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Ecosystm Snapshot

Creating an Inclusive World

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Financial Inclusion a key to Economic Growth

It is estimated that nearly 1.7 billion adults remain unbanked globally. Besides the unbanked there are large sections of the world that are underbanked or underserved because of geographical, educational and gender divides. And then there are the entrepreneurs and small and medium enterprises that find it harder to secure funds.

There are several ongoing initiatives by policy organisations, governments, corporates and FinTechs that aim to fulfil the goal of creating an inclusive world.

This Ecosystem Snapshot looks at some recent examples.



Central Banks Driving Financial Inclusion

Especially in emerging economies, the Central Bank can play an immense role in promoting financial inclusion.

Internet connectivity is recognised as a key enabler of financial and economic inclusion. Yet, it is estimated that 40% of the global population do not yet have access to the Internet. The central bank of the Philippines - **Bangko Sentral ng Pilipinas (BSP)** has issued the implementing rules and regulations (IRR) to broaden internet services through satellite systems for the geographically isolated areas of the country – with a view on bridging the financial divide.

To promote financial inclusion through digital and cross-border payments, **the Royal Monetary Authority of Bhutan has announced a pilot** carbon-neutral central bank digital currency (CBDC) project using Ripple's CBDC Private Ledger. The bank will work on use cases for retail, wholesale and cross-border payments.



Digital Identity Promotes Financial Inclusion

The World Bank estimates that 26% of unbanked people in emerging economies find it difficult to access financial services because of lack of identity documentation.

Many countries have forged ahead with digital national identities that aim to solve the social, political and financial barriers of their citizens. The Alliance for Global Financial Inclusion (AFI) has created a policy model with a set of principles – incorporating the experiences from AFI member countries – to be considered in developing or reviewing digital ID, e-KYC and biometrics initiatives.

The National Institute of Standards and Technology (NIST) in the USA has also proposed a set of guidelines to define the concepts and best practices for digital identity and made suggestions for mandatory requirements at the federal level.



Partnering for an Inclusive World

A collaborative ecosystem will promote financial inclusion.

In an example of how countries are collaborating, India and Singapore are working to link their digital payments infrastructure. [The Monetary Authority of Singapore \(MAS\) and the Reserve Bank of India](#) have announced plans to link Singapore's PayNow and India's Unified Payments Interface (UPI) real-time payment systems by July 2022. The two payment systems will enable instant, and low-cost fund transfers between the two countries.

[Mastercard and Citi](#) have announced an expansion of their relationship for better public-private collaboration. They will bring their collective resources, expertise, and integrated urban development frameworks to Mastercard's City Possible network, to enable government services and local governments to engage their residents easily and cost effectively.



FinTechs Continue to Focus on Inclusion

FinTechs and their innovations have been instrumental in bridging the financial divide – they continue to be important.

Microchip Payments' solution, PayEasy, uses data over voice technology, that uses the voice call network to enable a payment transaction. This can be immensely beneficial in promoting financial inclusion in India, where only an estimated 25% of mobile users use smartphones.

Sempo uses blockchain technology to get aid to people through blockchain based e-vouchers, that can be spent on products in local stores. Participating stores are then reimbursed by Sempo for accepting the vouchers. They enable the distribution of small amount of financial aid at a large scale, in cash-based economies.



The Need for Financial Education

Giving people access to digital tools without the necessary education may prove to be harmful to people's financial health.

The National Urban League (NUL) and Experian North America have partnered to empower and protect consumers through education and action. This will provide opportunities for young professionals, job-seekers and those enrolled to improve their financial health through small business tools, services, and educational content.

Grab has partnered with Mastercard to bring digital upskilling, mentorship and training programs targeted at Grab's driver, delivery and merchant partners for increased income opportunities in Southeast Asia. This underpins the importance of human capital development and small business training to promote financial inclusion.

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