



# FIGI News

FINANCIAL INCLUSION GLOBAL INITIATIVE

FEBRUARY 2019

## Welcome to the first edition of the Financial Inclusion Global Initiative newsletter

The Financial Inclusion Global Initiative (FIGI) is a three-year program implemented in partnership by the World Bank Group (WBG), the Committee on Payments and Market Infrastructure (CPMI), and the International Telecommunications Union (ITU) funded by the **Bill & Melinda Gates Foundation** (BMGF) to support and accelerate the implementation of country-led reform actions to meet national financial inclusion targets, and ultimately the global **'Universal Financial Access 2020'** goal. FIGI funds national implementations in three countries—China, Egypt and Mexico; supports working groups to tackle three sets of outstanding challenges for reaching universal financial access: (1) electronic payment acceptance, (2) digital ID for financial services, and (3) security; and hosts three annual symposia to gather national authorities, the private sector, and the engaged public on relevant topics and to share emerging insights from the working groups and country programs.

Following the second edition of the **FIGI Symposium**, which took place in Cairo, Egypt, in January 2019, this newsletter aims to update you on the latest developments of the FIGI program and related resources on digital finance and financial inclusion.

We hope you find this newsletter useful and welcome your feedback.

Sincerely,  
**FIGI Secretariat**

## FIGI Symposium 2019

The second edition of the Financial Inclusion Global Initiative (FIGI) Symposium took place between January 21st–24th in Cairo, Egypt. The **FIGI Symposium 2019** was organized by the International Telecommunication Union (ITU), jointly with the World Bank Group (WBG) and the Committee on Payments and Market Infrastructures (CPMI), with the support of Bill & Melinda Gates Foundation (BMGF), and was hosted by the National Telecommunication Regulatory Authority (NTRA) of Egypt.

The FIGI Symposium brought together telecom/ICT and financial regulators, policymakers, financial services providers, payment system organizations and other digital financial services (DFS) stakeholders from around the world

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## FIGI Working Group Updates

► **Digital Identification (ID) Working Group:** The Digital ID (ID) Working Group, led by the World Bank Group, aims to identify and accelerate the use of digital identification for expanding access to, and improving uptake of, financial services. The Working Group plans to further assess policy considerations from the recently published **'G20 Digital Identity Onboarding'** report (whose core team consisted of FIGI Digital ID Working Group leads), which analyzes the role that robust, inclusive and responsible ID systems can play in enhancing financial access and inclusion and recommends policy measures that governments should consider in order to have an identity effective ID system that meets the needs

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**FIGI Working Group Updates,**  
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of the financial sector. The working group is also developing an ID assessment tool for the financial sector, which aims to complement the **Identification for Development (ID4D) Identity Management System Analysis (IMSA) framework**.

- ▶ **Electronic Payments Acceptance Working Group:** The Electronic Payments Acceptance (EPA) Working Group, led by the WBG, aims to foster effective practices for enabling and encouraging acceptance and use of electronic payments, with an emphasis on person-to-business (P2B) payments, both for proximity payments at the point of interaction and e-commerce, and on unserved and underserved groups. Currently, the group is developing a report which will stock-take innovations that focus on understanding trends in the electronic payments acceptance market as well as developing a toolkit which aims to guide authorities, international organizations and electronic payment ecosystem stakeholders (e.g. PSPs, payment and card networks) in the design and implementation of incentives to increase electronic payments acceptance.

- ▶ **Security, Infrastructure and Trust (SIT) Working Group:** The Security, Infrastructure and Trust (SIT) Working Group, led by the International Telecommunications Union, aims to build confidence and trust in the use of digital financial services and develop tools to assess digital financial service provider security compliance, address digital fraud, protect the privacy of consumer data and investigate interoperable authentication technologies for security digital financial services. The SIT Working Group is broken into 4 workstreams: (i) Security (Application Security for DFS Applications; Telecommunications Infrastructure Security and Security



Assurance Framework; Interoperable Authentication Technologies for DFS); (ii) Trust; (iii) Quality of Service (QoS); and (iv) Distributed ledger technologies (DLT).

Recently the Authentication Workstream of the ITU-led SIT Working Group has released a draft **working paper** which describes several widely-adopted technical and policy standards that support strong authentication mechanisms for DFS.

- ▶ **Cybersecurity for Financial Market Infrastructures Workstream (SIT Working Group):** The Cybersecurity for Financial Market Infrastructure Workstream, led by the WBG as part of the SIT Working Group, aims to explore compliance and best practices for cybersecurity specifically on financial infrastructures. A toolkit of resources and materials has been developed as a resource for awareness and education for policymakers and related stakeholders and has recently issued a newsletter to stay informed of new issues related to cyber security. The workstream plans to further develop methodologies, standards and good practices on cybersecurity for financial infrastructure over the course of the FIGI project.

**FIGI Symposium 2019,**  
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to discuss innovative solutions and knowledge to enhance digital financial services and ultimately financial inclusion globally.

The Symposium hosted a **FIGI Hackathon**, challenging innovators to develop electronic payment applications attractive to small-scale merchants and their customers. After 350 developers applied to the competition, 3 teams walked away with prizes to continue developing their electronic payment application (**learn more about the winners of the FIGI Hackathon**). In addition, the Symposium featured relevant financial inclusion topics and learnings from the FIGI Working Groups and FIGI Country Implementations, as well as a range of panel sessions on financial inclusion and digital financial ser-



vices and capacity building sessions including a cybersecurity simulation exercise for policymakers.

For more Information, be sure to check the 2019 FIGI Symposium **Digital Media Kit**, **Expert Interviews**, and Symposium **presentations**.

## What's new in FIGI Countries?

### EGYPT

- ▶ **Improving Financial Inclusion in Egypt:** During the **FIGI Symposium 2019**, representatives from the Egyptian Ministry of Communications and Information Technology, the Central Bank of Egypt, the Financial Regulatory Authority, Egypt Post and the National Telecommunication Regulatory Authority discussed bottlenecks to financial inclusion in Egypt, and how better collaboration between sectors and building trust in the financial and ICT/telecommunications sector is pivotal to move progress forward. (Read the full story [here](#)).
- ▶ **FIGI Egypt Newsflash:** The FIGI project supports the Egyptian authorities in their efforts to expand financial inclusion by helping authorities develop and modernize payments systems and strategies (including retail payments), improve consumer protection, leverage innovative technologies and data-driven solutions for financial inclusion, further expansion of digital financial products and services and improve ICT for digital financial services.

### CHINA

- ▶ **Towards Universal Financial Inclusion in China:** China has achieved remarkable success in financial inclusion over the last 15 years. Traditional financial service providers have dramatically increased the reach of the formal financial sector, including through the world's largest agent banking network. China has also been a leader in the fintech revolution, with new technology-driven providers transforming how Chinese consumers make payments, borrow, save, insure themselves against risk, and invest. In China, roughly 80% of adults (as of the Global Findex 2017 ) report owning a transaction account at a regulated financial institution from 64% in 2011. This growth can be somewhat attributed to the influx of innovative digital products and services, the expansion of the access point network and government initiatives to improve financial inclusion. China has also experienced a marked increase in digital transactions with close to 68% of adults reporting to have made a digital payment in 2017. A full analysis on China's progress towards financial inclusion can be found in the report '**Toward Universal Financial Inclusion in China: Models, Challenges, and Global Lessons**', which was written jointly by the People's Bank of China (PBOC) and the World Bank Group. The report further benchmarks China's progress against peer economies, analyzes key devel-

opments and factors in China's financial inclusion experience, and outlines remaining challenges and distills lessons for policymakers in other countries.

- ▶ **FIGI China Newsflash:** The Financial Inclusion Global Initiative supports the Chinese authorities in their efforts to expand financial inclusion by helping provide assistance around developing innovative products and services targeted to meet the needs of China's underserved populations, enhancing the usage of products and services through agents, leveraging innovative technologies to improve current infrastructures, developing enabling legal / regulatory frameworks for FinTech to promote financial inclusion and improving ICT for digital financial services.

### MEXICO

- ▶ **Mexico's Regulatory Approach to FinTech:** As a response to the rapid growth and development of the fintech industry in the country, the Mexican Congress enacted the Law to Regulate Financial Technology Institutions or the 'Fintech Law' in March 9, 2018. The law aims to facilitate (i) providing legal certainty to industry participants; (ii) expanding the financial market to cover segments not covered by traditional banking institutions due to limited infrastructure, cost of services and operational structures; (iii) enhancing accessibility to financial products and services; (iv) providing financial stability by setting prudential rules in risk, operations, technology, marketing, corporate governance and accounting; (v) encouraging healthy competition to ensure greater diversity and reduced costs for services and new distribution channels for consumers; and (vi) protecting users and preventing the use of fintech activities for purposes of money laundering and terrorism financing. **Tune in to learn more about Mexico's FinTech law** from Luis Leyva Martinez, Regulatory Development Director at the Comisión Nacional Bancaria y de Valores of Mexico.



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1. "Global Findex 2017." Home | Global Findex, [www.globalfindex.worldbank.org](http://www.globalfindex.worldbank.org)

## Video Series

When asked what makes the Financial Inclusion Global Initiative unique – ‘partnerships’, ‘pilots’, ‘collaboration’ and ‘sharing of lessons learned’ around the digital finance space are just a few of the many reasons identified by FIGI partners.



“The idea is to really continue the momentum, share the knowledge, and provide policymakers, ministers, telecom regulators, and central bank governors with the tools that they can use.”

—**Bilel Jamoussi**, *Chief of Study Groups Department at the ITU* ([watch the full interview here](#)).



Mahesh Uttamchandani, Practice Manager of the WBG Financial Inclusion, Infrastructure and Access team speaks to the long-standing partnership with the FIGI partners (BMGF, ITU, WBG and CPMI) and the uniqueness of FIGI focusing on the digital aspects of finance and financial inclusion. In his interview he discusses how FIGI provides opportunity to work in depth on these topics within a select few countries, develop new global knowledge and guidance for digital finance and eventually apply successes and lessons learned beyond FIGI countries ([watch the full interview here](#)).



“The BMGF is excited to be partnering with the ITU, the WBG and the CPMI at the BIS. This is the triad that makes up the FIGI partners. It is a really powerful group of global bodies that are able to bring together experts, technologists and regulators from different sectors and from all over the world.”

—**Jamie Zimmerman**, *Senior Program Officer at the Bill and Melinda Gates Foundation* ([watch full interview here](#)).

### What's New in FIGI Countries, continued from page 3

► **FIGI Mexico Newsflash:** The Financial Inclusion Global Initiative supports the Mexican authorities in their efforts to expand financial inclusion by helping provide assistance around enhancing the usage of products and services through agents and electronic payments, leveraging innovative technologies and solutions to improve identification and know-your-customer regulations for financial services, developing enabling legal / regulatory frameworks for FinTech to promote financial inclusion, enhancing consumer protection, awareness and financial literacy, improving the delivery of social benefit programs nationwide and improving ICT for digital financial services.

## Blog Series



### Sandbox or Quicksand?

“Sandboxes alone are not a complete solution for engaging with emerging technologies and regulators can learn a great deal simply by engaging collaboratively with the sector and being open to dialogue with new market players.” This WBG blog, written by Senior Financial Sector Specialist and FIGI Digital ID Working Group Lead Sharmista Appaya, explores the increasingly popular sandbox approach for FinTech and assesses other flexible approaches to enable FinTech while mitigating risks.



### Eight Lessons from Using Messaging Platforms to Support Digital Payment

This CGAP blog demonstrates that while technology has incredible potential to support the needs and behaviors of sunflower farmers in Uganda,

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## Related Research & Publications

### G20 Digital Identity Onboarding

A unique, legal identity is necessary to allow all individuals to participate fully in society and the economy. The ability to prove one's identity underlies the ability to access basic services and entitlements from healthcare through to pensions and agriculture subsidies. This is especially true for marginalized segments of society such as women, poor rural farmers, refugees and also extends to MSMEs (micro, small and medium enterprises). The primary objective of the [Global Partnership for Financial Inclusion \(GPFI\) G20 Digital Identity Onboarding](#) report is to analyze the role of a robust, inclusive and responsible digital identification system in financial sector development and the role it plays in furthering global financial inclusion commitments. The report provides insights and recommendations for country-level implementation by policymakers in line with Principle 7 of the G20 HLP developed by the GPFI.

### Financial Consumer Protection and New Forms of Data Processing Beyond Credit Reporting

Technological innovation in the financial sector is a global and rapidly growing phenomenon, and the use of new technologies is changing how financial products and services are being designed and delivered, vastly increasing the potential number of users by allowing for access even in remote, rural locations while reducing the cost of services. New technologies can support financial inclusion and bring benefits to financial consumers, however, issues may arise, as there is a great variety of personal information that may be used and processed in this context. The objective of the ['Financial Consumer Protection and New Forms of Data Processing Beyond Credit Reporting'](#) discussion note is to provide an overview of consumer-related benefits and risks arising from the usage of new types of data, beyond traditional credit-reporting frameworks, for the provision of financial services, while also aiming at identifying areas for further research.

### The Bali FinTech Agenda

Rapid advances in technology are transforming the economic and financial landscape, offering wide-ranging opportunities while raising potential risks. Fintech can support potential growth and poverty reduction by strengthening financial development, inclusion, and efficiency—but it may pose risks to financial stability and integrity, as well as to consumer and investor protection. [The Bali FinTech Agenda](#) brings together key considerations for policymakers and the international community into 12 elements.

### Assessing Risk in Digital Payments

The BMGF publication ['Assessing Risk in Digital Payments'](#) report provides a framework to guide dialogue on risk associated with digital payments, examines whether inclusion of non-bank providers or development of innovative distribution channels creates new types of risk for consumers (particularly the poor), providers, or the financial system at large, and describes approaches for assessing the economic impact of risk in digital payments.

### Blog Series,

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platforms must be designed to fit the needs, aspirations, preferences, behaviors, and context of the end users in order to be successful.



### What's holding back digital disruption in remittances in Southern Africa?

“Digital disruption in international person-to-person remittances is well underway...Despite this encouraging trend, the combined global market share of digital disruptors remains small; and in Southern Africa, their presence has not yet placed significant downward pressure on remittance costs.” This WBG explores positive developments and remaining bottlenecks of digital remittances in Southern Africa.

## FIGI Foundations: Quick Links

- [The Global Findex Database 2017](#), Measuring Financial Inclusion and the Fintech Revolution
- [ITU-T Focus Group Digital Financial Services and Access to FG DFS reports](#) (PDF and Flipbook format)
- CPMI and WBG ['Payment Aspects of Financial Inclusion \(PAFI\)'](#) report
- [G20 Digital Financial Inclusion](#)
- [Universal Financial Access Data Portal](#)
- [BMGF Level One Project Guide](#)
- [Financial Inclusion Global Initiative Homepage](#)

**FIGI Information:** For any questions, comments, or to unsubscribe to this newsletter please contact the FIGI Secretariat ([figisecretariat@worldbank.org](mailto:figisecretariat@worldbank.org))