

# Session 2 : Données d'inclusion financière pour de nouvelles opportunités : donner le pouvoir aux Autorités de régulation et de supervision du secteur financier



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# Financial Inclusion Data : Opportunities for policymakers

## BCEAO Financial Inclusion Week Dakar 2018



## OUTLINE

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- ❑ **NEW TRENDS IN FINTECH DATA**
- ❑ **OPPORTUNITIES FOR POLICYMAKERS**
- ❑ **RISKS AND CHALLENGES**
- ❑ **SOME POLICY QUESTIONS**

## NEW TRENDS IN FINTECH DATA

**Nontraditional sources of data** are becoming more common and data is used in entirely novel ways. **Distributed Ledger Technology** allows for open source cloud based software for financial services.

**Data** is becoming crucial to the **design of efficient financial inclusion strategies and policies** as well as **regulatory frameworks**.

**Many providers in the fintech industry** are leveraging on consumer data derived from the telecom network to design **credit assessment and scoring tools**. This allows for the design of additional financial services such as **digital credit** (issuance and repayment assessment)

## NEW TRENDS IN FINTECH DATA

The emergence of the data economy has stimulated development of new business models and opportunities and risks for various users:

- ❖ **Financial service providers:** Customer identification, consumer habits , credit history
- ❖ **Consumers:** compare costs , complaints- Yelp, Corporate Social responsibility,
- ❖ **Regulators:** prudential compliance, AML, fraudulent activities, real time financial and payments data, licensing
- ❖ **Policy Makers:** Design of competition and financial inclusion strategies, licensing policies.

# OPPORTUNITIES FOR PRIVATE SECTOR AND POLICYMAKERS

## UNDERSTAND THE MARKET

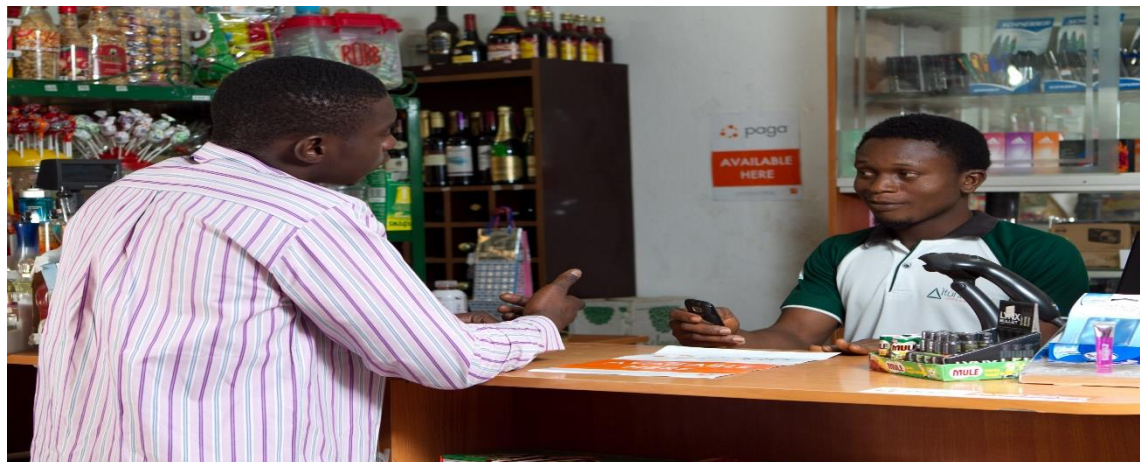
Data analytics can show size and distribution of the market – disaggregated by product , service provider etc

## UNDERSTAND CONSUMERS

Segmentation allows exploration of inclusion and engagement different population segments : age, gender, etc

## PROTECT CONSUMERS

Evidence of under-representation can be clearly shown  
Design proper policy and recommendations



# THE GLOBAL FINDEX DATABASE: ONE OF THE TOOLS FOR POLICY MAKERS

The Global Findex database is the world's most comprehensive data set on how adults save, borrow, make payments, and manage risk.

Launched with funding from the Bill & Melinda Gates Foundation, the database has been published every three years since 2011.

The data are collected in partnership with Gallup, Inc., through nationally representative surveys of more than 150,000 adults in over 140 economies.

The 2017 edition includes updated indicators on access to and use of formal and informal financial services. It adds new data on the use of financial technology (fintech), including the use of mobile phones and the internet to conduct financial transactions.

Globally, 1.7 billion adults lack an account  
Adults without an account, 2017



Source: Global Findex database.

Note: Data are not displayed for economies where the share of adults without an account is 5 percent or less.



## THE GLOBAL FINDEX DATABASE : THE VALUE PROPOSITION

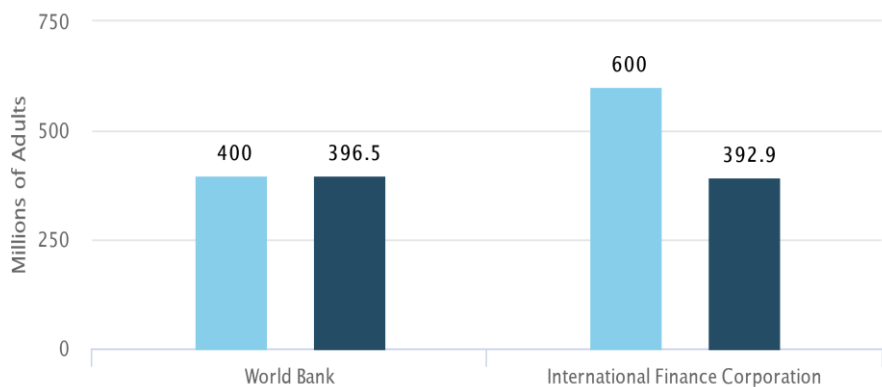
The 2017 edition, for the first time, features data on mobile phone ownership and access to the internet, revealing unprecedented opportunities to reduce the number of adults without an account and to help those who have one use it more often.

- ❖ The Findex allows policymakers to implement targeted interventions, design financial inclusion strategies based on essential indicators :
  - ✓ Adults with a transaction account (69% globally, 31% in WAEMU)
  - ✓ Adults that made payments on any digital platform
  - ✓ Adults that received a loan through an account, made a payment online, or received a government payment
  - ✓ Gender gaps in financial access
- ❖ M&E : Provides an independent source of data for measuring progress towards strategy targets/ commitments like UFA, Maya Declaration
- ❖ Allows benchmarking at regional, country and intra-country level.

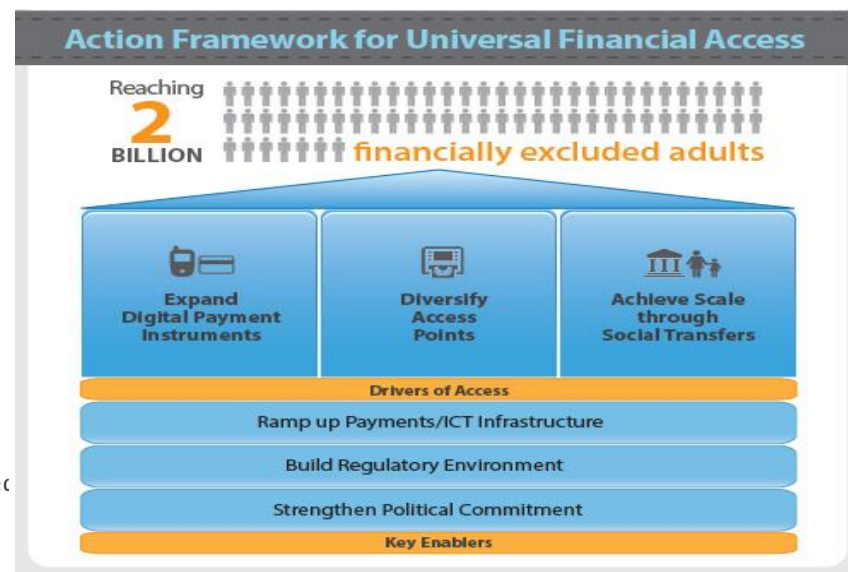


# WB COMMITMENTS ON FINANCIAL INCLUSION

The Findex helps monitor the WB **UFA 2020** agenda



- # of unbanked adults committed to enable to be reached by 2020
- # of new account holders that projects/investments (as of June 2017) are projected



**More than 700 million people included in 2017**

## OTHER IMPORTANT SOURCES OF FINANCIAL INCLUSION DATA

- ❖ **Finstats:** A comprehensive set of 46 financial indicators that cover depth, efficiency, and access dimensions for banks, non-banks, and markets <http://FinStats>
- ❖ **Global Financial Development Database:** benchmark financial systems on depth, access, efficiency, stability : [www.worldbank.org/financialdevelopment](http://www.worldbank.org/financialdevelopment)
- ❖ **Doing Business** : [www.worldbank.org/doingbusiness](http://www.worldbank.org/doingbusiness)
- ❖ **Women, Business and the Law** – measures gender inequality- identifies barriers to women's economic participation
- ❖ **Financial Access Survey;** (<http://fas.imf.org>)

## IMPLICATIONS FOR REGULATORS AND OTHER POLICYMAKERS

- ✓ Financial data helps to efficiently implement central banks' mandate including Informed policies and strategies in financial inclusion
- ✓ Implement effective M&E frameworks to measure progress and enhance accountability
- ✓ Adoption of supervision and oversight frameworks that include more non-tradition financial service providers
- ✓ Adoption of risk management and fraud monitoring frameworks
- ✓ Design of enabling regulation : allow new experimental approaches to flourish without preemptive regulation ; *sandbox approach, regtech, "test and learn"* ,
- ✓ *Enhance consumer protection regulations*
- ✓ Proportionality in designing AML/KYC regulations

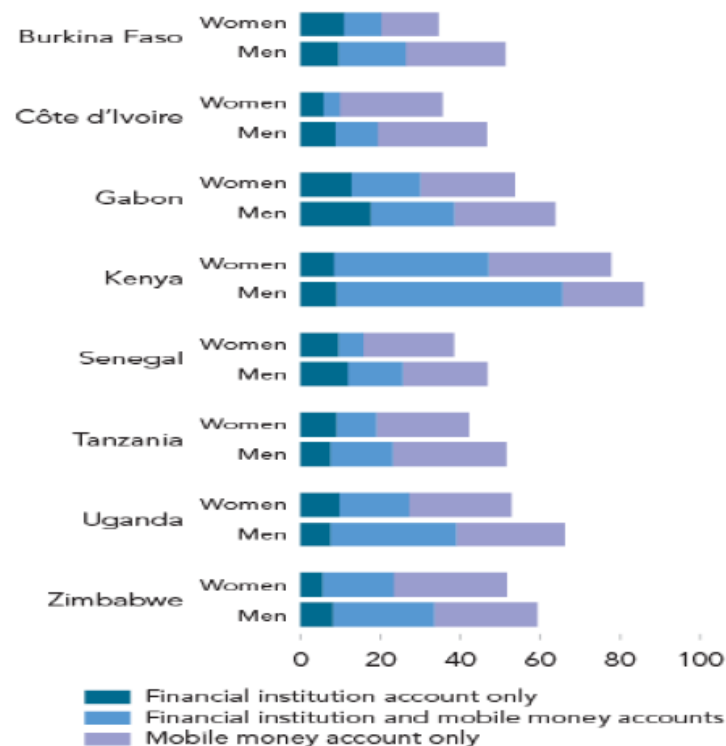
# IMPLICATIONS FOR POLICY MAKERS- EXAMPLE



## Gender equality in acct ownership

In Cote d'Ivoire, men are more likely to have a bank account than women, yet women are equally likely to have a mobile money account

**In some economies mobile money accounts might be helping to narrow the gender gap in financial inclusion**  
 Adults with an account (%), 2017



Source: Global Findex database.

Note: The figure shows only the economies where 20 percent or more of adults have a mobile money account only.

## RISKS AND CHALLENGES

### **Several constraints in data collection and analytics stifle potential for efficient policymaking in developing economies**

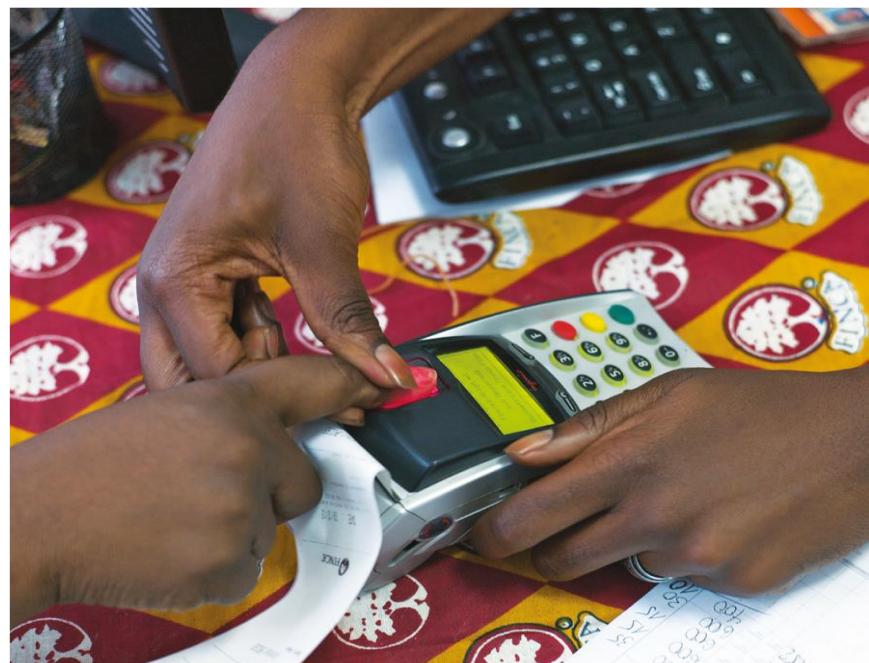
- Informality, limited disaggregation of financial services users makes it difficult to capture all transactions
- Duplication in data production impacts reliability
- Capacity to store, process massive amounts of data is limited, leaving plenty of it unexploited
- Capacity to safeguard the data against manipulation, cyber attacks is limited
- Big data analytics used for credit assessment may not be recognized by the regulator

## SOME POLICY QUESTIONS REMAIN

Interest has surged in crafting policies to support wider use of digital data, while also recognizing the new risks and challenges it poses.

Questions arise about :

- **who owns what data ?**
- **How about customer privacy?**
- **Who ensures data accuracy?**
- **How is data protection ensured ?**
- **How do we address the digital divide, including between regulators and the private sector?**



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Thank you for your kind attention