

Opportunities in Digital Financial Inclusion

EFINA FINTECH BREAKFAST FORUM

Presentation | June 14 2018

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Definition of Digital Finance



Digital Finance

1

Digital finance is financial services delivered over digital infrastructure

- ... includes mobile and internet
- ... involves low use of cash and traditional bank branches

2

Broadly defined to include

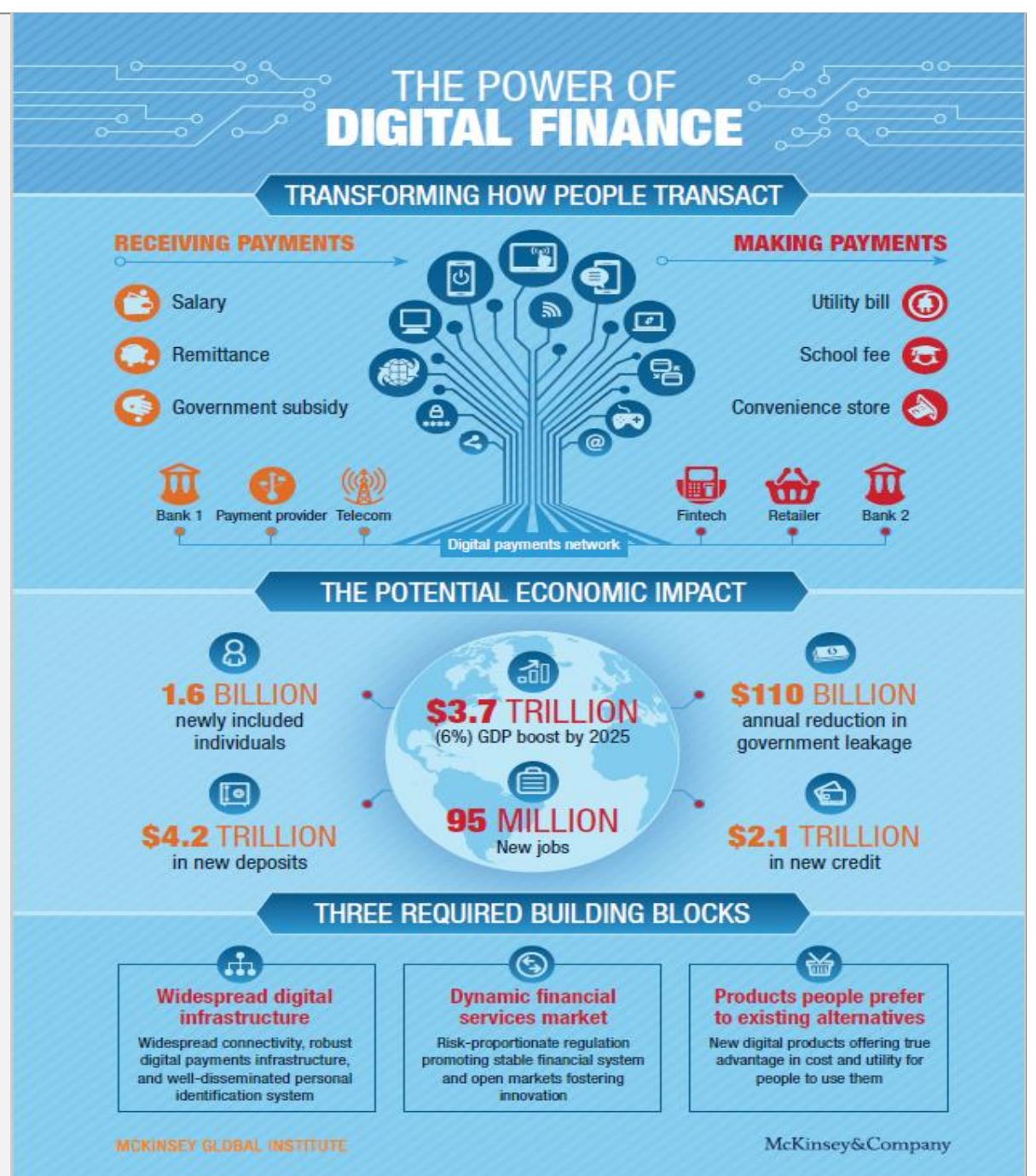
- ... All types of financial services, such as payments, savings accounts, credit, insurance and other financial products
- ... All types of users, including individuals at all income levels, businesses of all sizes, and government entities at all levels
- ... All types of providers of financial services, including banks, payment providers, other financial institutions, telecoms companies, fintech start-ups, retailers and other businesses

3

Digital Financial inclusion

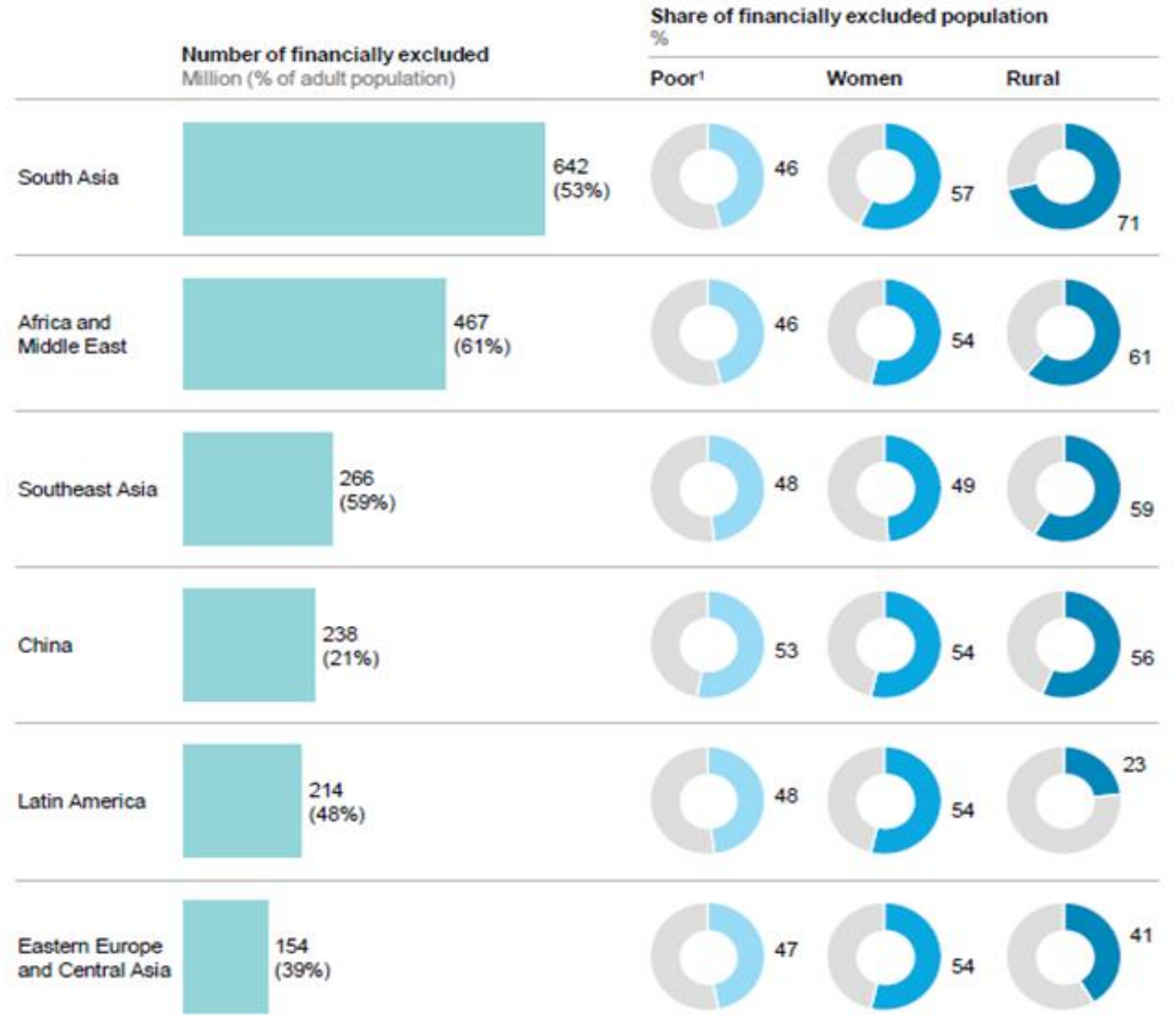
- ... Means providing people with digital financial services
- ... Can be providing services to those who are currently unbanked as well as giving currently underserved individuals and businesses access to a wider and more appropriate set of digital finance products

The Digital Finance Opportunity






The Financially Excluded

Financially excluded population in emerging economies

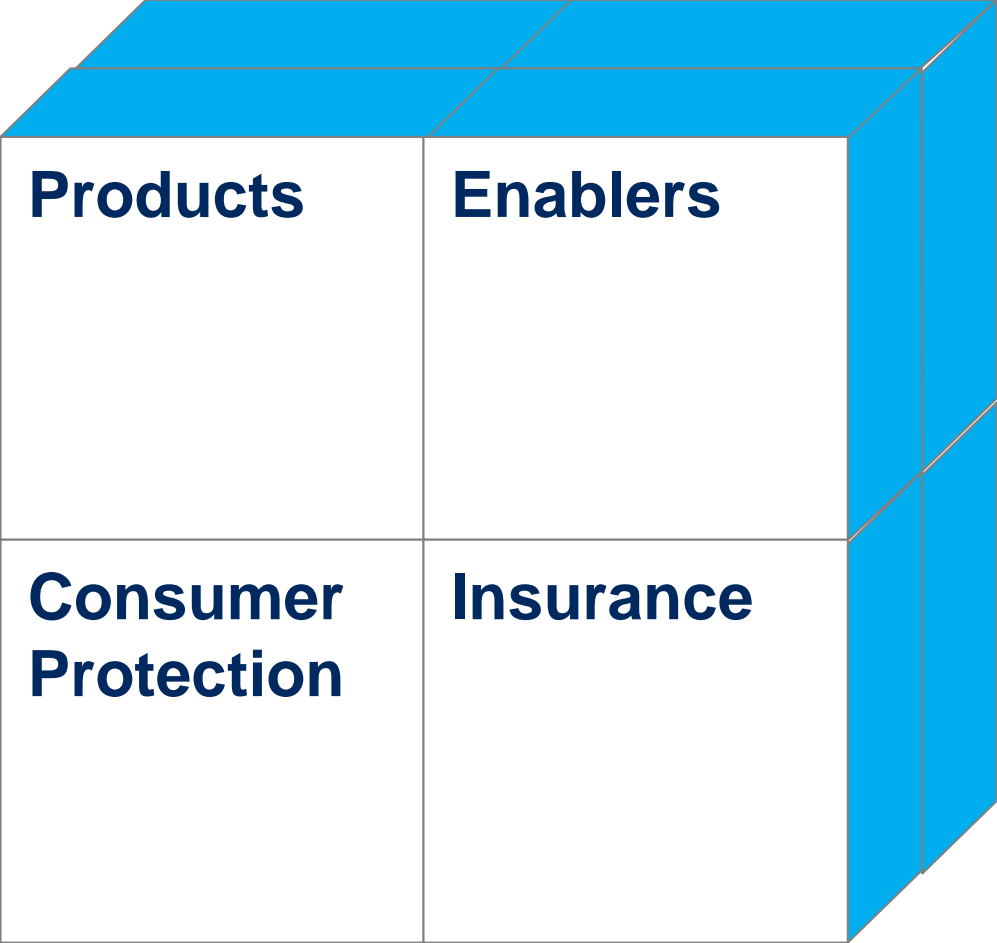


¹ Defined as the bottom two quintiles of each country's income distribution.

A large segment of the unbanked already patronize savings, payments and micro credit products via expensive informal channels, including negative interest savings

Service providers	Description	Services Offered				Opportunities for Digital Finance
		Payments	Transfers	Savings	Loans	
1 Bus Driver Transfers 	<ul style="list-style-type: none"> Financially excluded customers send money through bus drivers Transportation costs vary from N1500 to N2500 Street traders who trade in currency and transfer money for customers, at a fee (N200-N500) 	✓	✓	—	—	<ul style="list-style-type: none"> Financially excluded population who utilize these services can be included by offering these services at a better value proposition Value proposition to be considered when rolling out products are: <ul style="list-style-type: none"> Payments/Transfers: provide product that is safer and faster than current alternatives Savings: Provide interest on funds, which is not present in alternatives Micro-loans: Provide loans to customers without prior lending history, leverage non traditional data sources and analytics
2 Mallams 	<ul style="list-style-type: none"> Centres in rural areas where local community goes to pay bills e.g. PayTV and Utility bills Bills are paid at a fee, typically N100 	✓	✓	—	—	
3 Bill Payment Centres 	<ul style="list-style-type: none"> This is local thrift collection by a designated trusted member of the community, the Alajo The Alajo charges consumers to save their money 	—	—	✓	✓	
4 Ajo 	<ul style="list-style-type: none"> Group contribution by members of a group, where the money is paid out to a scheduled member of the group on a weekly basis 	—	—	✓	✓	
5 Esusu 						

Four categories to explore from a Fintech perspective



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