Digital Financial Education / Mobile Insurance

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Agenda

1. Insurance – an essential element of financial inclusion
2. Overview – Insurance worldwide (microinsurance!)
3. Insurance goes digital
4. Challenges / success factors of digital financial education
5. How GIZ supports companies in exploring digital financial education opportunities
Insurance – an essential element of financial inclusion

• Insurance is often treated as a minor topic within financial inclusion
  • Main focus of financial inclusion: loans / savings etc.

• Insurance has a risk management function
  • The insured receives money in case of a shock and does not need to rely on informal risk management options

• Insurance can complement other financial products
  • Transfer of risk instead of saving for the unexpected event; insurance linked to loans

• Insurance awareness in developing countries is often very low
  • Insufficient supply, no financial education programmes, misperceptions
Overview – Insurance worldwide (microinsurance!)

Latin America / Caribbean
• Insured: 7.9% (48.6 mn*)
2013

Africa
• Insured: 5.4% (61.8 mn lives)
2015

Asia / Oceania
• Insured: 4.3% (170.4 mn*)
2012

* Number of insured (persons and assets)

Source: Munich Re Foundation (2014): The Landscape of Microinsurance in Asia and Oceania 2013; Munich Re Foundation (2013): The Landscape of Microinsurance in Africa 2012; Munich Re Foundation (2014): The Landscape of Microinsurance in Latin America and the Caribbean 2014
Insurance goes digital (focus: mobile phones)

- Insurance is increasingly distributed by mobile phone channels ("mobile insurance")
- Two options of what "mobile insurance" describes:
  - Insurance premiums and payouts are done with the use of mobile phones
  - Mobile Network Operators cooperate with insurance companies to insure their mobile customers for free (loyalty schemes) or for a very small premium
- **Problem**: How to ensure consumer protection?
Challenges / success factors of digital financial education

- Distribution of high quality education
- Costs of development
- Education vs. awareness “only”
- Limited control on educational efforts
- Transaction costs of education
- Trend towards digitalization
- Everyone has a mobile phone (and other devices)
- Education is accessible and available
- Remote areas can be covered
- Limited control on educational efforts
- Education vs. awareness
- Transaction costs of education
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How GIZ supports companies in exploring digital financial education opportunities

1. Improvement of market data to find out how education measures need to be designed
2. Linkage of public and private actors to run joint efforts in educating the population
3. Support in creating the right messages / finding the right distribution channels
4. Providing deep understanding in training tools for awareness campaigns and financial education programmes (regarding insurance, savings, loans etc.)
Thank you very much!

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