



Unlocking Public and Private
Finance for the Poor

Measuring digital economies and creating an enabling regulatory environment for financial innovation.

Perspectives from UNCDF

Agenda



Unlocking Public and Private
Finance for the Poor

ABOUT THE UNCDF

MEASURING DIGITAL ECONOMIES WITH IDES

MOVING TO ACTION WITH REGULATORY
ENABLERS FOR A DIGITAL FINANCE
ECOSYSTEM



INCLUSIVE DIGITAL ECONOMIES

for the SDGs

 [DOWNLOAD FULL PUBLICATION \(PDF\)](#)

UNCDF Eastern Caribbean

- Agile. Available. Technical.
- What does our EU-UNCDF-OACP Financial Inclusion Partnership in Eastern Caribbean offer?
 - **Regional Policy Acceleration** Programs
 - **Sprint Financing** to Scale Innovation for Financial Inclusion
 - **Discreet Technical Assistance** for Digital Finance



Unlocking Public and Private
Finance for the Poor

A large, abstract graphic on the left side of the page consists of multiple concentric, curved lines and arcs in a light blue color. Some of these lines have small circles at their ends, resembling a stylized network or data flow. The graphic is partially obscured by the text.

MEASURING DIGITAL ECONOMIES WITH IDES

- Bangladesh
- Ethiopia
- Madagascar
- Niger
- Senegal
- Timor-Leste
- Zambia
- Burkina Faso
- Gambia
- Malawi
- Papua New Guinea
- Sierra Leone
- Tonga
- Cambodia
- Ghana
- Myanmar
- Rwanda
- Solomon Islands
- Uganda
- Dem. Rep. of the Congo
- Guinea
- Nepal
- Samoa
- Tanzania
- Vanuatu

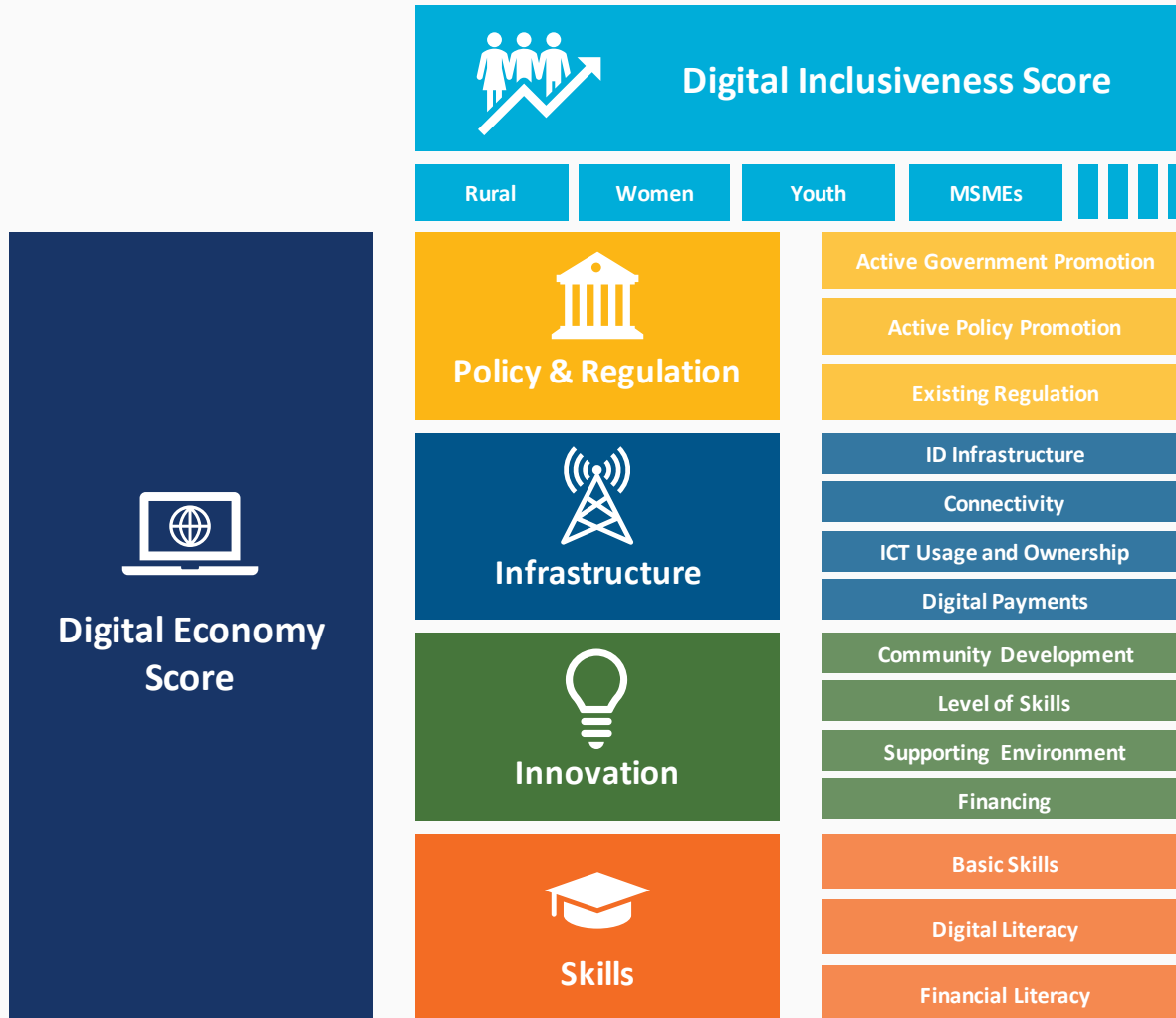
Select a country... ▾

Inception Start-Up Expansion Consolidation

2020 2021 2022 2023

IDES
=
Inclusive Digital Economy Scorecard

IDES brings focus to a holistic set of digital building blocks required to develop the digital economy and include marginalized groups



“It provides comprehensive and timely data, organized in an action-oriented way.” – Director

“One of the good ingredients that came out with this tool is the issue of inclusivity... it's a weak point we had.” – Director

IDES is supported by a Reference Group of like-minded organizations



IDES is a strategic performance tool to measure and track the level of development of an inclusive digital economy

IDES is **developed with and for policymakers** to support **data-driven decision-making** for digital economy transformation.

Metrics-driven, with flexibility for global and local data

Leverage **in-country expertise**

Collaborative and **evolving tool**



IDENTIFY
key market barriers



HELP SET
the right priorities



MEASURE AND TRACK
the development of inclusive digital economies, annually

“It’s not a paper you’ve produced, it’s an actionable process to provoke what needs to happen.” – Minister

“The IDES tool is playing a key role in informing us on what to prioritize... given that we are operating in an environment of limited resources.” - Permanent Secretary

An example from Uganda: measuring and tracking progress in the digital building blocks, development of the digital economy, and its inclusiveness for marginalized groups



Uganda

2021 / EXPANSION

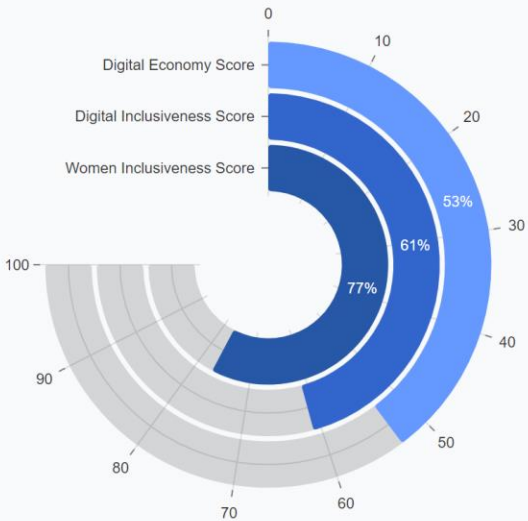
IDES has been adopted by the government of Uganda.

Share: [in](#) [f](#) [t](#)

For more information about IDES in Uganda, contact:

✉ Chris Lukolyo

Year: 2021 ▾



The Digital Economy Score (DES) (%)

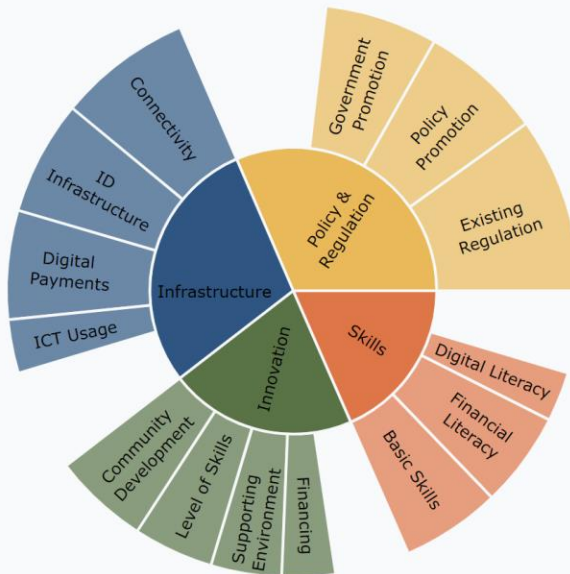
indicates the level of development of the digital economy.

The Digital Inclusiveness Score (DIS) (%)

indicates the level of inclusion attained of key segments of the population

The Women Inclusiveness Score (WIS) (%)

indicates the level of inclusion of women.



Scores by building block of a digital economy

Hover over the pie chart to see the scores for each component and sub-component. Click on one component to enlarge it.

IDES Dimensions	2020	2021
Digital Economy Score	51%	53%
Policy and Regulation	77%	77%
Infrastructure	51%	54%
Innovation	42%	39%
Skills	33%	43%

IDES in Action in Uganda



Carrying out inventory an of digital transformation policies

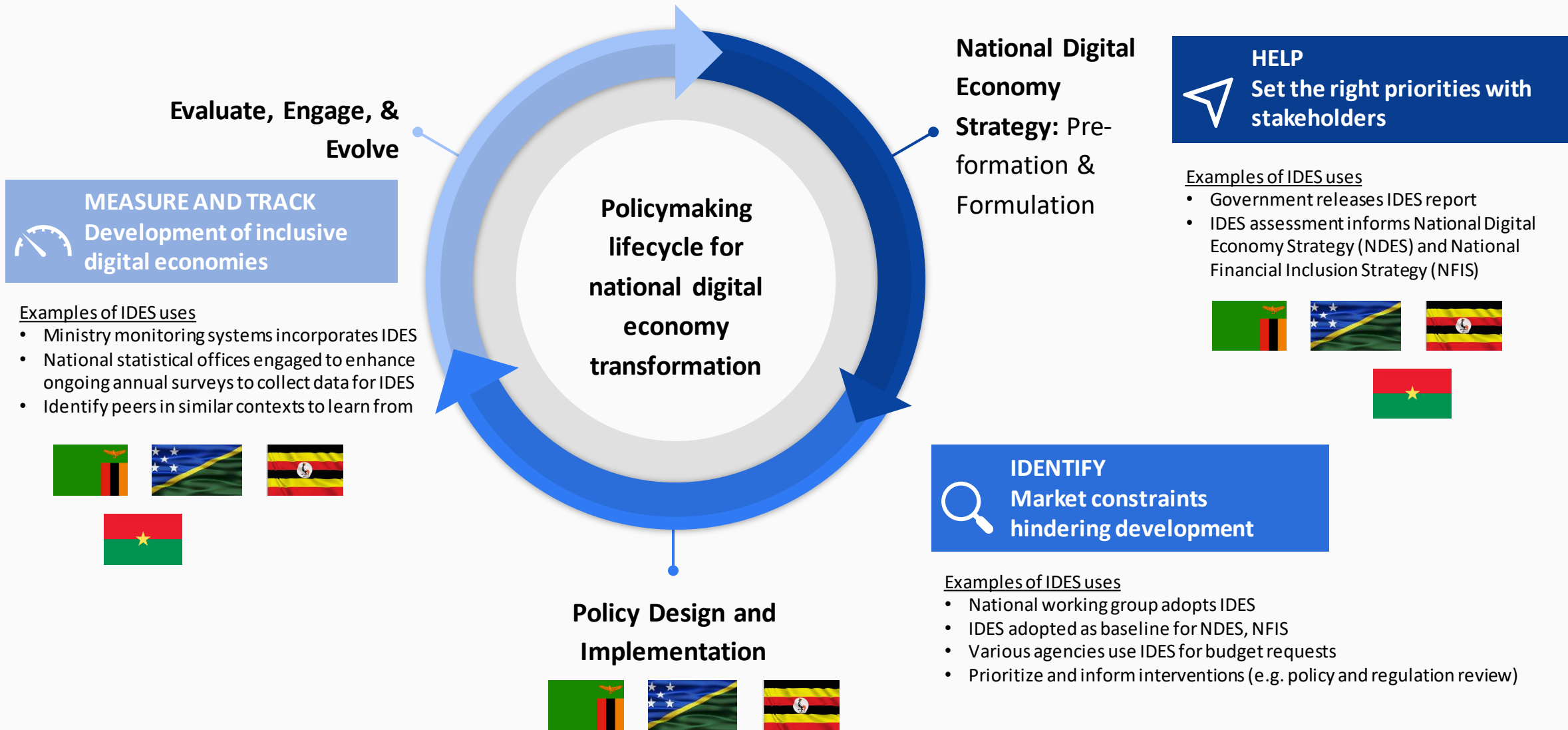
1 policy change (more to come) and change of ways of working within the Uganda government

Used for budget allocation of Min of ICT and related government agencies



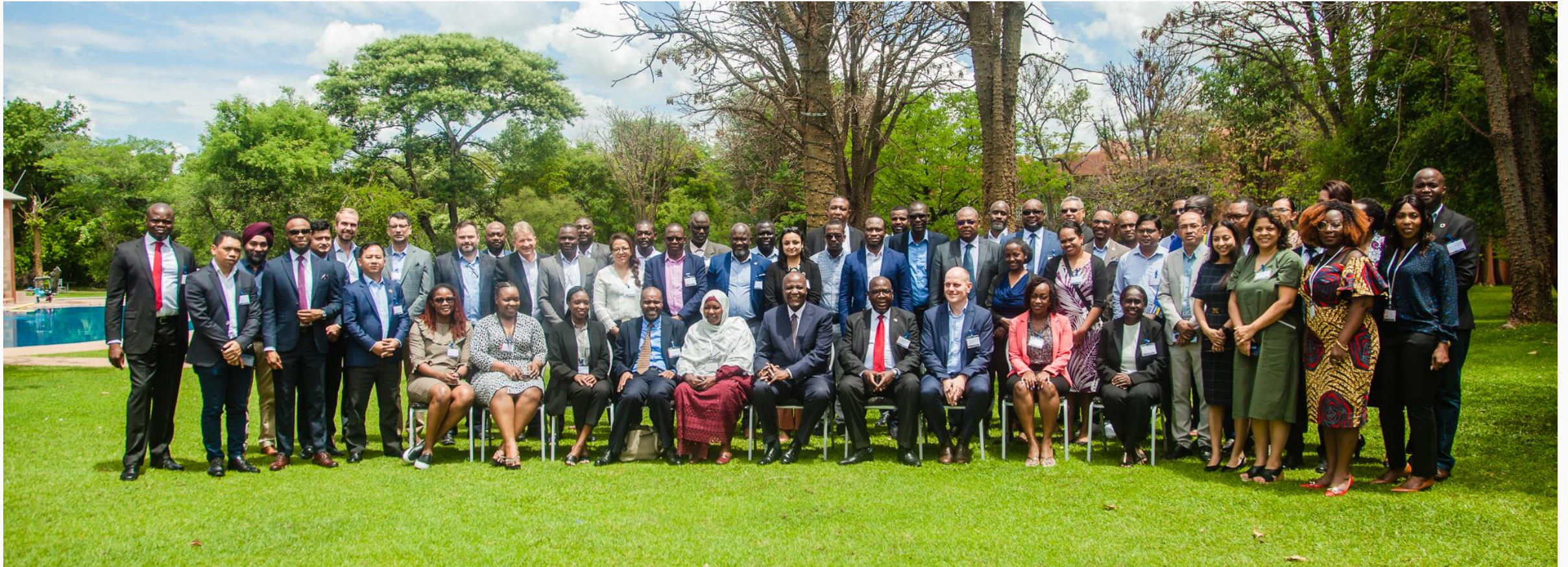
Leading Com of Practice for other countries to learn

Supports data-driven decision-making across the policymaking lifecycle for national digital economy transformation



A growing community of policymakers use IDES.

Learning from peers in the IDES Community of practice





Unlocking Public and Private
Finance for the Poor

A large, abstract graphic on the left side of the page consists of multiple concentric, curved lines in a light blue color. These lines are interconnected with small circles and dots, creating a sense of a complex, interconnected network or ecosystem. The lines vary in thickness and some have small gaps or notches, giving it a technical or digital feel.

MOVING TO ACTION WITH REGULATORY ENABLERS FOR A DIGITAL FINANCE ECOSYSTEM

Digital Finance and Financial Inclusion: Why does it matter?

- *The uptake and usage of a range of appropriate financial products and services, both digital and traditional, by individuals and MSMEs, provided in a manner that is accessible and safe to the consumer and sustainable to the provider.*

Fintech developments potentially relevant to the payment aspects of financial inclusion: the "PAFI fintech wheel"

Figure 2



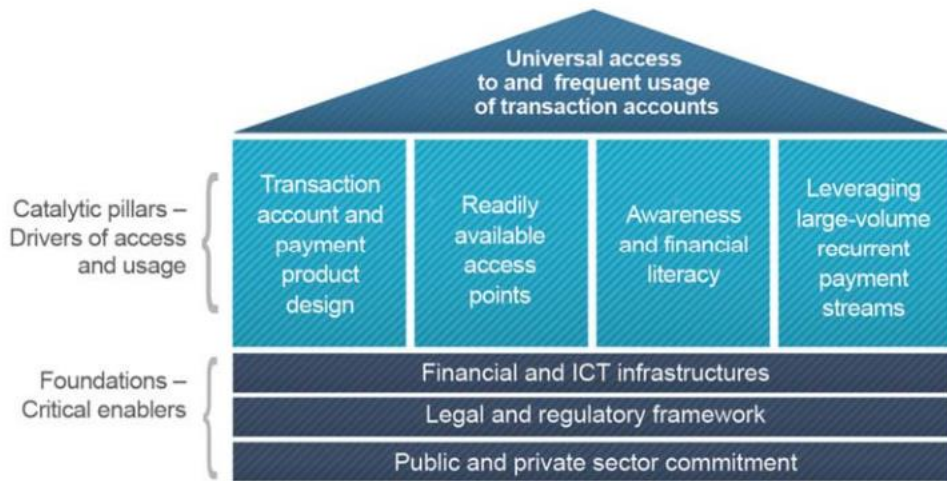
- FinTech should help achieve key elements :
 - Accessibility
 - Usage
 - Diverse and Appropriate Products
 - Commercial Sustainability and Viability
 - Responsible and Safe Delivery

Frameworks to Build an Inclusive Digital Financial Ecosystem

- *The uptake and usage of a range of appropriate financial products and services, both digital and traditional, by individuals and MSMEs, provided in a manner that is accessible and safe to the consumer and sustainable to the provider.*

Framework for the guidance on payment aspects of financial inclusion

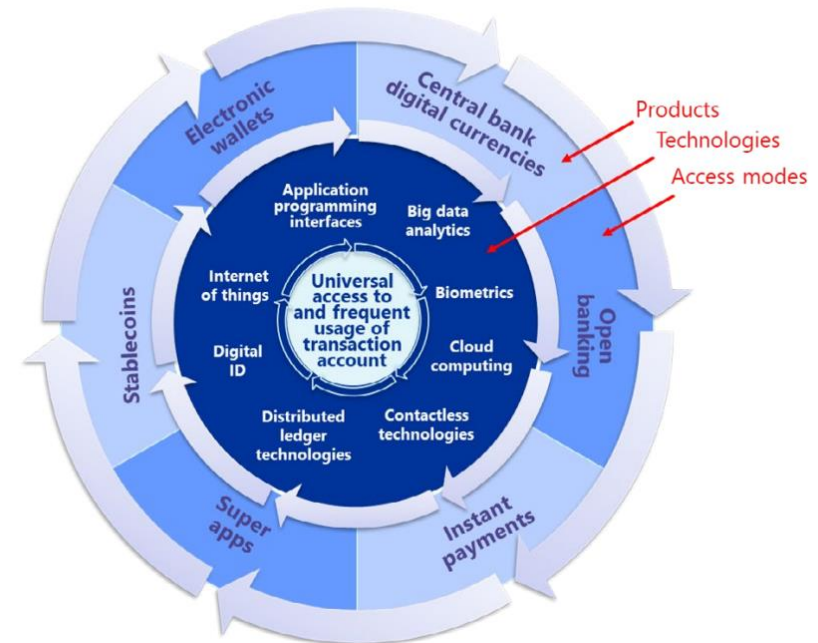
Figure 1



Source: CPMI and World Bank (2016).

Fintech developments potentially relevant to the payment aspects of financial inclusion: the "PAFI fintech wheel"

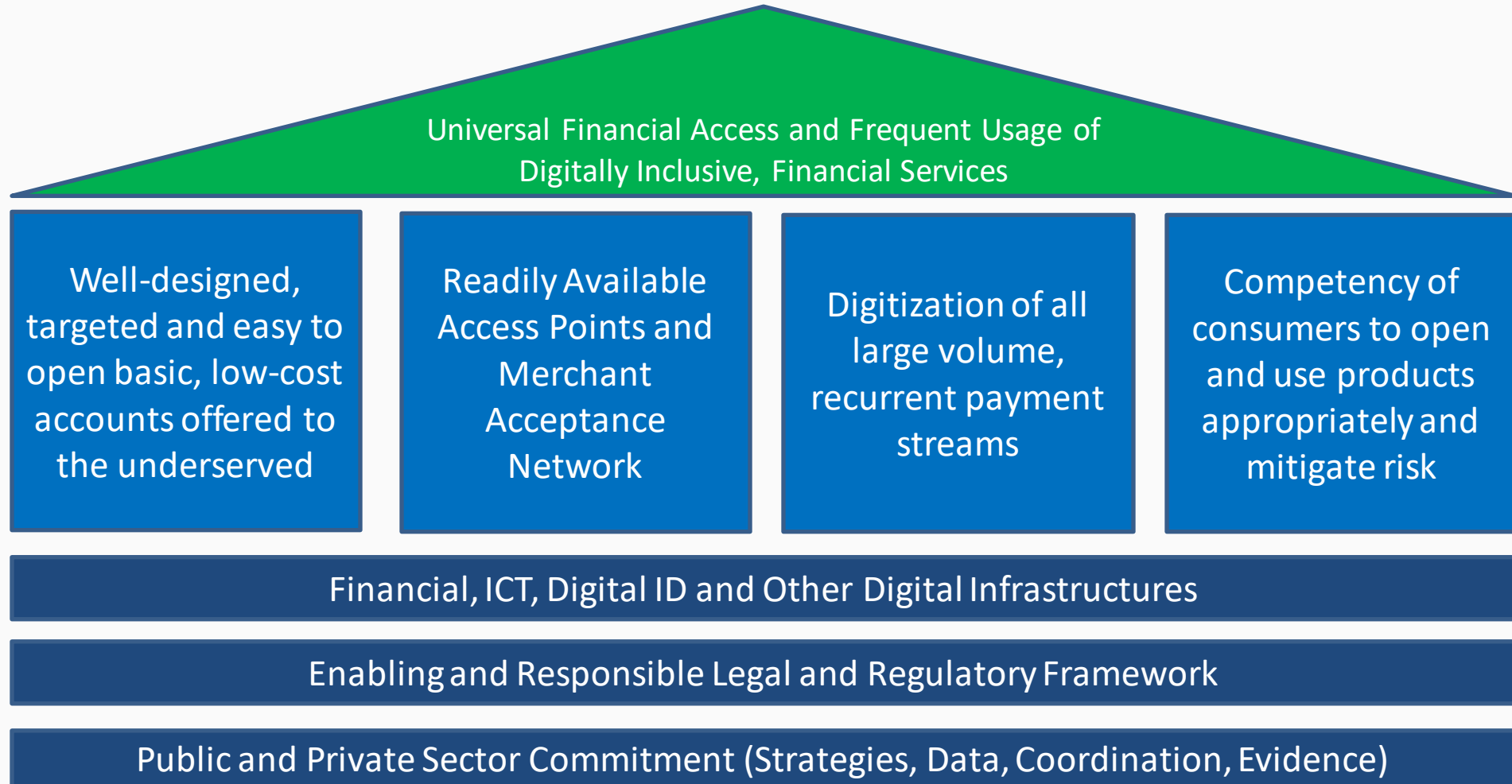
Figure 2



Frameworks to Advance Inclusive Finance Ecosystem (Adapted)



Unlocking Public and Private
Finance for the Poor



Key Ingredients for a Thriving FinTech Ecosystem



Unlocking Public and Private
Finance for the Poor



Access to Capital

Network of
Lenders,
Investors &
Grants

Government-
Linked FinTech
Grant Facilities



Enabling Policy Environment

Legal / Regulatory Frameworks
Enable FinTechs to Operate

Opportunities available to test
new innovations

Platforms available to engage
with regulators

Hubs to establish and make available
data, networks, ecosystem,
infrastructure sharing and PPPs



Access to Customers, Partners & Policymakers

Cross-border alliances &
Entry Points to New
Markets (in Caribbean)

Access of partners to tech
and business talent pools

Opportunities for
connection between
partners and players

Community (meet, link,
learn)



Business Skills & Talent

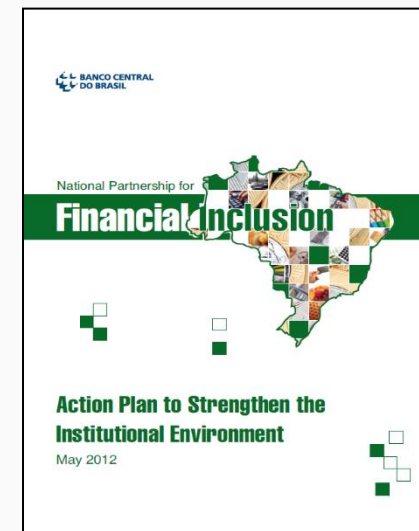
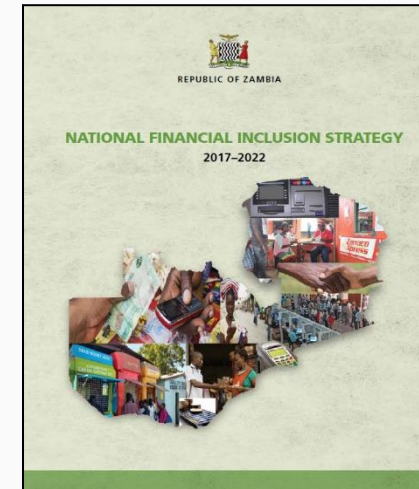
Mentorship and
Growth
Opportunities

Capacity building
& Acceleration
Programs

Tech skill training
for stronger
talent pools

Public & Private Sector Commitment

- **Establish relevant strategies and roadmaps** (Financial Inclusion Roadmaps or Financial Sector /Digital Economy Strategies with Financial Inclusion portions)
- **Adequate data infrastructures** (demand side data, supply side data and geospatial for digital finance, economy and inclusion)
- **Communication of progress** (progress mapping for inclusion, case studies, lessons learned, successes, etc.)
- **Engagement in international, regional and domestic forums** (Better than Cash Alliance, Alliance for Financial Inclusion, Global Financial Innovation Network, Caribbean FATF, etc.)
- **Collaboration and coordination** to drive actions between domestic institutions as well as regional for broader elements including mitigating cyber threats, regional regulatory initiatives, etc.



Enabling and Responsible Legal & Regulatory Framework



Unlocking Public and Private
Finance for the Poor

- **Non-bank e-money issuers:** Generally a specialized licensing window for nonbank DFS providers—EMIs—to issue e-money accounts
 - Risk based rules, treatment of e-float and prudential safeguards

- **Using agents:** DFS providers—both banks and nonbanks—are permitted to use third-party agents such as retail shops to provide customers access to their services.

- **Simplified customer due diligence:** A proportionate anti-money laundering framework is adopted, allowing simplified CDD for lower-risk accounts and transactions

- **Strong financial consumer protection framework / regime:** Transparency, disputes, customer recourse, complaint handling, market conduct, service standards nuanced and applied for digital finance delivery. This includes standards like Key Fact Statements and Comparison tools for the provider to issue to the consumer.

- **Approaches to facilitate innovation:** Sandboxes, Test and Learn, Innovation Hubs, etc.

Key Ingredients for a Thriving FinTech Ecosystem: Government-Linked Singapore Approach



Access to Capital



Enabling Policy Environment



Access to Customers,
Partners & Policymakers



Business Skills &
Talent

Sandbox

For more complex business models where customisation is required to balance the risks and benefits of the experiment.

Sandbox Express

Fast-track approvals for activities where the risks are low and well understood by the market. Rely on disclosures and pre-determined rules.

Sandbox Plus

One-stop assistance in areas of regulatory support and financial grant. Available from 1 January 2022.

MAS FinTech Hub



Monetary Authority
of Singapore

Financial, ICT, Digital ID and Other Digital Infrastructures

- **Strong mobile and ICT connectivity:** Internet access, mobile phone access, network coverage, affordable, etc.
- **Modern Payment Foundations:** RTGS, ACH, Switch, connection of all institutions to core systems, etc.
- **Faster Payment Systems and National e-Payment Gateways**
- **Digital ID system:** Includes capture of biometrics, eKYC registries, data warehousing capabilities, etc.
- **Digitally enabled finance:** Availability of contactless technologies, payment aggregators, open API scheme, cloud computing, etc.

Targeted accounts offered to the underserved

- **Promotion of financial inclusion (no frills) account:** Easy to open, basic CDD requirements, low cost, no fees, open remotely.
- **Easy to understand:** Simple, digital disclosure and mobile-based opening / transaction processes, opportunities to compare products through standard formats, FAQs, 24/7 help desks, etc.
- **Usage of behavioral insights:** Embedding of reminders, nudges and information to help consumers access and use products or save
- **Use of agents:** Enabling consumers to use e-money products through a wide network of agents where traditional, brick and mortar branches are harder to access.

Readily available access points



Unlocking Public and Private
Finance for the Poor

- **Expansive network:** Partnerships between Banks, Non-Banks and Others to build and training agent network
- **Low-cost digital / contactless payment portals for merchants:** Easy and low cost to acquire (like QR codes or SQUARE terminals), low fee rates per transactions, etc.
- **Incentives:** Offering merchants and consumers to leverage digital payments for every day purchases (VAT rebates, tax incentives, etc.)

Digitization of Large Volume, Recurrent Payments

- **Digitizing of Government and Private Sector Wage payments**
- **Digitizing of Government to Person social cash transfers:** Welfare, housing subsidies, pensions, etc.
- **Digitizing of Government to Business payments:** Subsidies, thematic grants, etc.
- **Shift (and incentives) to digitize person to government payments:** Transport, taxes, procedures & fees, etc.

Competency to open and use accounts well

- **Financial education and capability programs**
 - Embedded financial education in government financial sector programs (like cash transfers)
 - Integration into school curriculum
 - Government financial capability initiatives
- **Private sector offerings:** Additional consumer protections or education for financial service products offering for underserved or marginalized consumers like reading aloud key facts, facilitating help desks, etc.
- **Consumer tools** (comparison websites, mortgage 101, etc.)

Key Ingredients for a Thriving FinTech Ecosystem: Government-Linked Singapore Approach



Access to Capital

Enabling Policy Environment

Access to Customers, Partners & Policymakers

Business Skills & Talent

Network of Lenders, Investors & Grants

Sandbox
For more complex business models where customisation is required to balance the risks and benefits of the experiment.

Sandbox Express
Fast-track approvals for activities where the risks are low and well understood by the market. Rely on disclosures and pre-determined rules.

Sandbox Plus
One-stop assistance in areas of regulatory support and financial grant. Available from 1 January 2022.

15-17 NOV 2023 SINGAPORE FINTECH FESTIVAL

SFA SINGAPORE FINTECH ASSOCIATION

MAS MAS Monetary Authority of Singapore

MAS Grant Portal Hub

SFA Grant Portal Hub

SFA capacity building & frameworks for FI partnerships

STARTUP SG

Enterprise Singapore

Government-linked Grants for Innovation (numerous for Fis, FinTechs, etc.)

Infrastructure Sharing Initiatives & International Partnerships

Physical Hub

ASEAN Bankers Association

PAY NOW

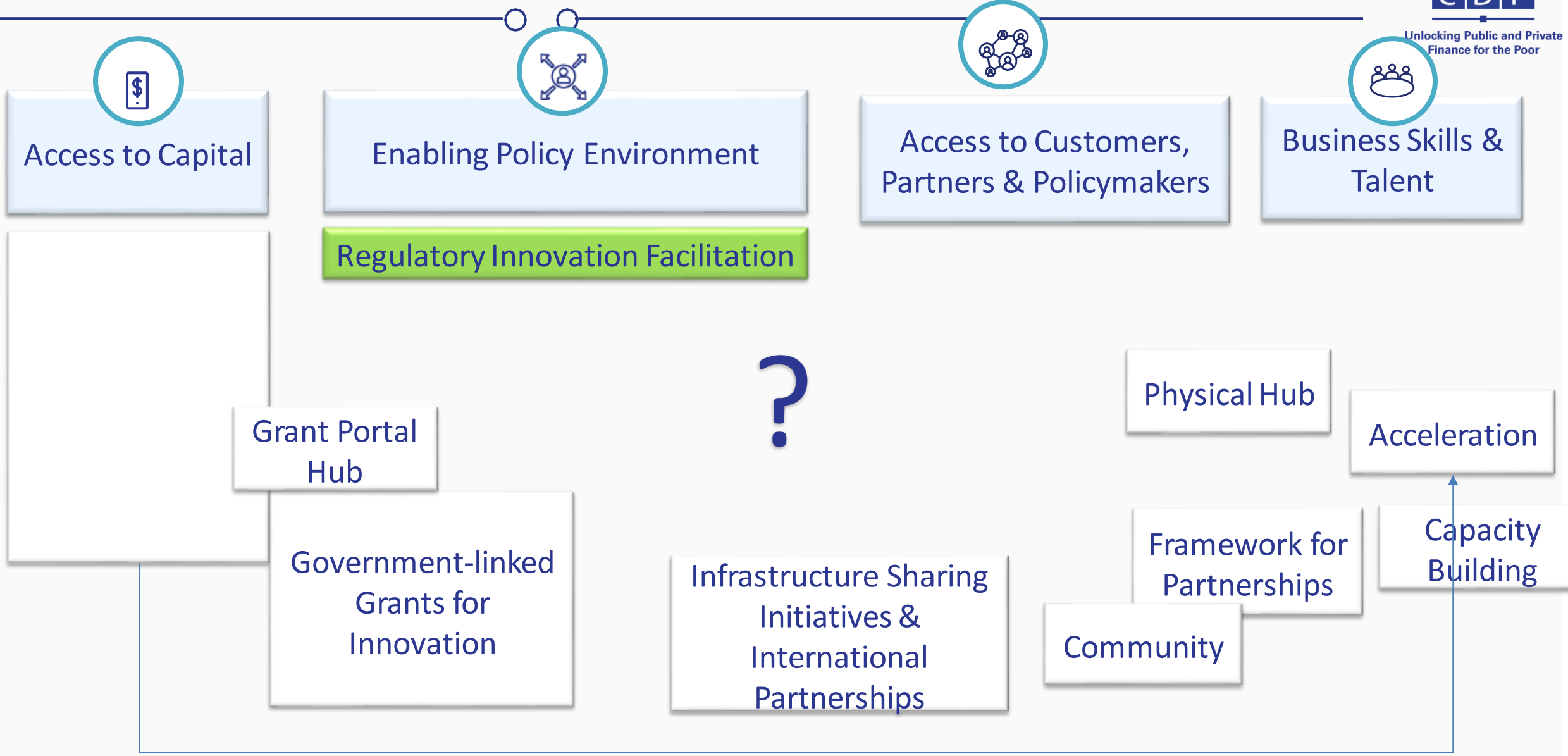
Prompt Pay QR

SG Fintech Club
Meet Up · Link Up · Power Up

Key Ingredients for a Thriving FinTech Ecosystem: Trinidad



Unlocking Public and Private Finance for the Poor

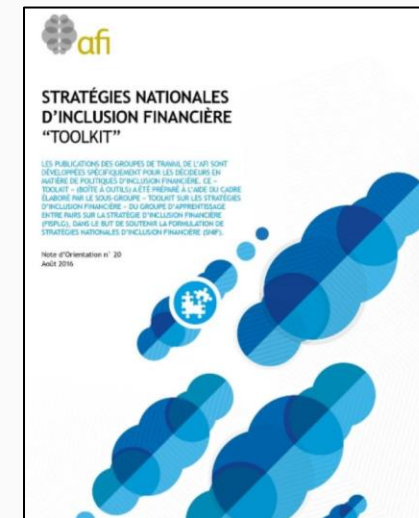
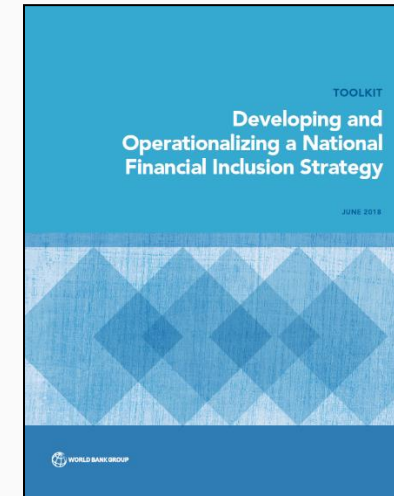


Key Take-aways

- No one approach, no one agency.
- Hub and Spoke is common, often led by government agencies
- FinTech thrives with central points of contact.
 - They help route FinTechs to capital, markets, partnerships, policymakers, mentorship and talent.
- Benefits to having multiple entities consolidating resources
- Institutions and initiatives can complement each other
 - Partnerships are key
- **Forward looking:** With FinTech and Digital Finance proliferating, the need to scale digital forms of consumer protections, cyber-resilience, transparency tools and financial education will be critical to help consumers mitigate risks.

Technical Guidance / Resources: Craft a Unique Approach

- Toolkit for the Development & Operationalization of a NFIS
- AFI National Financial Inclusion Strategies Toolkit
- WBG / AMF Financial Inclusion Scoping Note
- G20 High-Level Principles for Digital Financial Inclusion
- CPMI – World Bank Payment Aspects of Financial Inclusion (PAFI)
- CPMI – World Bank PAFI in the Digital Era
- AMF Regional Digital Transformation Framework
- World Bank Good Practices for Financial Consumer Protection
- CPSS-IOSCO Principles for Financial Market Infrastructures
- World Bank – ECB Practical Guide for Retail Payments Stocktaking
- OECD Set of Criteria, Principles, Guidelines, and Policy Guidance to Improve Financial Education
- Bali FinTech Agenda
- Others!





Unlocking Public and Private
Finance for the Poor

Thank You