



USAID
FROM THE AMERICAN PEOPLE



MICROLINKS SEMINAR SERIES

Exploring Frontiers in Inclusive Market Development

DIGITIZING FINANCIAL SOLUTIONS TO ADVANCE WOMEN'S ECONOMIC PARTICIPATION

AUDIO TRANSCRIPT

FEBRUARY 4, 2016

CONTENTS

Presenters.....	3
Presentation	4
Questions and Answers	19

PRESENTERS

Dr Ruth Goodwin-Groen, Better Than Cash Alliance

Dr Leora Klapper, World Bank

PRESENTATION

Kristin O'Planick:

Okay. Good morning. Welcome to this month's Microlinks seminar. I'm Kristin O'Planick, from USAID's Bureau for Growth, Education, and Environment. Today's seminar is a collaboration with the digital finance team in USAID's Global Development Lab. Digital finance and its intersection with gender is something USAID is closely following, especially as we see potential to build out inclusive infrastructure. If you haven't seen the call for examples of digital finance inclusion, check it out on Microlinks.

So let's get to the topic at hand – digitizing financial solutions to advance women's economic participation. We recognize that greater participation by women can drive economic growth and stability. But how do we increase this participation? It's a challenge we've been working on for a long time. Digital financial services present a different means to improve this participation. With digital infrastructure providing increased access to relevant financial services, women are gaining greater control over resources, improving the performance of their enterprises, and participating in more opportunities – which is what we want to see.

Our presenters today will share insights from the recent report to the G20 Partnership for Financial Inclusion, *Digital Financial Solutions to Advance Women's Participation*. Now let me briefly introduce our speakers, and then I'll pass the mike over to them.

Dr. Ruth Goodwin-Groen is the managing director of the UN-housed Better than Cash Alliance, leading its efforts to accelerate the global shift from cash to digital payments. She represents Better than Cash Alliance at the G20 Global Partnership for Financial Inclusion, is a member of the World Economic Forum financial inclusion steering committee, and a member of the reference group of the United Nations Secretary General's Special Advocate for Inclusive Finance for Development. That's a mouthful [*laughs*].

Dr. Leora Klapper is the lead economist in the finance and private research team of the development research group at the World Bank. Her publications focus on corporate and consumer finance, entrepreneurship, and risk management. Her current research studies the impact of digital financial services, especially for women. She is a founder of the Global Findex Database, which measures how adults around the world save, borrow, make payments, and manage risk.

Thank you for joining us today, ladies.

Dr. Goodwin-Groen:

It's great to see everybody here today. I'm Ruth Goodwin-Groen, as you know. And Kristin said many of us had been working on increasing women's economic

participation and empowerment for many years. But this is a very exciting time to be involved, because there's tremendous momentum at the momentum. The momentum is coming from those who care about economic growth. Because we are learning there's new data coming out every day about how important the work that women are doing already is recognized to drive economic growth.

For those of us who care about poverty reduction, we know that women are the majority of those who are poor, and so it's really – and they work very hard. So it's tremendously important to increase their economic participation for their own ability to move out of poverty, as well as for the economy. Those of us who care about inclusion, there's tremendous momentum on that side, too, because we have the technology now. Increasing technology to ensure that those women who live in remote rural areas have access as well.

So with the momentum from the growth crew, from the poverty reduction crew from the inclusion and technology sides, we've got all these factors moving towards opportunities for advancing women's economic participation and inclusion. And so the report, as Kristin said, that we prepared, for the G20 leaders, the Turkish presidency last year, builds on all that work.

The G20 leaders, as you know – it's the world's 20 largest economies, 85 percent of the global economy. And they realized last year in their leaders communique that it was vital to increase women's participation in the labor force. They committed to 100 million more women being involved in the labor force by 2025. That means reducing the gender disparity in workforce participation by 25 percent. That's a big commitment by those leaders.

And so last year, under the Turkish presidency, the Better than Cash Alliance and the World Bank suggested to the Turkish presidency that this was a time to focus on digital financial solutions to advance women's economic participation. So that's why we have the report that was attached to the leaders' communique in November last year. That means Prime Minister Modi, President Obama, Angela Merkel, all – I should say Prime Minister Merkel, Prime Minister Cameron – all the leaders are behind this movement. So it's super exciting.

So I want to also, by way of introduction, say that this was a team effort. I'm from the Better than Cash Alliance. Leora from the World Bank. Our co-steering committee members were Women's World Banking, also a member of the Better than Cash Alliance, and an affiliated partner of the G20 Global Partnership for Financial Inclusion. Of course, they are very important partners, as well as the Gates Foundation.

But of course we have to recognize there was tremendous input by members of the Global Partnership for Financial Inclusion. I see Loretta here from the US Treasury, who was a key contributor, as well as all the other members and implementing partners, including the Consultative Group to Assist the Poor, the

IFC, IFAD, OECD, they were all contributing to this. So this has been a real team effort, because of the importance of this issue. So that's by way of introduction. And I'm going to ask Leora now to summarize the highlights of this report for you.

Dr. Leora Klapper:

Thank you. Let's jump in, look at some of the data. As Ruth mentioned, the motivation for this work – one simple fact. About half of women around the world are in the labor force. That's compared to about 70 percent of men. So here's our first challenge. We also look at what women are doing in the work force. We see that in high income countries, the majority, almost all women in the work force, are wage employed. Whereas as we move to lower income countries, the vast majority of women are what self-reported self-employed, which is important.

There's some of those women who are pulled into entrepreneurship because they have a great idea. But the vast majority of women who are pushed into self-employment out of necessity, just to feed their families. And so as we talk about the benefits of digital financial payments, it's important to remember that, one, these are women who often have tremendous family responsibilities as well or cultural norms that make it harder for them to travel longer distances.

Secondly, any sort of cost saving is really critical to these women to feed their families. And so the takeaway from the slide, again – the turquoise blue are women who are self-employed, versus the navy blue of wage workers in the higher income countries. And so and indeed what we'll talk about is the increasing use of innovative digital financial products, as reported in 11 countries, the majority of business women are taking advantage of these, this new technology, to grow their businesses.

And so what are the benefits of digital financial payments? I'll start by giving an overview of the benefits, and then the challenges, and then actions that governments, the private sector, the financial sector, donors, those of us in the room, can take. So one bit of it is simply with the introduction and creation of new digital financial products are the opportunities to expand financial inclusion. Expand account ownership for women. There's growing rigorous academic research of the benefits. Simply safety. Women are more vulnerable to theft not walking around with a wad of cash in their pocket.

There's also the idea that digital payments give them privacy and confidentiality over their money. There's also control over the money. There's very nice research coming out of both Africa and Asia showing that giving a woman an account to keep her money outside of the money gives her greater control and influence over household budget decisions – even to the extent of greater household spending on nutritious food.

So however at the starting gate women are at a disadvantage. The Global Findex data shows a persistent gender gap in account ownership around the world, shown on the left. We find in 2014 a nine percentage point gap in account ownership between men and women. And unmask some larger regional variation. For example, in India, men are more than 20 percentage points more likely than women to have an account. However, we are claiming that for example mobile technology could offer greater affordability and convenience for account ownership, especially for women. It may be more difficult for women to travel to the city, to use a bank branch.

But there's more likely to be a mobile money agent in her village for her to access mobile phone accounts. However, women are still lagging at making mobile money account payments, as shown in the bottom figure. For reasons we'll get into. However, we're trying to start looking at the evidence. We're trying to start see in place like Cote d'Ivoire, and Kenya, where mobile banking is rapidly growing, in Cote d'Ivoire, there is a gap in account ownership between men and women, however we find that among mobile account owners, there is no gender gap. However, Uganda, Tanzania, we continue to see a gap in both bank and mobile accounts.

Let me pause here for a minute again. What is this power of the mobile technology? What we're learning is what women need is the ability to make frequent low denomination payments, okay? And so what do they need this money for? They have a dollar at the end of the day that they don't want to keep in their home because they fear a neighbor or family member will take the money. It's too difficult for them to take a bus across town to deposit that money in a bank every day. So women are paying huge negative interest rates to Susu collectors – collectors who come to their home, take that one dollar from them, because they can't keep it in their home.

And, again, it's these frequent payments, the daily payments of small denomination. And that's where mobile money shows great promise. Bank products aren't designed for that kind of frequent low denomination transactions, whereas mobile payments are. You can go in every day on your way home into the mobile agent on your block, and virtually for free, deposit that dollar into your mobile money wallet, which is a safe place to keep the money, outside the home. So this frequent low denomination payments, both for business women and all women, is something we'll talk about.

Let me also I guess add the caveat – might be little sheepish – that clearly all the benefits we're talking about are important for men as well. We're just highlighting that because of the nature of women's position in the household, because of safety, we believe these are – we can potentially disproportionately

help bring women into both the financial system and into the labor force, where they've both been positioned at a disadvantage so far.

So the other benefits. So we just can go – we'll get into some examples as the presentation goes on. Is this idea that online – for example, there's been tremendous World Bank efforts to digitize business registries, and, importantly, to allow digital payments for the registration fees. It's not enough to allow someone to register the business online if they have to travel to the city to pay the registration fee. And also we know that women are more likely to be shaken down for informal payments than men.

And we like to say it's harder to shake someone down electronically over the internet. So the use of mobile phones to register a business and make other business payments is important. It's not only for businesses. Interesting example the World Bank was working on – in Kenya, midwives are now using mobile phones to register births in Zambia. And so it's being used to create all sorts of databases which are critically important to get women in the system.

The World Bank has been involved in helping governments set up online procurement which just widens the net of people who can bid on various contracts. Increased participation in commerce. I was speaking with a group of the Middle East Women's Entrepreneurship Association. What's really notable is that many of the women in the room were involved in import/export.

It's often very difficult for them to be – to work publically in their own countries. But over the internet, no one knows they're a woman. Over the internet, they're able to both procure and sell more easily. And finally for larger firms, who are trying to have a formal presence in the country, who wish to sell to – export and sell to large firms, they're able to pay their VAT and other taxes online.

Digital payments also facilitate savings. Things about – many of us hopefully save using a 401k or other auto-deposit mechanism. Auto-deposit only works if you have electronic wage payment in the first place. The biggest challenge to saving is actually taking that step to go to the bank, wait in line, and make a deposit. Once the pay is electronic, it's easier. What's interesting is I've been working in Ghana, Bangladesh. There's numerous studies throughout Africa showing a huge appetite for these sort of commitment savings.

There's a number of projects now in Africa for example that set up auto-deposit feature from a mobile wallet into a bank account. So you can on a regular basis put small denominations into your mobile wallet, and once a week that money is swept into a bank account that pays interest. So it's this interoperability, this interaction between mobile accounts and bank accounts, which is providing greater savings services.

The figure on the left, what it's showing is in the Findex we ask – are you saving to start or grow a business? And, later on, are you borrowing to start or grow a business? And that's surprisingly many more adults, especially women, are saying they're saving. Women we know are often have greater credit constraints, less likely to own assets in their name, have credit history for credit. However, so savings is a critical component to starting, grow a business. Facilitating savings is important.

Mentioned earlier, about the negative interest rate, one of the great mysteries in the Findex data was the number again of especially women, places like Nigeria, who had an account, but reported using ROSCAs, community savings groups, or Susu, these money collectors. And we like to think that once you graduate to the formal sector, why would you ever go back to the informal sector? And we spoke to them, and this is what they told us. They need to save money on a daily basis. And it's too inconvenient to go to the bank.

So this is where innovative digital products such as mobile wallets is making a difference. I mean we're already seeing an example I mentioned earlier in Kenya with M-Shwari, which allows people to move money from their mobile wallet into an interest bearing savings account, and, in that savings account, develop a payment and savings history to access appropriate credit. Digital payments can also improve operational efficiency of firms. Again, mentioned, reduces travel, simple travel time necessary to access banks, which, in many countries, is more difficult for women. The security benefits.

And this one, very important. The instant remittance of money. This comes up especially with weather insurance. Familiar with – it's almost like a lottery ticket. You're literally betting against the weather. Doesn't require anyone to investigate your crops or outputs. It's a lottery card on whether there's a monsoon or not. And so if you have an account, that money can be sent automatically. Otherwise we hear reports of months and months until people receive their insurance payments, and those are the months that are critical. The farmer is unable to have the money, as well as begin investing the crops to grow his next – sorry, the seeds to grow his next crop. So this instant remittance of money.

Also, social networks. There's great work out of Kenya showing that people who participate in M-Pesa, when emergency strikes, the death of a family member, unemployment, they're able to get money from a wider literal geographic circle, network of friends. This also is a case Better than Cash has documented nicely. When the Ebola crisis hit, USAID and others were able to very quickly get money to help workers through a mobile account, even in areas that might be unbanked.

Again, building a payment history. This one we'll get into a little later. I think it's extremely important and exciting. Women are less likely to have credit ratings in developing countries. We know that. They're less likely to have assets in their

own name. They're less likely, even in high income countries, less likely to have the water bill, electric bill, or credit card in their name. They're less likely to have a credit footprint. What's being developed, and interestingly, most excitingly, in Africa, is the development of payment registries. Where if you receive and make payments on a regular basis, that's information that can be used to tell whether you can repay your loan. And increasingly this information is being used to provide loans, especially to small businesses, that can grow over time.

And also online loan repayment. We know banks know that the number one predictor of being able to repay your loans is being able to conveniently repay your loans. Having auto-pay features is critical for that. Digitized contract and delivery records and trade receivables. An area I'm very personally passionate about. So this starts with – and we'll talk again later about some examples. First of all, increasingly firms putting online any contract they extend to a small firm. A firm can use that digital information to get contract financing. The big firms are now also posting the data goods are delivered. So that can be converted into factoring and other receivable financing.

It's also the flip side of the coin that firms are also posting online their supplier credit that they're providing. And so again allowing small firms to build a payment history. In Kenya the World Bank has created a supplier credit registry for all pharmacies in the country, where the large pharmaceutical distributors are contributing to a bureau on supplier payment information that will be shared among the pharmacies, as well as with financial institutions.

And finally access to financial products. So we mentioned earlier being able to sweep money into a savings product or to repay a loan makes facilitates savings and online payments. Okay. So there are lots of benefits. But why – so if the benefits are so large, why isn't everybody online? There are challenges. For example, lack of formal identification, financial identification. More than 2 billion adults worldwide lack any identification. One good example, a success story, we like to say do it in India, you can do it anywhere, is the Aadhaar card.

India. There are over 950 million Aadhaar cards, which is a digital financial identification that can be used. We're working on a new survey on provision of government services in India. You have an Aadhaar card, you can – everything is easier for you. You can – to use to receive for various government services. To open a bank account. You have identification. We also find legal barriers. So here it's sort of interesting.

So World Bank's Women Business and the Law Database, which is an extension of the Doing Business Database, collects data on legal barriers to women's economic and other participation. So honestly there aren't a lot of countries that have explicit financial legal barriers to women. However there are important and more subtle barriers. For example, many countries have travel restrictions. Women can't stay in a hotel on their own, which makes it difficult for them to

visit clients. There are also tremendous legal barriers against women's inheritance, which again affects her asset ownership and ability to start and grow a business.

And here's an example. And I'm going to start this with legal or cultural norm where married women, for example, aren't allowed to participate in farmer's group, where both credit and seeds and important technical information is shared. There's also lower financial literacy. This is from the new S&P Financial Literacy Database, which was published in October. And available online. Shows that – so here are questions being asked on inflation, on interest compounding, on discounting. Simply that women are less able to understand these concepts. And it wasn't a math test. It was just more conceptually does your money grow over time, understanding the concept of compound interest, which would encourage you to save your money in the bank.

Overall, women had in general on average – are less aware of these concepts. And this grow – again, growing academic literature that is really hard to teach these concepts, either in the classroom, or if they're written, or video material – which really highlights the other side, the importance of appropriate consumer protection frameworks, important disclosure and transparency, important product design. It's very hard for many women in developing countries to remember a PIN number. And also additional challenge of many – in some languages, where numbers are written from right to left, women have to memorize a number and then put it in backwards.

But so again just appropriate design of financial products to make it easier for often illiterate, less educated populations to use the services is important for any take up. And we'll talk about especially as the governments move to making social payments online, which has tremendous benefits for the government in terms of cost savings, increased transparency, reduction in leakage – we have to keep this client focused, remembering that the recipients of government payments are often the most vulnerable, least educated segment of the population, least familiar with the using of sophisticated financial products, and making sure that they understand how to use a PIN number to keep it private.

We've been hearing stories of a large new government digital disbursement program where if a woman loses her PIN number, it could take up to six months to get a replacement number, and for six months the woman can't access her money that she and her family might desperately need. And, finally, what is perhaps the biggest barrier is the simple gap in phone ownership between men and women that we see around the world. There are almost 2 billion women around the world who don't have a phone. The map on the bottom shows that in many African countries, and unfortunately we only have this data for Africa, there's a huge gap in ownerships of mobile phones between men and women.

And, again, at the starting gates, for women to have ownership and control over her funds, she needs to own her own phone. There are also tremendous cultural barriers. I'm doing a project in Bangladesh among wage workers where we're moving from cash to electronic payments, including to mobile phones, and a very large number of women – women who don't – we gave to both men and women. Mobile phones. To receive their electronic wage payments. Men and women come back to us the next day saying my husband said I'm not allowed to have my own phone, returning the phone to us.

We hear this across many countries. This is a cultural barrier – really a barrier we need to address. And here, again, this is a very nice picture from GSMA, from a wonderful recent publication on the gender gap in mobile banking, mobile phone ownership. It shows, really highlights the large gap around the world in phone ownership. Not only phone ownership. Remember, a phone is no longer just used to make phone calls. It's now the access to the internet. And we ask people – do you have access to the internet in your home? They're not thinking Wi-Fi. The vast majority of developing countries, it's through mobile phone.

So I was actually surprised. You'd think 50-50, equal numbers of men and women live in homes, we have in the Gallup World Poll questions. Do you have access to the internet in your home? And to our surprise, numbers here, in South Asia for example, women are half as likely as men to report having access to the internet in their home, and it's likely because internet is coming via mobile phone, which they don't necessarily have access to.

So, what can we do about this? Ruth, you're welcome to jump in. let's start with the government. Government actors. First and foremost, digitize government payments. Mentioned earlier, big cost savings, reduced leakage, reduced – more likely intended recipient receives the money. Although as shown in this figure, there's still a lot of payments being made in cash. Keep in mind the scale. In lower income countries, they don't necessarily make a lot of – there's a small section of adults that receive any government payments.

So we still find there are over 80 million unbanked women who receive a government transfer, or their wages in cash, from the government. So for example, Mexico has reported saving over \$1.3 billion after digitizing their own payment. And Pakistan and Bangladesh have also moved towards digital payments.

Dr. Goodwin-Groen: Leora, yes, it would be worth highlighting there that the women's aspect of that is that of course many of the payments go to women, or whether whatever purpose it is, it's a poverty reduction aspect, and so it goes to women. So this is critically important for women having access to services. If you look at the numbers, we talked about Mexico there. There's a very, very minimal gender difference in

financial inclusion in Mexico. Those of you who know, there's a very small difference, also, in South Africa that has digitized their payments. These are not perfect programs, we all know. But in terms of making a difference for women's financial inclusion, it is a vitally important way.

There are obviously other countries. But I think it's really important to make that connection for women's economic inclusion.

Dr. Leora Klapper: Absolutely. It's also up to the government to make sure the environment for digital financial payments, the legal, the tax, the regulatory environments are supportive for digital financial environment. That might include know your customer requirements for very small accounts, again, in Bangladesh, an example, employers can open accounts for their employees using employer records, as one example for accounts to receive wage payments. Also, mentioned earlier, financial identification is critical.

We were just recently talking about in some countries one of the barriers is the veil, women choose to veil. That identification is not always accepted. Veil identification is not always accepted at for opening a bank account. There are issues that we really need to grapple with. Interoperability.

Dr. Goodwin-Groen: Can I just build on your financial identification point, Leora? You talked earlier about India's Aadhaar program, which is now I think 966 million. And one of the ways it's been used to increase women's participation is that some states have used that as ID associated with ration cards. So women are registered as head of household to be able to receive that card, because of the financial ID. Without the ID, they couldn't have done that. So it's a critical means to ensure that women have the ID to be able to then both receive the payments and get recognized as the key recipient for the government. So it's really important for women's inclusion.

Dr. Leora Klapper: Absolutely. The next – need to mention – to encourage interoperability between both mobile agents and countries that have multiple players. Cote d'Ivoire is a good example. Peru is another good example. As well as between mobile agents and banks to allow – facilitate the sort of sweep from your mobile wallet into an interest bearing perhaps commitment account we discussed earlier. Credit information sharing. This is critical. And often many countries have public credit registries, which only registered banks, commercial banks, can participate in. these should be opened up to include utility companies, mobile companies, other sources of payment, especially for women who may not have any bank credit, but may have other payment services, like a mobile phone in their own name.

And supportive consumer protection framework. And again. Especially among lower more less educated illiterate populations. Making sure there's transparency of all bank fees. For example, we've heard stories in some countries. There's a bank fee for checking your balance. Less educated women who receive a government transfer payment, just want to make sure the money is there, they keep checking their balance, and every time they check it, it gets smaller and smaller, and they get more nervous so they keep checking. Can lose half their welfare payments to these sort of bank fees. So just making sure that the protection – the framework protects more vulnerable recipients.

Dr. Goodwin-Groen: Just building on that point, Leora. One of the – you mentioned Peru as a good example of the interoperability. The Modelo Peru is a platform that is not just about separate telcos or banks or others being interoperable. It's a shared platform. So it's sort of even more connected. And so one of the things that they do is on the feature phone screen, they give the balance every single time you open it, so you can see exactly how much money is in your account, which is hugely important. And that's – we can talk more about the whole interoperability issue, and how the shared platform really helps particularly women who have – don't have to be one particular phone provider, telco provider, that you can – it can be included for everybody. So we can talk more about that. But it's very important for inclusion.

Dr. Leora Klapper: Absolutely. Next are the private sector actions. Again, simply digitizing their own wage payments. This is easier said than done. There are tremendous often regulatory hurdles in terms of financial identification to open accounts for employees, as well as we mentioned earlier, the learning, familiarity with the aching technology. However, again, as we're finding in Bangladesh, there are initial challenges. But over time, people become more comfortable with their accounts, start keeping balances over the month, and the hope that they'll be able to use these accounts for cash management, a safe place to help them meet their end of month expenses.

And as mentioned here, in the Findex, we find over 110 million unbanked women receive a wage payment in cash. Next point I want to talk about. Over 200 million unbanked women receive cash payments in the sale of agricultural products. The thought that came to my mind was women selling stuff on the side of the road. But increasingly that's not the case. For example, in Uganda and Tanzania and Kenya, especially Uganda, Tanzania, over 10 percent of adults – almost equal numbers of men and women – are farmers who report receiving a

sale of their agricultural products directly to an account. Either a bank or their mobile phone.

Which is suggesting that the hurdle of lower income agricultural segments is not that we can design the right products or reach this audience. What's going on is that many countries – think coffee, cocoa, tea – have these large often quasi-state or state-owned warehouses or centralized purchasing. People selling to these centralized warehouses are now increasingly in East Africa receiving payment directly to an account. So this is an avenue we can work with to increase account ownership. And especially for people who work in agricultural sector is the need for those financial products.

These are people who are commonly receiving lumpy income, who need a place to save money until the next season, who need to pre-finance their seeds, etcetera. So hooking the agricultural producers into the formal financial sector can have tremendous benefits.

Dr. Goodwin-Groen: The Better than Cash Alliance has done a case study in Colombia with the coffee growers that shows how initially it was just the payments that were made to an account, and then it built onto being financially included, and a range of other products for both women and men. So there's some great work that shows how important this is, and as a means of including those who were formally excluded into the economy.

Dr. Leora Klapper: And so more for the private sector can do – talked about this earlier, will repeat it – on digitizing their own purchasing and payment data. Mentioned in Kenya with pharmacies. Mexico is perhaps the oldest example. Nafin. Who collects. Where large buyers – think the Walmarts of the world – post online all receivables that they are granted by SMEs in Mexico. There are now hundreds of thousands of small SMEs who are able – and so small SME in Mexico has no formal credit. However they're sitting on Walmart receivables. Triple A assets.

So this Nafin platform allows them to electronically and very simply sell these receivables. Banks actually now bid on purchasing these receivables. And provides a critical source of short term financing to these firms. I mentioned earlier electric, water, trash collection payments, mobile phone payments should all be digitized and shared. Credit scores. We also have examples of large sellers – think Home Depot – where construction workers, self-employed, buy their goods.

If you're a building contractor, and you're buying \$100.00 of supplies every day, that's a good indicator to a bank that you can start buying on credit, that you have a constant cash flow coming in. You're buying the supplies, presumably you're

being paid to use them. So increasingly large sellers, particularly in the construction sector are digitizing their purchasing information from self-employed workers, and using that to extend appropriate supplier credit. Very exciting avenue we can talk more about afterwards is large firms – think Coke, Pepsi, Unilever – who distribute goods throughout the world.

So think one register firms. Small bodegas around the world. Trying to digitize that information and trying to encourage the small firms to pay them digitally. There I might add is a special challenge in the tremendous fear of formalization. So a lot of these small firms are informal, and they don't want any electronic paper trail. That's a challenge we're all working to better understand, and how to incentivize, to convince – how to incentivize small retailers that the benefits outweigh potential fears of digitization.

Dr. Goodwin-Groen: It would be appropriate to give a shout out to our friends at USAID and the World Economic Forum here who are working on this very issue in India. They've got a collaboration of all the businesses all working together on this. So we look forward to seeing how it'll work out. But it's a very exciting and interesting initiative.

Dr. Leora Klapper: Mm-hmm. So, finally, what can the financial sector do? It's not enough for the governments and private sector. Ultimately the financial sector has to design the right products. And so almost 600 million women pay for utilities in cash, which means they have to travel either to the utility company or a kiosk and stand online. These are women with mobile phones are paid – as increasing number of women have mobile phones, this is a payment that can be digitized. Over 200 million women pay school fees in cash. Again, in Bangladesh, the factories report they lose a day's production a month, as the women are all taking off to go across town and pay their school fees.

This is another payment that could potentially be digitized. And not – last but not the least, training agents to educate customers. This is critical. Diamond Bank in Nigeria, collaboration with Women's World Banking is a great example, where they trained over 8,000 women agents to go out and help open savings accounts. There are now over 200,000 savings accounts have been opened. So it's both training women agents, getting them more involved in the process, mobile agents, bank agents, and simply educating the agents how to work with less educated and women markets. So, thank you.

Dr. Goodwin-Groen: Oh, there's – that's just sort of the highlights. And we're going to be keeping going in the discussion. If there's any more of those examples you want to follow

up on, we're happy to talk. Those are just the highlights. Just so you know why we're here together, the Better than Cash Alliance is an alliance of governments and private sector and international organizations that are all committed to moving away from cash to some form of digital payment to reduce poverty and drive inclusive growth.

So our alliance is one that catalyzes all of our different members, including the many of the ones we've mentioned today – India, Peru, and etcetera. And so that's what – what have I touched? I've touched the wrong one. Sorry. And so if you can just go to the next slide.

Just by way of summarizing where we're at, this is really a call to action. The great research that Leora and all the team have done shows that what we – what is important for women's economic participation is driving an inclusive digital financial ecosystem, so women are able to participate in the economy, and then have access to the range of financial services that are necessary to help themselves get out of poverty. And so that is a really clear vision that's in front of us. And this, the barriers that Leora has addressed, as need to be overcome, so we can achieve that vision.

But that's where we're going, so that we're all in the same – driving towards the same goal. And so just to highlight some of the points that came from this. First of all, know where all your cash is, whether you're a government, though many of you are implementing partners for USAID, if you're working for an international organization, or you're working with a government, know where all the cash is and digitize it. It's a real – many people we find don't know where all the cash payments are. They didn't know that all the agricultural workers were getting paid in cash, or the farmers, I should say, were getting paid in cash.

So track where it is, whatever kind of organization you're working with, and then figure out how to digitize it. We have toolkits on our website to help you plan that kind of thing. But whatever is appropriate in your market is what's best. And it will range as to what kinds of services are available, depending on whether you're in India or Bangladesh or Mexico or Peru or wherever.

One of the things I wanted to also highlight was the opportunity for infrastructure partnerships. Those of you who know Kate McGowan and Anne Pereira at USAID know that their paper at the MIT Journal was really calling for creative partnerships to be able to build infrastructure. Because we're concerned about reaching the excluded. And so not everyone – if everyone builds out the infrastructure, not everyone is going to be able to make money. So we have to figure out how to collaborate to build the infrastructure. And the Peru example is a good one here that I'm happy to go with in more depth.

So creating those opportunities there to overcome the technology barriers that Leora was talking about. We can't emphasize – so that's whether you're a

government or international or whatever kind of organization you're in. And then particularly again whatever kind to advocate for if you're not a government person or working with governments – the financial ID. We've talked about that a lot. How important that is for advancing women's economic participation.

So whether you're not for profit, whether you're a company, whether you're working with government, this is a really important barrier to be overcome for advancing women's economic participation. And just on the business side of it, our friends at the IFC have a Women SME Digital Portal, but the digitizing business registration allows the formalization and allows women to participate in the financial sector, and have access to a range of products. Our friends at Women's World Banking have done a lot of work on their opportunities for women in that way.

And so to whether again whatever sector, whatever stakeholder you're working with, this is a really important thing. And finally, if it works for women, it works for everyone. You know we're concerned about building an inclusive economy. Earlier, I talked a lot about – and the report talks a lot about overcoming the regulatory barriers, whether it's – or norms. ODI has just put out a report on overcoming gender norms. Those of you who are institutional economists know about how to address changes in norms.

But thinking about, does it work for women? Means that does it work for the whole economy? And so if whether it's on a policy side, if you're a financial service provider, whether you're a microfinance provider, whether you're any other kind of service provider, just to challenge yourself – does it work for women? So that you can then address issues of inclusion. So use that. Whatever kind of stakeholder you're in, to use that as a way of challenging yourself to be able to then think about how to advance women's economic participation, and to use the technology that is available in your market to achieve that.

So that's by way of summary highlights. And we'd love to hear your questions. And comments. And I think back to you, Joy. Thank you very much.

[End of Audio]

QUESTIONS AND ANSWERS

Joy Chen: Thank you for such an insightful presentation. I want to open it up to questions. And so for those of you in the room, if you'd wait for me to get you the microphone, say your name and organization, because we're really curious who is in the room. And then I actually want to turn it over to our webinar audience. If there's anyone in the room who has a question, raise your hand, and I'll pass you the mike.

Audience: Hi. My name is Sharon Zarnick, and I'm with USADF – African Development Foundation. We primarily work in Africa. And every time I come to these, I hear the examples of Kenya, Cote d'Ivoire, Senegal, South Africa. But where we work is in the other countries no one ever talks about. Niger, Mauritania, Zambia, Burundi of the world. I was really interested to hear more about the example in Peru, and about how to build out the infrastructure.

For example, in Burkina right now, I have sesame producers. And it's a big export product. They just had a wonderful year a couple years ago. But we have the same problem, whether it's men or women, about them getting attacked when they get their payments from a union that provides their payments for them. And mobile money just isn't there. So learning more about building out the infrastructure so that there is access – I would love to hear more about that.

Dr. Goodwin-Groen: Happy to talk about that. I'll give the example of Peru, because that's one of our members, and that's what I know best. Peru's financial inclusion numbers are that 71 percent are excluded, 29 percent are included. So and yet it's quite a strong economy. They said, look, we don't want to be in this position. We want to address financial inclusion. And so the government started its financial inclusion strategy. At the same time, the bankers association realized that there was a potential economic opportunity, but they could never all make money by reaching beyond the main urban Lima, and the main urban center.

They started talking about whether it would be possible to collaborate on the infrastructure, and then compete on the product. Because the numbers simply didn't work. So the bankers association started discussions with the financial service providers, the payment service providers, and then, at the same time, the regulator was advancing e-money regulation. And at the same time, the government was working on its financial inclusion. So there was a very strong alignment between the government and private sector and the regulator in terms of addressing financial inclusion.

And so what the bankers association did was set up a separate company called PDP – Pagos Digitales Peruanos. And that was going to build out the infrastructure. And all the banks contributed to that initial capital for that company. They put out an RFP. Hired a company to build out the mobile infrastructure to reach across Peru. They have very reasonable expectations. They weren't – the breakeven was not going to be reaching everybody. Their breakeven was in three years to reach the peri-urban and urban, so that they knew that they could make money. Because they knew this was essentially a private sector initiative.

Banco de la Nacion was the government bank that was involved in the bankers association as well. So it had full support from the government. They have been – so they then had the buildout, and then they're launching a mobile wallet called BIM. And it's been operating all – but the official – so they know that it's all working well, and the official launch is very shortly. But what has then happened is that they will then basically you don't have to register. If you've got a phone, then you have an account.

So if you send money to your grandmother upcountry, she can get it immediately onto her phone. She doesn't have to go and register and do all other sorts of complicated things. It's immediately on her phone, and she just has to choose which financial service provider she wants to be able to have her account at. That's the only choice she has to make on the menu. And so this means that there is a common infrastructure that everyone is using. So their costs are way down. If you – I can give you all the numbers, if you're interested. But their cost is very limited for the infrastructure.

And then they can use that. Anyone can use that. It's a shared platform. It's not an – so it is completely interoperable between all the banks, and they figured out the pricing structure. And it is able to then provide access for anyone. So it's been happening, but the official launch is about to happen, and there will be – so there's tremendous excitement about that. Because that has the biggest opportunity for inclusion. So in the countries you're working in, in Sub-Saharan Africa, this kind of thing – we do not recommend it be replicated. Please. We're not saying that.

We're saying that this is the kind of partnership that can be – we can learn from, so that in each market, as appropriate, there are opportunities for collaboration on the infrastructure, and then competition on the product.

Joy Chen:

Thank you for that case study. Let's turn it over to our webinar.

Usman Iqtidar:

I have a question on this theme of illiteracy and women who don't probably won't have access to mobile networks, Christina is asking like I wonder how these can work in Ghana considering high rate of illiteracy among subsistence farmers, who are mostly women? And I think there's a similar question by Gabriel, as well, who says what about use of mobile among women which are illiterate? So this is on that theme. And there's another one which was on the cultural theme, which I thought was interesting. Kathleen from Chittagong asks – I would like to hear Leora and Ruth's thoughts on strategies to overcome cultural barriers, such as the one Leora mentioned in Bangladesh, where women are not allowed to have phones, which can mean that a mobile salary payment could bypass her completely, and go directly to her husband?

Dr. Leora Klapper:

So illiteracy – there are simple solutions. We've seen really in India for example their graphical based, picture based ATM machines, which have become very popular. South Africa also has graphics. So rather than force women to read, she could actually press the appropriate picture, which sounds very simple, but has made a tremendous difference. Also, certainly biometrics is being used. Again, not to trivialize this PIN number issue. I mean sounds trivial to us, but remembering the PIN, typing in the correct order, and also just the women unable to manage the recourse process to get a replacement number is tremendous. So moving to biometric thumbprints, for example, on both ATM machines and phones, and with mobile agents, has also great potential. That's also rapidly growing, especially in India. My colleagues have done some very interesting work in Malawi, for example. Also with biometrics.

With Ghana, so, again, these are the challenges of expanding among the illiterate community. Ghana. So for example in the marketplace, we've been working with – so Ghana. The interesting case there is the move from the use of these very expensive Susu collectors. Can we provide a formal – and also Susu collectors, you usually get your money back, but they still are unsafe. Women saying to us in other countries how she joins five ROSCAs because the first four are going to steal her money.

So we actually piloted a bank Susu in the marketplace, where we had a guy on a moped from the bank going around, offering collection services in this large market in Northern Ghana. And to our surprise, was huge take up. People giving lots of money. But they never withdrew it. So this is going on and on. And suddenly after a couple of months, the amounts are getting bigger and bigger, then they withdraw the full amount. We asked them what was going on. They say well if cash management, I have my system, but I need to buy a generator or refrigerator, and I need the cash collateral. So that.

It's these long terms savings goals. Especially business owners. They can't reach under the mattress, have the money in the pocket. It's very hard to save months

for larger amounts for long term that having a banking account and having access to formal services is tremendous. And so again this is – these were not – especially educated formally educated market vendors, however they understood the need to keep their money outside their home, beyond temptation, to reach that longer term business goal, savings goal.

Dr. Goodwin-Groen: On the issue of overcoming a range of norms that are against women's economic participation, obviously the blindingly obvious statement is that it depends on the context. But for our colleagues at Women's World Banking who work in many markets where women are more excluded, the part of their experience is that not seeing it as necessarily a challenge to be overcome, but as a context to work with. So who are all the stakeholders in this? Everyone wants to have a better life for their family. Everyone wants to have their children well-fed and well educated. And so focusing on the shared goals, on the shared opportunities.

And therefore figuring out within that particular cultural and economic context ways to ensure that those good things happen. Everyone wants to be able to reach their grandmother with money if she needs some help, if she's upcountry. Everybody wants to be able to ensure that their family are taking care of. So working within the cultural context, to be able to focus on the opportunities that everybody wants, and to then figure out how to achieve that, is – our colleagues have found that to be the most effective.

Then, working within the parameters that women have, and in the report it talks about *Kashf* in Pakistan, where they have seen that it helps women manage their multiple responsibilities if they have the phone and can transact at home rather than elsewhere. I encourage you to read the report for examples like that to be able to say, look, there are ways it can work within the cultural context to support women's economic participation to achieve everybody's goals.

Dr. Leora Klapper: This is something really important. A phone is no longer something to make phone calls with. It's become a human right to have your own phone. It's increasingly key to receiving all sorts of government services, from health information, registering your children for school, and it's not enough. So it's interesting. Colleague recently was mentioning the number percentage of households that have a mobile phone. That's not the phone that hangs on the wall. The ownership of your own phone is becoming critical.

You cannot receive a government transfer payment or wage payment to a phone registered in somebody else's name. The conflict with the private over – again, your medical records. Having your own phone gives you tremendous privacy,

confidentiality, and control not only over your finances, but over increasingly a wide range of aspects of your life.

Audience: Hi. My name is Marisa Germaine, and I work with IESC. Thank you so much for this wonderful presentation. My question was about the informal business, and the fears that they have about going digital. What are some of those fears, and what are some things being done to address those?

Dr. Leora Klapper: Well, taxes [*laughs*] is the simple answer. These firms may not be paying formal taxes or be formally registered. It's simply a fear that there's now an electronic paper trail of their sales and purchases that could be shared with other authorities.

Dr. Goodwin-Groen: I do draw your attention to the woman in the picture there. She is a business person in Mexico. And it comes from one of our members that's working – there's a large retailer – and they have lots of small mom and pop stores, and this is one of them, and they are working with women – can't remember her name – but like her, who are – who then just helping them understand the technology. And then seeing how it will benefit them. So it's really saying, look, there are lots of benefits for you. You can track your financial transactions much better. You can manage it much better. You can manage your cash flow. You can see exactly what's happening.

So they have been helping women understand and better – do better financial management through the digitization of their transactions. So therefore the benefits that are seen and realized are much bigger than the fears of what may happen next. And some governments are realizing that formalization is a very important goal for them, that having people excluded is a real problem for a range of different reasons. And of course for growth and poverty reduction and women's inclusion. And so our thinking about how to communicate the – to reduce the fears of this kind of oversight, or over taxation.

And so understanding there are much greater benefits from the digitization has been a key part of the work that's been happening, where it's successful.

Dr. Leora Klapper: Some interesting private sector initiatives. For example to give these one register firms handheld scanners. In exchange for scanning all their purchasing and sales, which this private sector firm would be then selling to the Unilevers of the world, they're offering the firms detailed reports on their sales history. How many cans of Coke you sell on Wednesday versus Tuesday, which would be valuable to the

firm. It wasn't enough. A large survey in a large Asian country – 70 percent of these one register firms said they keep their books in their head. Won't even write down their sales history.

So what's the incentive? The incentive is reduced cost, because they're using supplier credit. Once you digitize, you can repay on Monday some of that credit. Not wait. For perhaps a better rate than if you repaid only once a week. And then of course there's the – once this payment history is electronic – to use that to provide appropriate formal credit. Most of these small firms don't have any formal credit, and they may want to invest in their businesses or elsewhere. It's hard. Yeah.

Usman Iqtidar: Yes. So we'll go back to the webinar again. I have a couple of questions. Alfred from Johannesburg is asking – is the success of facilitated savings groups not sufficient evidence of how informal savings mechanism do in fact also offer positive returns? Even when focusing on financial returns only. If this is positive, does this not also open scope to think more innovatively how digital financial service can add value to such informal mechanisms? And, another one by Ekanath, from Nepal. He's asking – my general question here is how to make more affordable technology in designing the local content as per the local market systems so that low income families and women could afford to buy into these.

Dr. Goodwin-Groen: So the informal question, if I understand correctly, Usman, is they're asking whether there could be lessons learned from the informal savings group that can be applied in the digital services, is that correct?

Usman Iqtidar: Yes.

Dr. Goodwin-Groen: And so the answer is yes [*laughs*], of course. There's a reason that women are choosing these groups. It meets their needs. Although Leora just said there are significant tradeoffs in that. And so the low denomination high frequency and value of savings are a really important part of the product. But understanding what women's aspirations are, and why they're using different products, it sounds blindingly obvious, but it's something people often forget, that unless it's actually designed for women, it's not going to serve their needs. So figuring out what the particular aspects of the product does, not what somebody else thinks the aspects of the product are important, but what the women who are actually working in those groups thinks the benefit of it is, is really important.

But also the social interaction part of it. It's not just isolated. There's some recent research out of Kenya. But it's – lots of research going on. Which talks about the very close connection between the social value that's gained from the groups, as well as the financial value. So understanding that social interaction as part of the product is another important aspect to remember.

Dr. Leora Klapper: And there are examples of banks mimicking the social aspects of the group. Some partners provide education, not only financial education, education often disperse information on healthcare, etcetera. However, keeping the money within the bank, and, again, with as technology evolves, and sophistication of credit models is rapidly evolving, that savings slash repayment borrowing repayment information is very valuable for women later on, if they need appropriate credit. There is the value of formalizing in some way these informal savings groups.

These are women able and willing to save. So there should be a benefit to the saving behavior towards future financial goals.

Audience: Hi, my name is Rachel Fredman with US Treasury. Thanks so much for this really interesting presentation. I just wondered. Leora, I believe you touched on this a little bit, but this question of privacy and confidentiality. I wondered if you could discuss that a bit more in the context of technology and sort of what we're seeing from the evidence in terms of the differences in how men and women value those things. And what kinds of tools can be utilized to further women's financial inclusion.

Audience: Thomas Gibb from USAID. Building on that thought. And pulling back to the example of Peru. With data privacy. Do you have any examples of a collaborative approach between government and digital financial service providers on defining digital data privacy, and being able to clarify some of those limits?

Audience: Nesi Ramid with Giving Works. It seems related to that is really the security issue as well. We all know about Target and the credit cards getting hacked. You had Malawi with a \$32 million at least disappearing through Cashgate by just manipulation of payment systems and software. And you're talking about a group of people where we have had a system of petty thievery and petty leakages. One of the things I think I would ask about from a risk management point of view –

it's what's being done, and needs to be done, to make sure that as you start aggregating this micro savings, micro payments, they become soon lots of big money, and what's being done to protect those, particularly with people who don't often have the paper trail, if you will, literally, the hard paper trail, if you will, to this system?

Dr. Leora Klapper: Okay, so there could be an entire session on that side, which, again, you're right, we didn't get into much. But other than clearly the government needs and appropriate – and that could fall under the consumer protection framework – to ensure data privacy and security. And in terms of sequencing, certainly it's encouraged that that comes before the growth in the market. In terms of the privacy and confidentiality, there I can talk to you some more. There's growing evidence that women value that aspect. An early study actually just gave women a box with a lock and showed that that had a huge significant increase on savings.

This idea that she was able to save somewhere people, A, didn't have access to, but, also, didn't know how much she was saving. The importance of – so for example, Bangladesh. Go back to that example where we've been running this study. We've been speaking to the woman. This woman said to us, my mother and law waited outside the gate for me on payday. Now she can't. And this ability to keep your money – have greater control of your money. So another study showing that women speak with their husband at more opportune times how the money should be spent. If the money is put into digital form, as opposed to coming home with cash in her pocket.

Women saying how my husband knows my base salary, but doesn't keep track of my overtime, so I can save more money towards a future goal. Allowing – certainly there are also issues you want in terms of household, optimization of expenditure – but giving the woman the digital payment allows her greater control over how the money is spent, and/or saved.

Dr. Goodwin-Groen: On the issue of security and risk management, again, of course, the consumer protection is vitally important in each market, and there's a lot of good work being done by the bank and others on this. There is also good work being done by the Responsible Finance Forum that is working with providers and new payment service providers on principles that will help good practice in responsible delivery of – so delivery of payment services. So there's the formal legal, as well as the principles for the new players who are working in this area. So there's a lot of work moving in this space.

Of course, if you're going to be issuing an RFP for a digital services, you want to build into that a requirement for appropriate security, appropriate confidentiality

of the data, compliant with the laws of the country. And so it's one of the things that those of us who are working on this need to take into account. But also one needs to think of the counterfactual. For those of us who work in the Better than Cash Alliance, we hear – can't tell you the number of problems.

And the Malawi case that you brought up, the Cashgate, was because it was because it was not digital. It was checks that were being cashed. And so there was lots of cash under people's beds. And it was – and there's a lot of stories about that. Won't go on the record here. But in terms of the challenges in that market. So it wasn't the digital problem, it was the manual problem in that particular case. So being aware for those of us who are working in this sector, being aware, and building it in, into the way that we work with our partners, is critical, because we can't – afterwards, it's much harder to fix than beforehand.

So it's really important to be aware of that and build it into the design and technology when it starts.

Audience: I am Joseph from International Medical Co. Curious to know whether you have examples of this in emergency context. Or as part of emergency response.

Dr. Goodwin-Groen: In the report, it mentions the Ebola response. And I think Sierra Leone is a poster child for how mobile financial services were used in payments to Ebola response workers. Those of you who don't know that example, it was as you know, cash is a big problem if you're going to be transporting it, it's expensive. But if you're transporting it in a health crisis, it's a death knell for some people. So it's even more of a problem.

So you've got to figure out how to digitize those payments. And they realized in that context that there were mobile phones, and they could use them as mobile wallets. But everyone had to be registered who was an Ebola response worker. And so I think the data was in three days they got 15,000 people registered. It was an amazing – it took the government, and army, and a humanitarian effort, and the United Nations to all say this is a massive problem, we need to fix it now. Because unless we can pay Ebola response workers, we're not able to fulfill our moral obligation to those people who are putting their life on the line.

So it was an amazing collaboration to be able to address that. So that's probably – there's some case studies on that. And we're actually one – there's a more detailed one about to come out. The Sierra Leone is a member of the Better than Cash Alliance. And at our general assembly in September last year, the minister of finance of Sierra Leone spoke incredibly and passionately, like this is a basic infrastructure for us to be able to pay people for emergencies. It showed us how

important this is. If we don't have this, when the humanitarian crisis happens, we won't be able to solve our problems.

So that has generated a whole lot more discussion. At the World Humanitarian Summit, coming up in May, those of you who work in emergency humanitarian know that's a big event, and USAID is working well towards that, is saying, let's look at principles of digital payment in humanitarian context, because this is such an important tool for us in our humanitarian response. So it's a very exciting time to be involved in this work.

Usman Iqtidar: Yes. I have a question from Derrick, who is logging in from Mexico. He has a two part question. The first part is – wanted to know about these two things. The onerous AML/CFT regulations that limit the utility of digital payment, how like can you tackle those? And low income people tend to change phones and SIM cards constantly. How do we make sure they maintain access to online accounts even as they constantly switch devices and service providers?

Dr. Leora Klapper: Just the first point, and we didn't use that term [*laughs*], so in many – for women, especially, who lack financial identification, it's often – financial identification is necessary to open a bank account, or any sort of account, to discourage, prevent, terrorist financing, and other money laundering, and other illegal activity. And so for women who don't have any identification, it's often a barrier to opening an account. Some countries have relaxed, for small accounts, which have strict limits on the amount of money that can be kept in the amount, and the amount of transactions per month, etcetera, what they call relaxed, or tiered, know your customer.

So I gave one example, for example, is employer records, is one example, for tiered KYC. I believe there are other examples that we've – formal government issued identification, etcetera. But so that's the issue surrounding know your customer. Regarding the –

Dr. Goodwin-Groen: Changing phones and SIM cards.

Dr. Leora Klapper: Yes. This is a huge problem [*laughs*]. It gets even more complicated. We went to Bangladesh, we thought, well, it's hard to open a bank account, but mobile accounts are easy. That was not the case. This is an example. And I'm not criticizing a specific country. More general challenges in this market. To open a bank account, we use employer records under their example of tiered KYC.

However, to open a mobile money account in your own name, you need a registered SIM card. And so even the people who had phones, it seemed most people in the country buy their SIM card in a gray market. Because to get a SIM card has very strict identification requirements, which many people didn't have.

So it's definitely a challenge. And if you have an account, and this is around the world, if you use a mobile money account on a phone without the SIM card being registered in your name, in general, you would lose your balance. And people know this. And they've heard of people who have lost their money which makes them very fearful of using the mobile money product. And so this is just something that needs to be – people need to be aware of, it needs to be addressed, that the challenges only aren't only at – it's not only a financial challenge. A financial problem of financial regulators. It's also very much a challenge of those who regulate the SIM card market as well. In order to expand mobile account ownership.

Dr. Goodwin-Groen: Yes. Couldn't agree more on the regulator on the telco side as well as on the financial service side. And recognizing that that's a challenge is a really important first step to then working with those. Because, often, those who regulate don't realize what a problem it is for those who are excluded for low income for women and others. Helping regulators understand that, what they're doing – so it's really important to have whether it's regulatory impact statement or be involved in the discussions before or as they happen so that people realize that – so that the regulators, whether it's telcos or others, understand the implications for women.

On the AML/CFT, there is going to be a whitepaper coming out from the G20 standard setting body's subgroup of the Global Partnership for Financial Inclusion that will be looking at some of these issues in terms of inclusion. So I would – I think there is a consultative paper out on the GPMI site. Loretta is nodding. So yes, it is. That is looking at how AML/CFT can be used to support inclusion through a tiered approach. But one thing that you need to know, whoever you are, the initials ISIP. Because from a standard setting body, from an AML/CFT body, that means all four important. It means financial integrity, financial stability, financial inclusion, and financial consumer protection. ISIP.

And so they are – those are all important. So understanding that they're mutually beneficial is really for any particular market. So inclusion and integrity and protection and stability are mutually reinforcing – is a key part of – not taking one part out of context, but understand that they're all important.

Dr. Goodwin-Groen: Absolutely. You mentioned the multiple SIM card swapping. That's hugely driven by the lack of interoperability which we discussed earlier. So if the mobile companies aren't interoperable, you can't send money from one provider to

another, you need to swap in and out different SIM cards, different wallets, depending on who you're sending/receiving money from, which is clearly less efficient.

Audience: Thank you. My name is Sarah Belavent from I-N-E, an inclusive financial consultancy firm. And my question is kind of wrapping up several of the challenges that we've been mentioning around SIM cards and the access to smartphones, the access to internet as well in rural areas. And I'm wondering whether there have been some efforts towards digitizing the traditional Susu groups. We mentioned this a little bit before. But the answer was more towards banking systems. Given that in rural areas mostly in Africa they're used to using the Susu groups, they trust them, and it's been proved to work. Has there been some efforts towards centralizing the access to digital financial services? Let's say that this group of women can access their digital accounts, and their mobile accounts, through a single person who has access to this registered SIM and telephone and internet access.

Dr. Leora Klapper: The short answer is absolutely, yes. There are a number of research projects, leading academics, working on that. I mean I can think of many African countries where – So there's two challenges. One is the regulation has to allow for bank agents, which and even today many countries don't allow that. So that's somebody is allowed to collect and disburse money on behalf of the bank. And allows an agent of a bank to go out to the rural areas on behalf of the bank. Which is regulatory requirement. And second of all, second challenge is really the commercial viability.

This is a relatively poor, often market segment. Saving, is, as I said, a few dollars, frequently. Which are – neither of which are necessarily profitable to the bank. So it's high transaction cost, very low float. And so that's a business model banks are working to crack.

Audience: Some countries, like Ghana, for example, have in fact made efforts to formalize the Susu model, and have required Susu collectors to actually register and follow a set of guidelines.

Dr. Leora Klapper: Yes, absolutely.

Joy Chen: Thank you both for a wonderful presentation. I think there's a lot more to discuss that we didn't get to today, both in person and online.

Dr. Leora Klapper: Thank you very much.

Dr. Goodwin-Groen: Thank you.

Dr. Leora Klapper: Appreciate it.

[End of Audio]