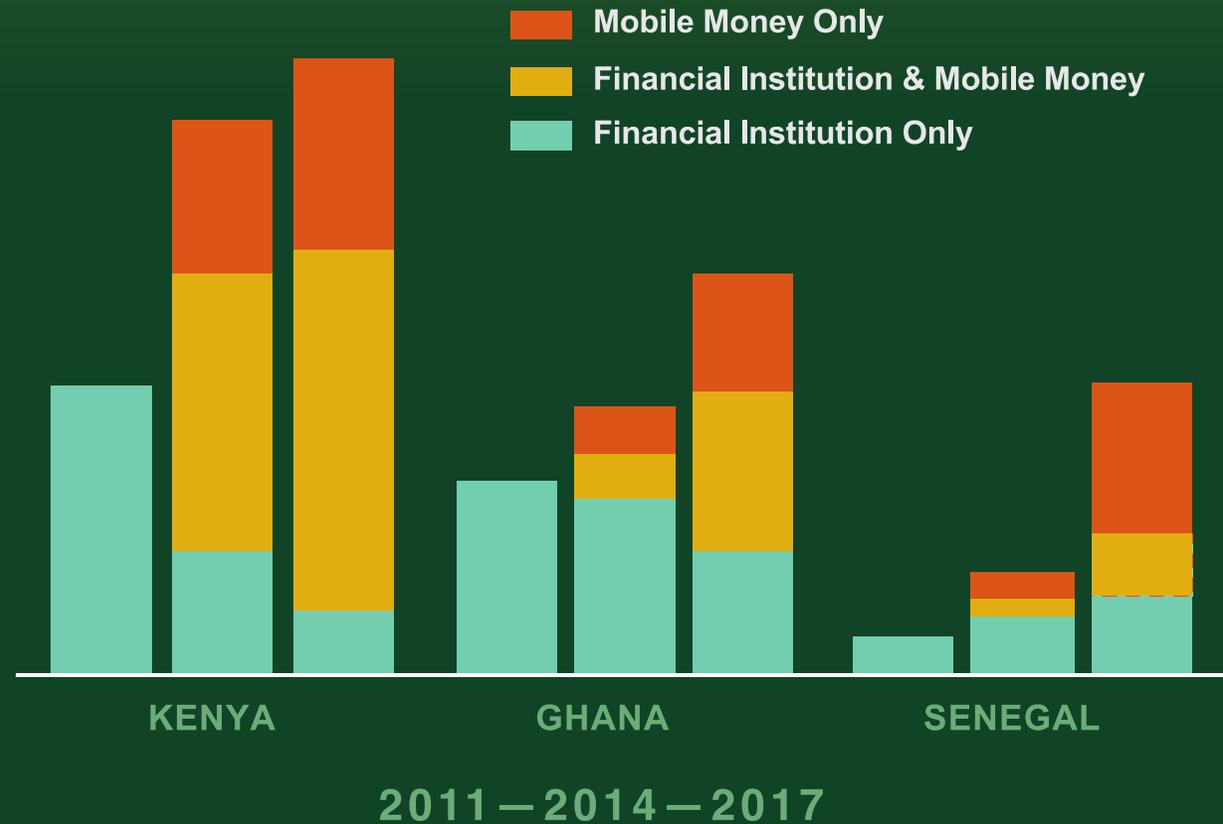
- ✓ 272 deployments in 90 countries
- ✓ 866m registered users
- ✓ \$1.3 billion in payments processed per day



Mobile Money

Rapid expansion in access

- ✓ Kenya: 42% → 82%
- ✓ Ghana: 29% → 58%
- ✓ Senegal: 6% → 42%



Mobile Money: What We Learned

- Payments a universal financial service. Data trails foundational to other services
- Technology + Distribution
- Changes in regulation required to enable mobile money, and to protect consumers
- Future is in platforms



China

E-commerce and social media provide impetus for mobile-based financial services

Alibaba founded
in Jack Ma's
apartment
18 employees

Taobao
shopping
website
launched

Taobao
opens to
third party
vendors

Ant Financial
launches digital
MyBank, today has
**over 11 million
MSME borrowers**

Alipay invests e-wallet
spare change in Yu'e
Bao, a money market
fund that grows to
biggest in the world

1999

2003

2004

2008

2014

2015

2017

Alipay
launched

Ant Financial
spun out from
AliBaba

Ant Financial has
nearly 700m users

Ant Cash Now allows
Alipay users to borrow
funds quickly

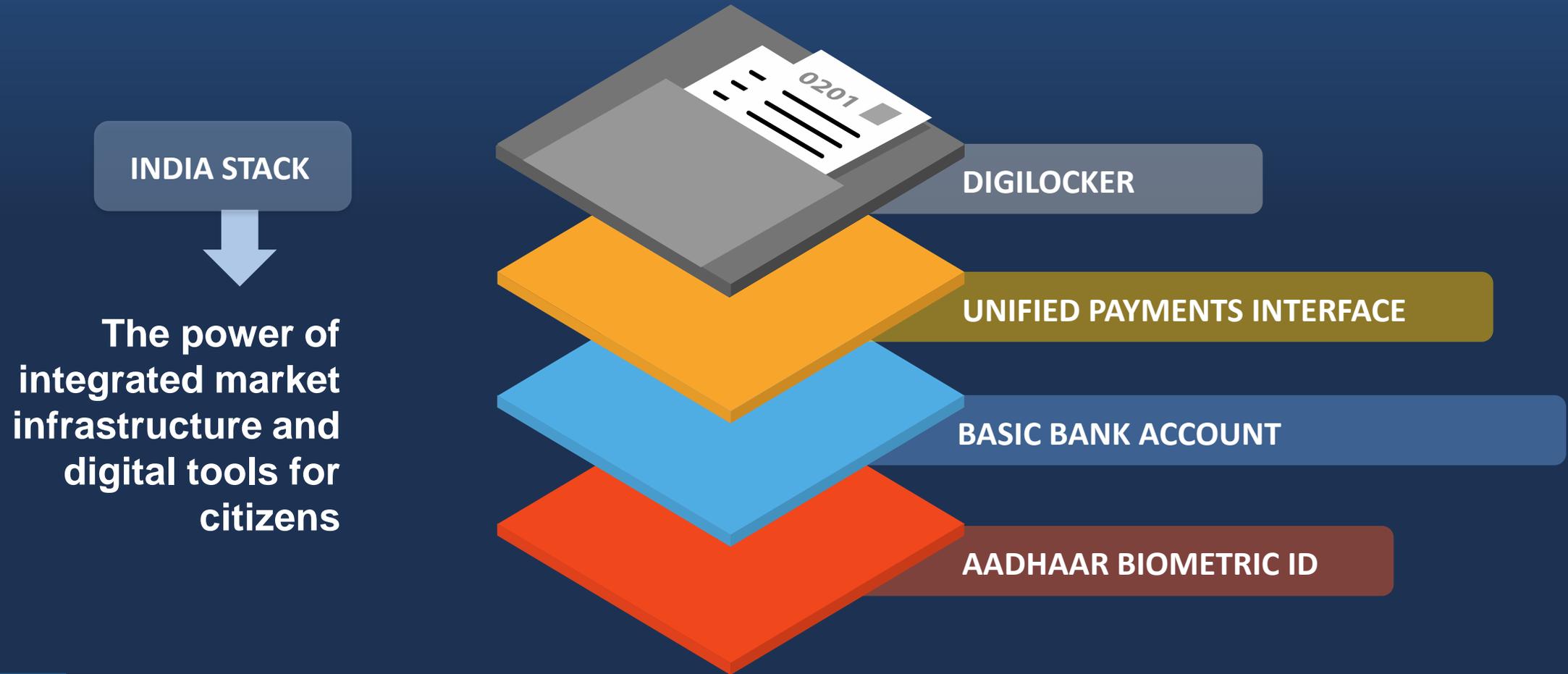
China: What We Learned

- Strong demand for e-commerce made foray into financial services inevitable
- QR codes and online purchases led to rapid transition from cash to digital
- Winner-takes-all competition between Alibaba and Tencent
- Rapid expansion into neighboring markets
- Raises myriad concerns about market concentration, data privacy and the uses of scoring



India

The case for enabling market infrastructure



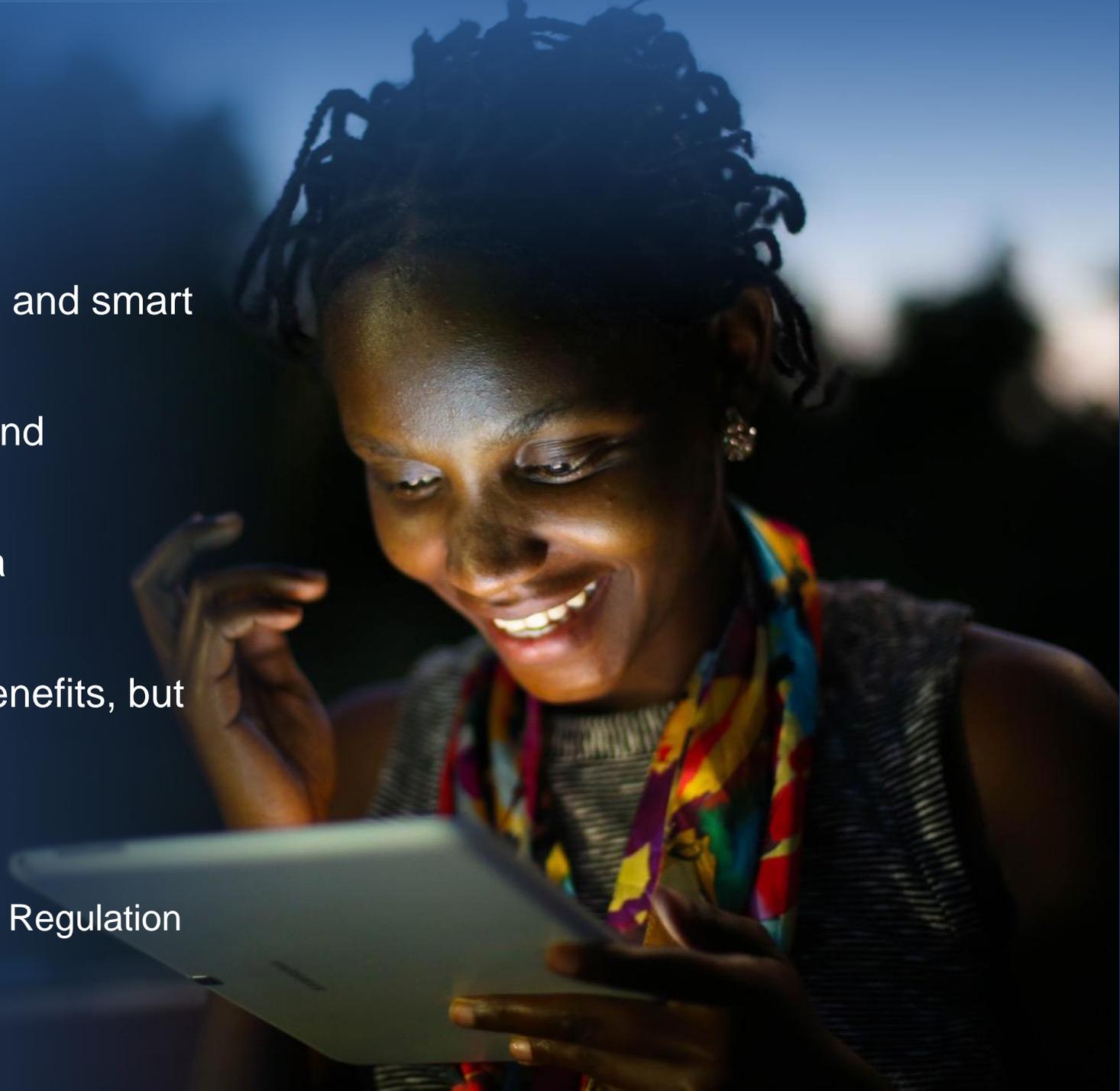
India: What We Learned

- Open market infrastructure lowers cost and takes friction out of financial services delivery
- Governments can drive change and help ensure privacy and market contestability
- The role of data is central and only beginning to be addressed, driven by India and European Union



What Next?

- Progress, but a lot more to do
- Hard to reach the poor, but tech and smart policy provide more options
- Role of government important and increasingly complex
- Platforms, connectivity and data are primary drivers for inclusion
- Digital economy brings many benefits, but also new challenges:
 - Data Privacy and Protection
 - Competition
 - Market Conduct and Prudential Regulation



Thank you

To learn more, please visit
www.cgap.org



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