



DEVELOPING & OPERATIONALIZING
NATIONAL FINANCIAL INCLUSION STRATEGIES
FOR THE DIGITAL ECONOMY

Washington DC • December 10–12, 2018

NFIS Development Process



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Agenda

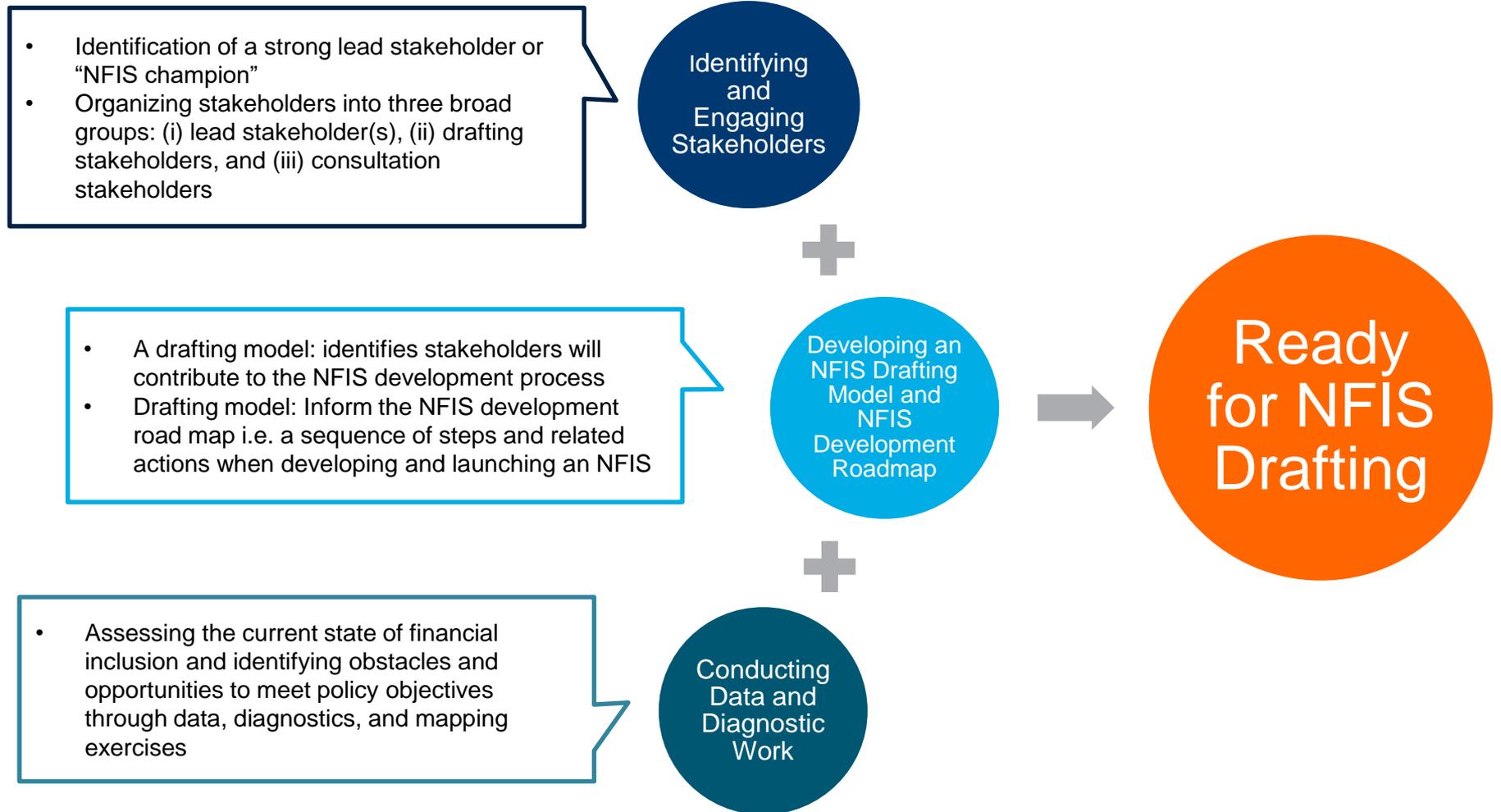
1. Overview of NFIS Development Process
2. Identifying and Engaging NFIS Stakeholders
3. Developing an NFIS Drafting Model and NFIS Development Roadmap
4. Conducting Data and Diagnostic Work





1. Overview of NFIS Development Process

Overview of NFIS Development Process



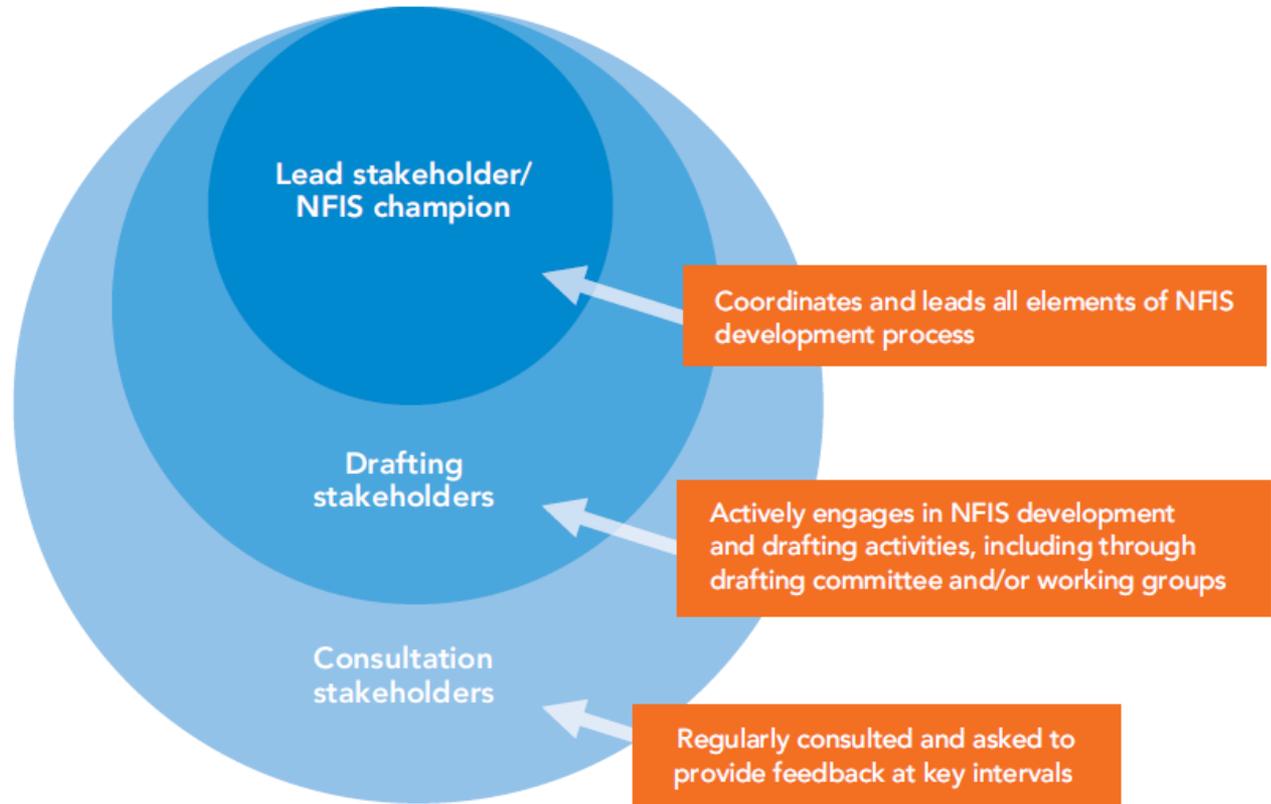


2. Identifying and Engaging NFIS Stakeholders



Identifying and Engaging NFIS Stakeholders

- Identifying and segmenting the universe of relevant financial inclusion stakeholders
- Defining a lead stakeholder or “NFIS champion” is critical



Identifying and Engaging NFIS Stakeholders: Poll

Go to www.menti.com and use the code **24 89 61**

What type of institutions should be involved in the NFIS development process? Mark all that apply

- Only the leading institution
- A select few public sector institutions
- Public and private sector institutions related to the financial sector
- A range of both public and private sector institutions (including beyond the financial sector)

Identifying and Engaging NFIS Stakeholders

Securing Initial High-Level Buy-in for NFIS

- Securing initial high-level buy-in for the development of an NFIS
- Developing a higher-level NFIS Development is a common practice
- In general, securing high-level buy-in for the NFIS development process early on and also planning ahead for how the NFIS will ultimately be approved



Engaging the Private Sector

- Private sector stakeholders should play a significant role in providing inputs into the NFIS
- Private sector players (such as industry associations, major financial service providers, fintech companies, mobile network operators, etc.) will gather different viewpoints and understand bottlenecks to financial inclusion from a provider's perspective

Identifying and Engaging NFIS Stakeholders

STAKEHOLDER	NFIS DEVELOPMENT ROLE			ROLE IN NFIS POLICY AREAS						
	LEAD	DRAFTING	CONSULTATION	DIGITAL FINANCE	FINANCIAL INFRA-STRUCTURE	MSME/ AGRICULTURAL FINANCE	CONSUMER PROTECTION	FINANCIAL LITERACY	INSURANCE	DATA AND MEASUREMENT
Central bank	✓			✓	✓	✓	✓	✓	✓	✓
Sectoral financial sector authorities		✓		✓	✓	✓	✓	✓	✓	✓
Ministry of finance		✓		✓	✓	✓	✓	✓	✓	✓
Market conduct authorities		✓					✓	✓	✓	
SME/rural development agencies		✓			✓	✓				
ICT regulator		✓		✓						
Ministry of agriculture		✓				✓			✓	
Development banks		✓				✓				
Ministry of industry/ commerce			✓		✓	✓				
Industry associations (banks, payments, MFIs, cooperatives, telecommunications)			✓	✓	✓	✓	✓	✓	✓	✓
International organizations			✓							
Fintech companies			✓	✓						
Agricultural associations			✓			✓				
Ministry of education			✓					✓		



3. Developing an NFIS Drafting Model and NFIS Development Roadmap

NFIS Drafting Model

- An NFIS drafting model identifies how each stakeholder will contribute to the NFIS development process



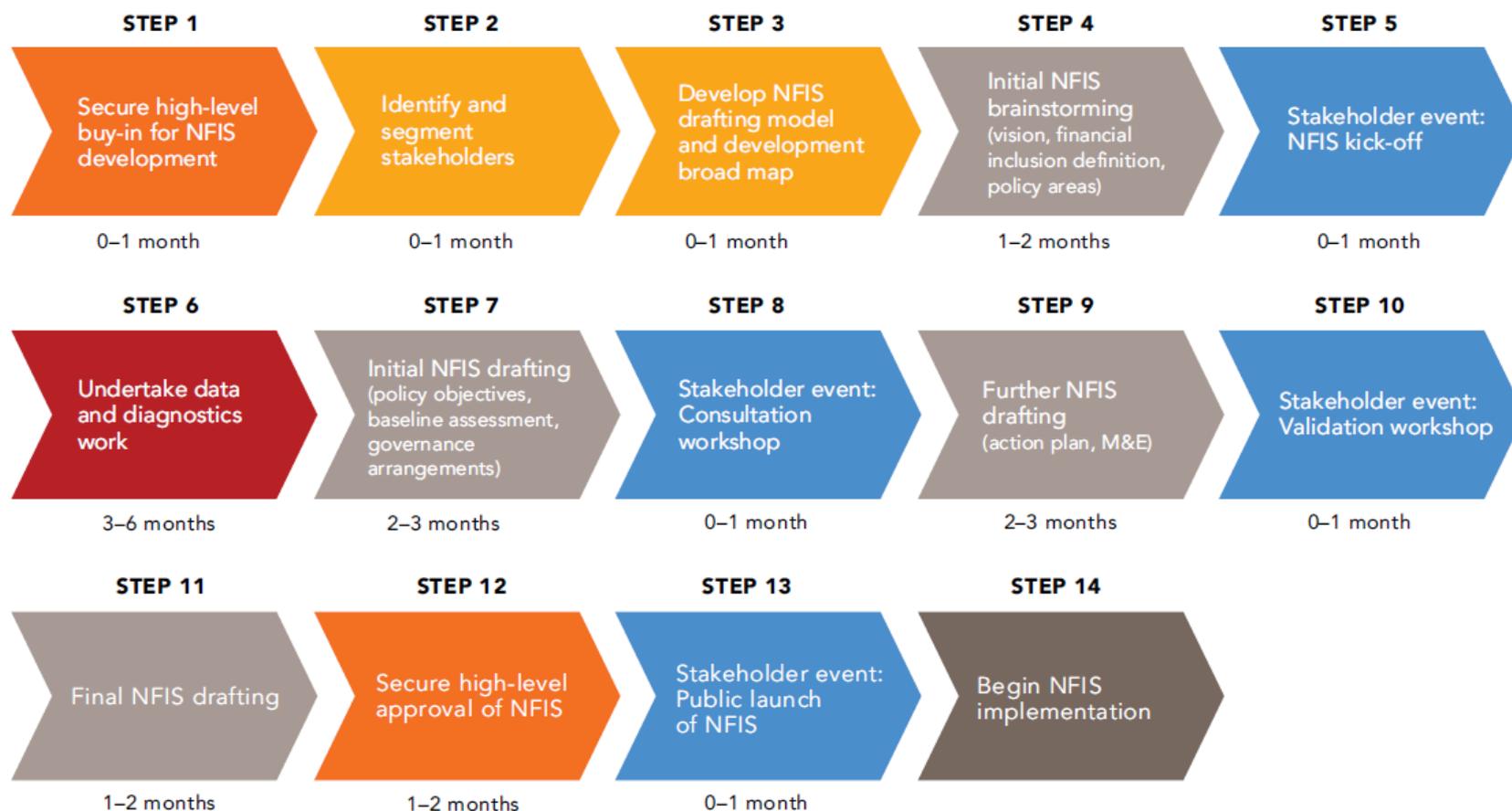
Developing an NFIS Drafting Model: Poll

Go to www.menti.com and use the code **24 89 61**

What other drafting model strategies can you think of to actively engage a range of stakeholders? Type your response over the phone or online, all ideas are welcome!

NFIS Development Roadmap

An NFIS development road map can outline and structure the NFIS development process and keep it on track:



Areas for Stakeholder Input



NFIS Vision and Definition of Financial Inclusion



Policy Objectives and Policy Areas



Monitoring and Evaluation

- Propose key indicators and sources of data available in stakeholder's own institution



Baseline Assessment

- Identify obstacles and opportunities for financial inclusion (legal, infrastructural, etc.).
- Describe institution's main achievements to date (including impact)



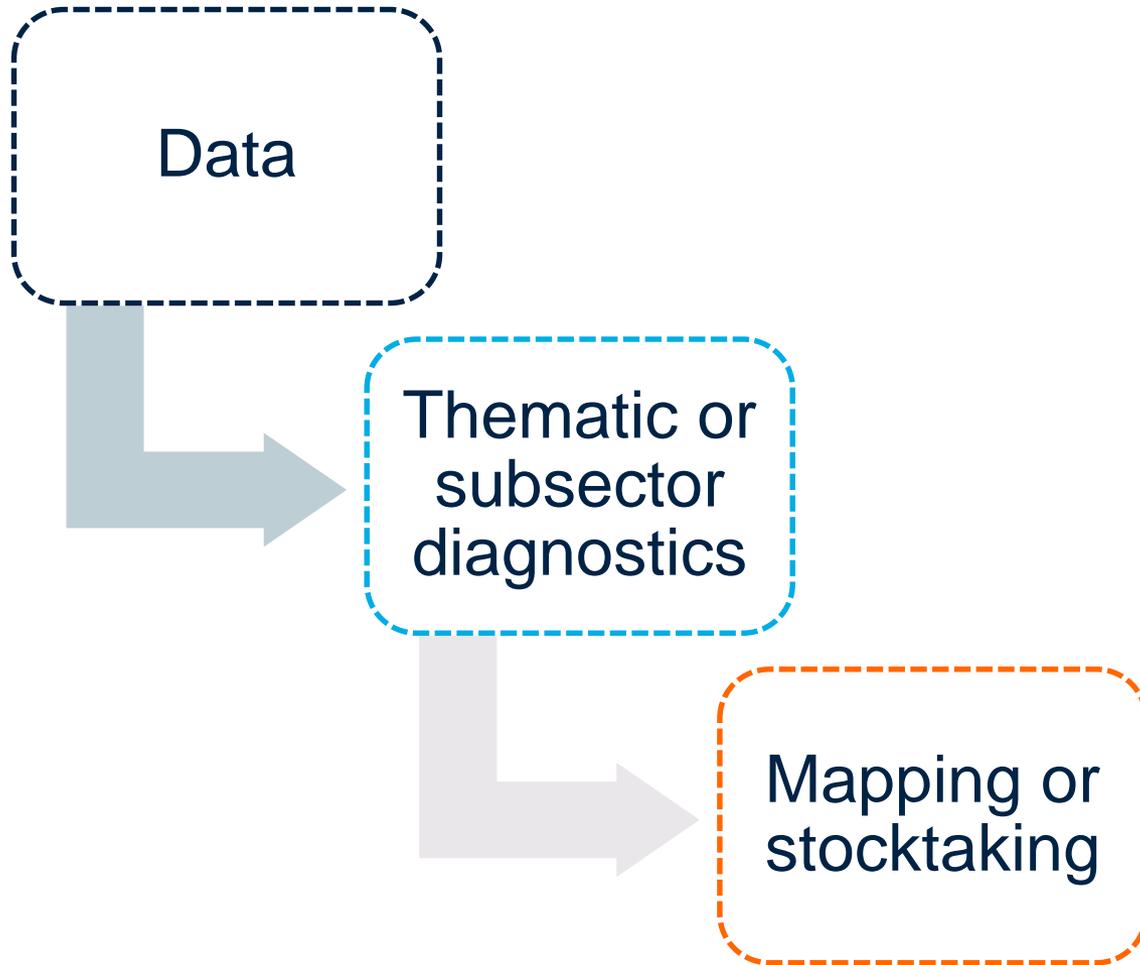
Actions

- Propose concrete actions based on identified obstacles and opportunities and linked to broader NFIS objectives and policy areas

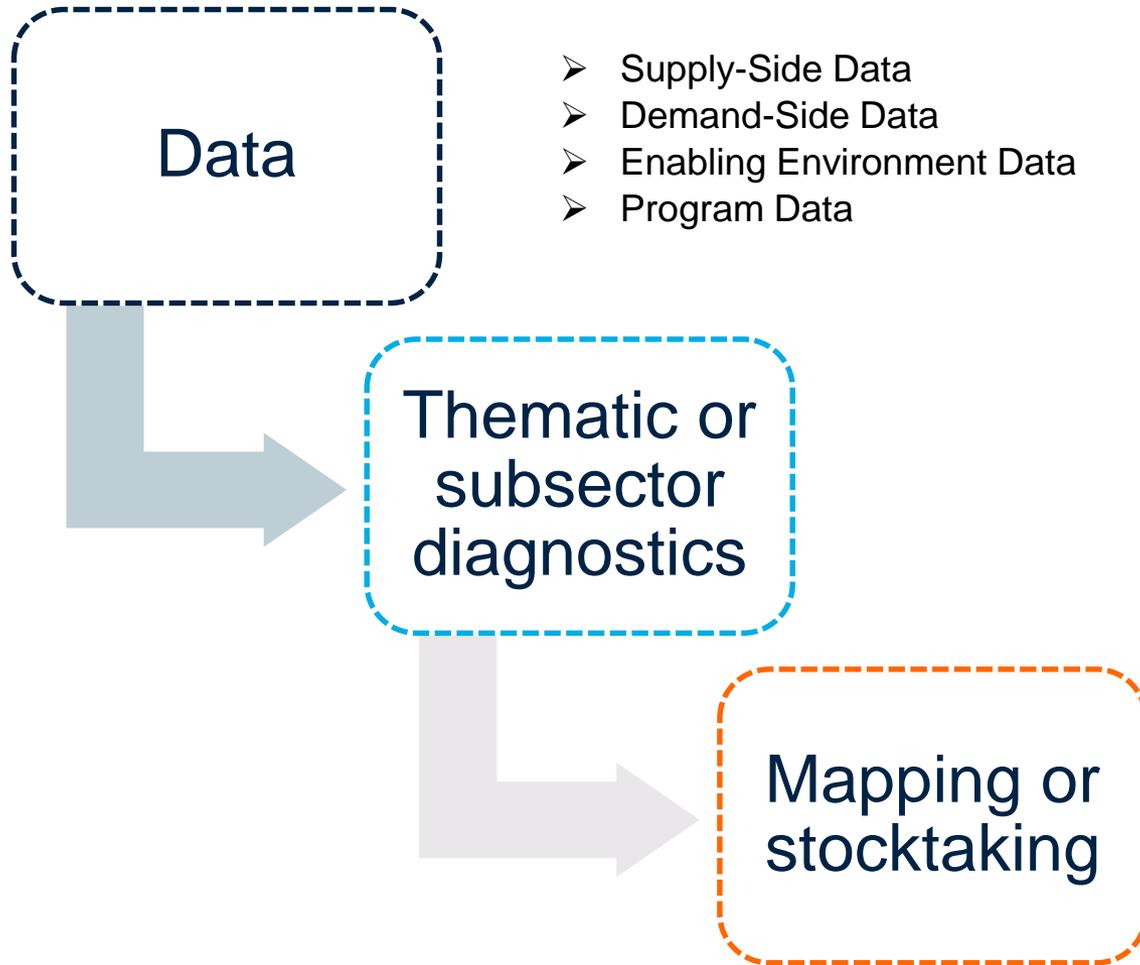


4. Conducting Data Collection and Diagnostic Work

Conducting Data Collection and Diagnostic Work



Conducting Data Collection and Diagnostic Work



Conducting Data Collection and Diagnostic Work

Demand & Supply Side Data: Understanding your data sources

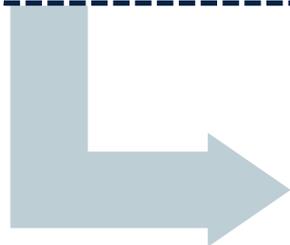
SOURCE	TYPE OF DATA	KEY INDICATORS	SAMPLE	YEAR (MOST RECENT)	FREQUENCY	RESPONSIBLE INSTITUTION
<i>Country-owned</i>						
Off-site supervision data	Supply	<ul style="list-style-type: none"> – # of financial access points – Volume of retail cashless payments per capita 	Banks, nonbank e-money issues, financial cooperatives	2018	Monthly	Central bank
Living standard measurement survey	Demand	<ul style="list-style-type: none"> - % of adults with a transaction account - % of adults making a digital payment in past year 	10,000 individuals	2016	Every five years	National statistics agency
Credit bureau	Enabling	% of individuals covered by credit bureau	Bank customers	2018	Monthly	Credit bureau
Income support program	Program	% of social transfer recipients receiving money electronically	40,000 beneficiaries	2018	Annual	Ministry of Social Affairs
<i>International organizations (selected)</i>						
Global Findex	Demand	<ul style="list-style-type: none"> – % of adults with a transaction account – % of adults making a digital payment in past year 	1,000 individuals per country, 140+ countries	2017	Triennial	World Bank Group
Enterprise Surveys	Demand	<ul style="list-style-type: none"> – % of adults with a loan or line of credit – % of firms reporting access to finance as a major obstacle 	Firms with 5+ employees, 135+ countries	2017	Varies by country	World Bank Group
Financial Access Survey	Supply	– # bank branches per 100,000 adults	130+ countries	2017	Annual	International Monetary Fund



Conducting Data Collection and Diagnostic Work

Data

- Supply-Side Data
- Demand-Side Data
- Enabling Environment Data
- Program Data



Thematic or subsector diagnostics

- FSAP
- Financial consumer protection
- Digital payments
- Insurance
- Agricultural finance
- Credit infrastructure
- Islamic finance
- Documentation barriers



Mapping or stocktaking



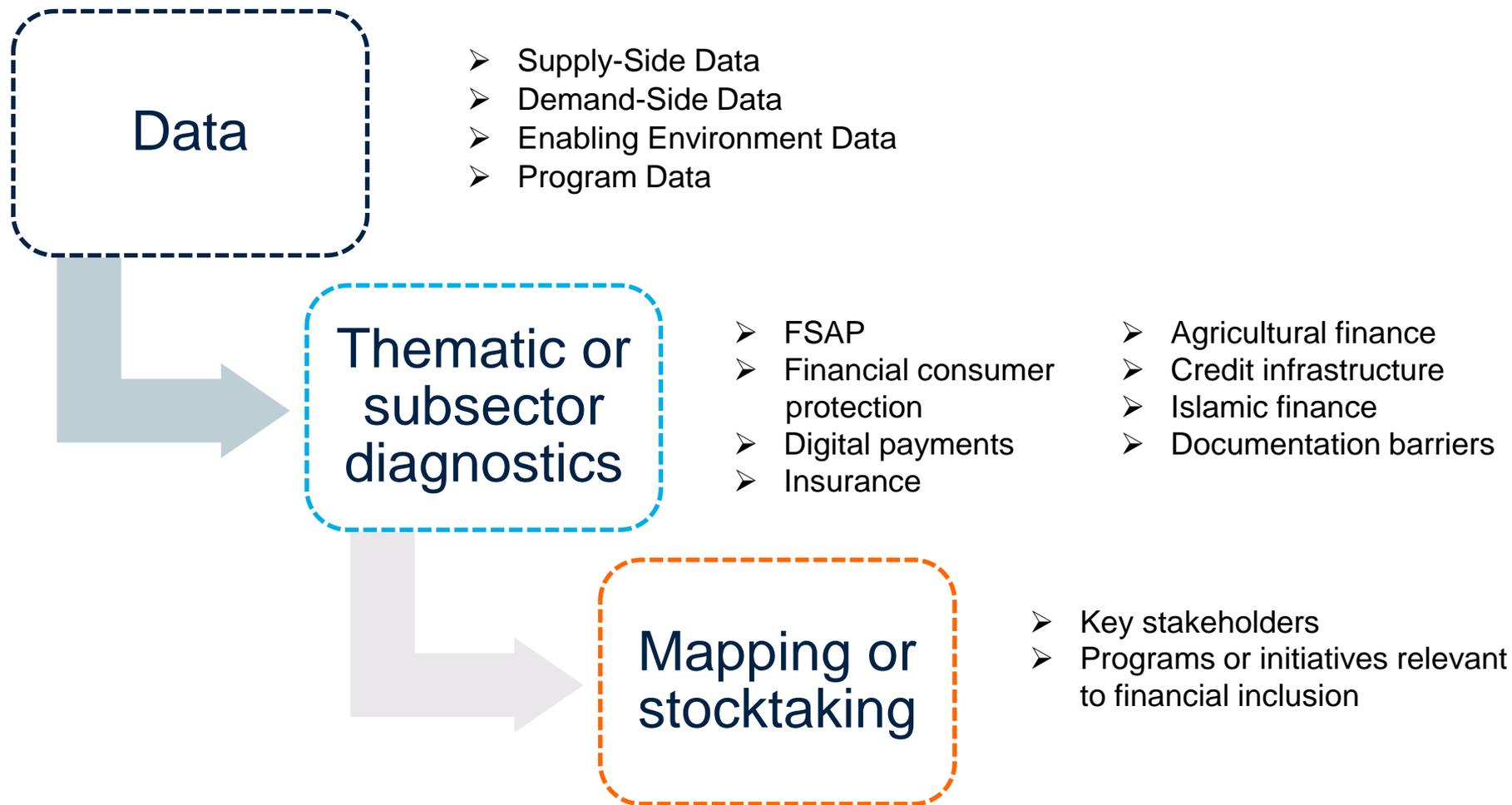
Conducting Data Collection and Diagnostic Work

Pakistan's NFIS was developed through an extensive consultative process, gap analysis, and prioritization of areas of focus, including WB Technical Notes:

1. Digital Transactional Accounts – digitization; more access points to achieve scale / viability
2. MSME Finance – enabling policy and legal environment for product diversification
3. Agricultural Finance – enabling legal framework, and capacity of FIs and farmers
4. Islamic Finance – capacity building and policy / regulations to further diversify sector and products
5. Housing Finance – housing policy; property registration reforms; market development
6. Payments Systems – digitization; payments infrastructure; interoperability; remittances
7. Secured Transactions – legal framework and market/credit infrastructure
8. Insurance – supervision and capacity of sector for outreach and market development
9. Pensions – expand pensions to more workers and digitize payments
10. Consumer Protection and Financial Literacy – widespread awareness, investor education and standards



Conducting Data Collection and Diagnostic Work





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Thank you!

Questions?

