

# The Future of Inclusive Finance

The digital revolution: Access to finance for all

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# The 4<sup>th</sup> digital revolution

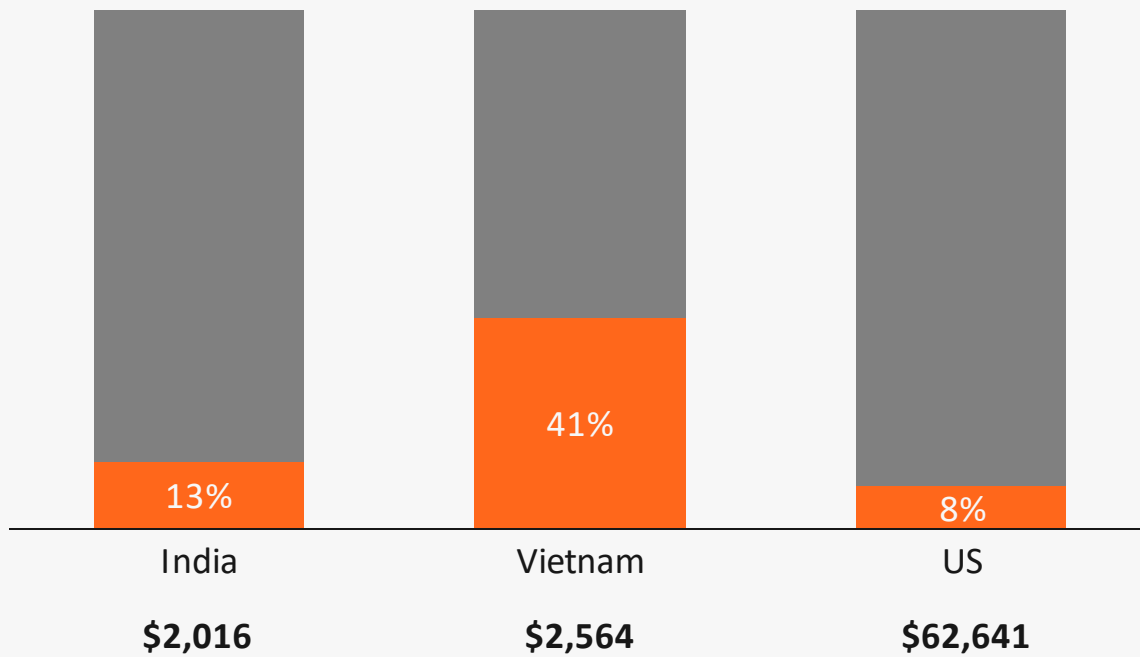
Will extend the impact of digitalization through greater device connectivity, new technologies and robotics.

# How to ensure Finance for All? – 4 parts to the digital revolution

- A The role of the ICT sector
- B 6 building blocks to create the digital revolution
- C 3 populations to be targeted with their needs
- D Digital dividend of the digital revolution

## A Robust ICT sector does not guarantee wealth

ICT as % of total GDP

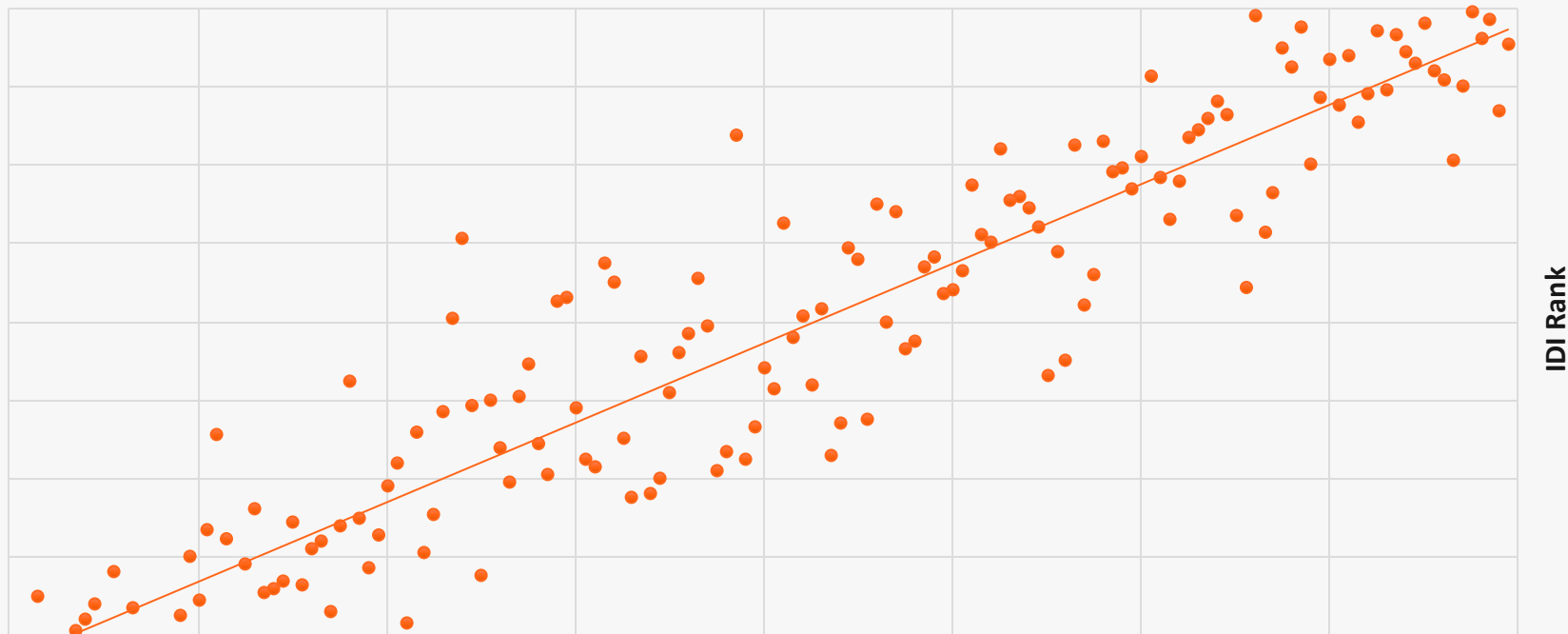


A

## High correlation between ICT adoption and GDP per capita...

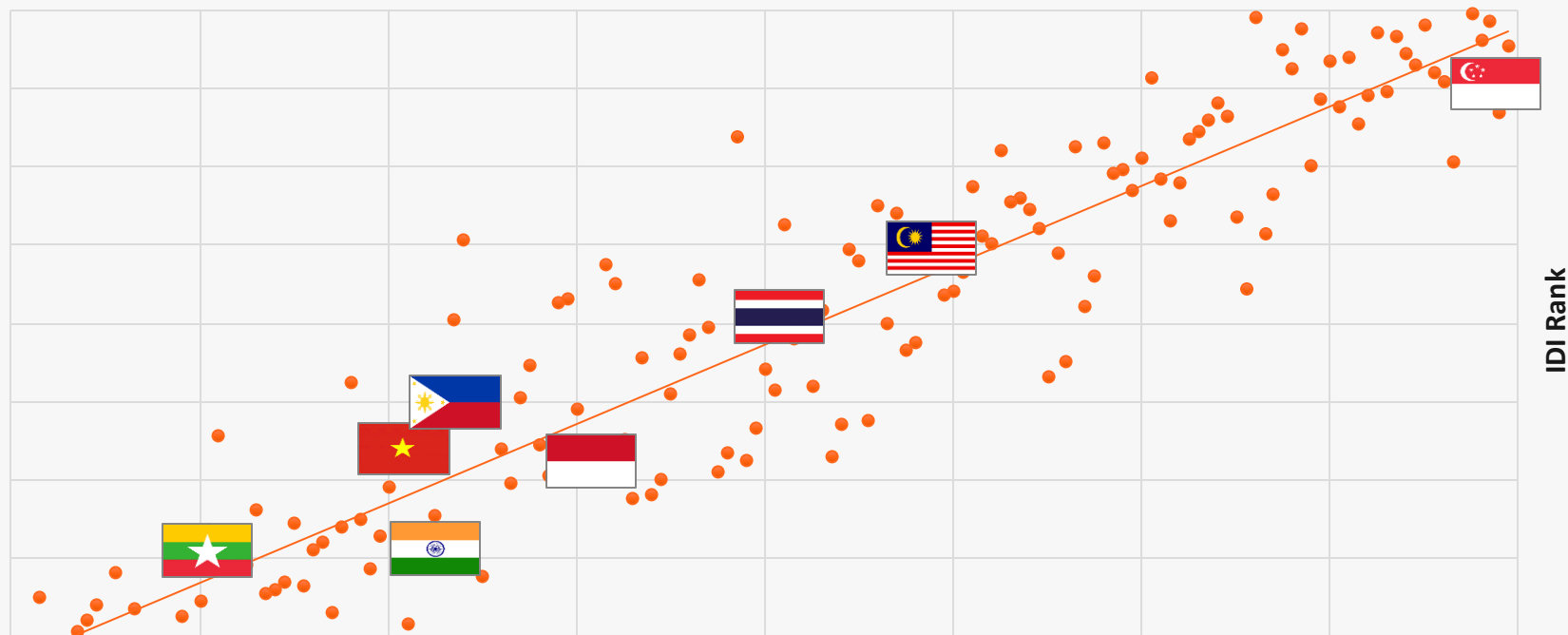
Country GDP per Capita Rank vs. IDI Rank, 2017

Nominal GDP Per Capita Rank



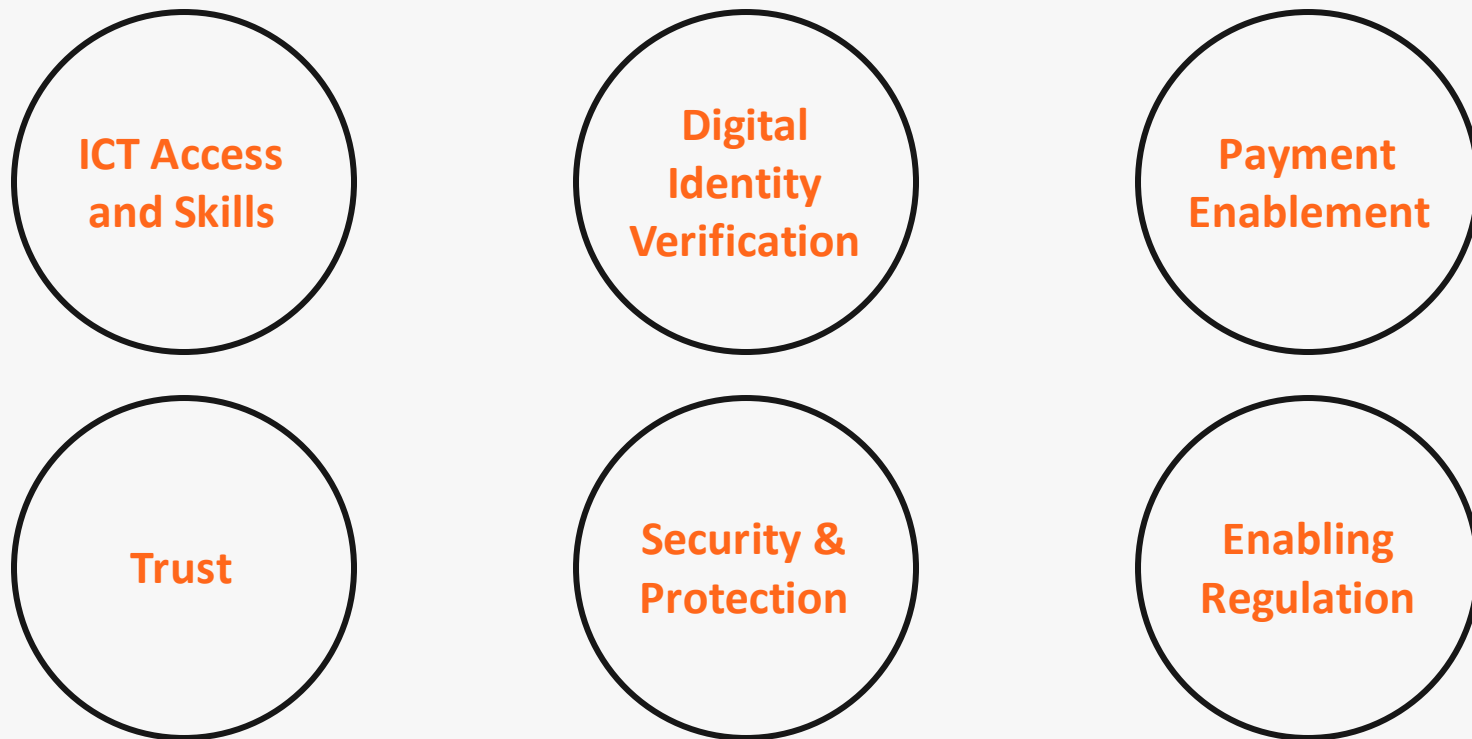
## Country GDP per Capita Rank vs. IDI Rank, 2017

Nominal GDP Per Capita Rank

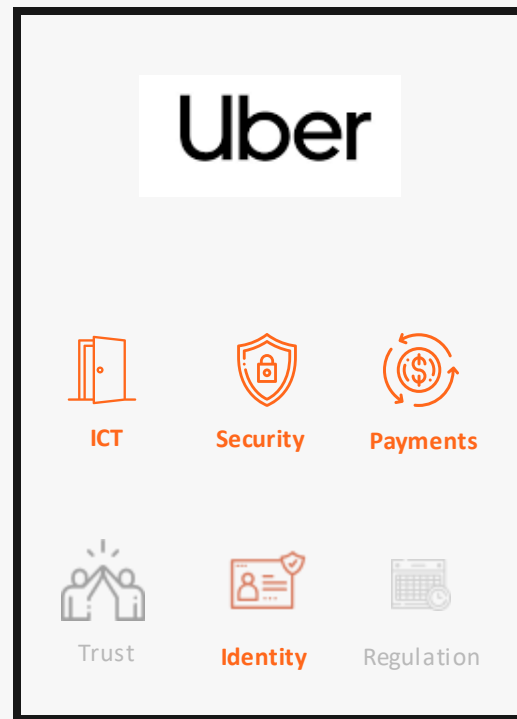
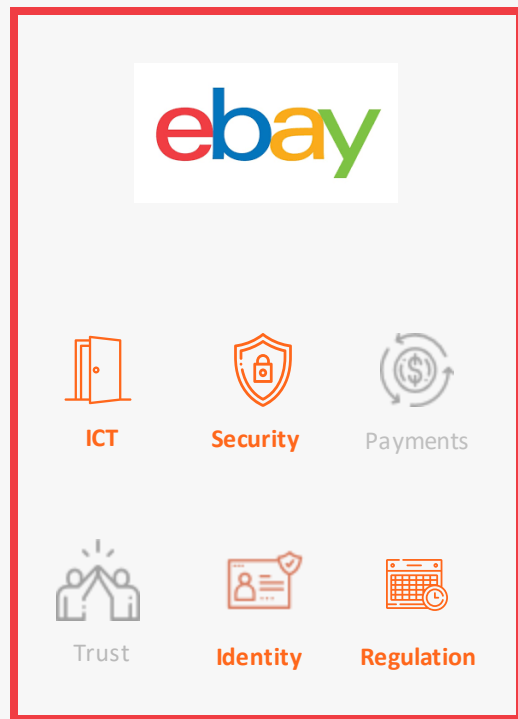


## **B** The 6 building blocks of digital dividends

ICT access and skills are a necessary but not sufficient condition for realizing the full potential of digital dividends



## B How the building blocks work



# C The revolution risks leaving millions behind

## 3 populations to target:

1.7 billion people outside the formal banking system



Millions of micro-, small and medium-sized enterprises



Included in the financial system but excluded digitally



## C What do we mean by "financial exclusion"?



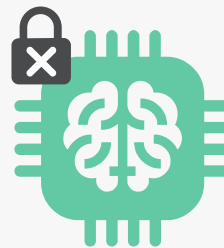
It means people who:



Pay high fees and  
trust risky systems for simple  
transactions

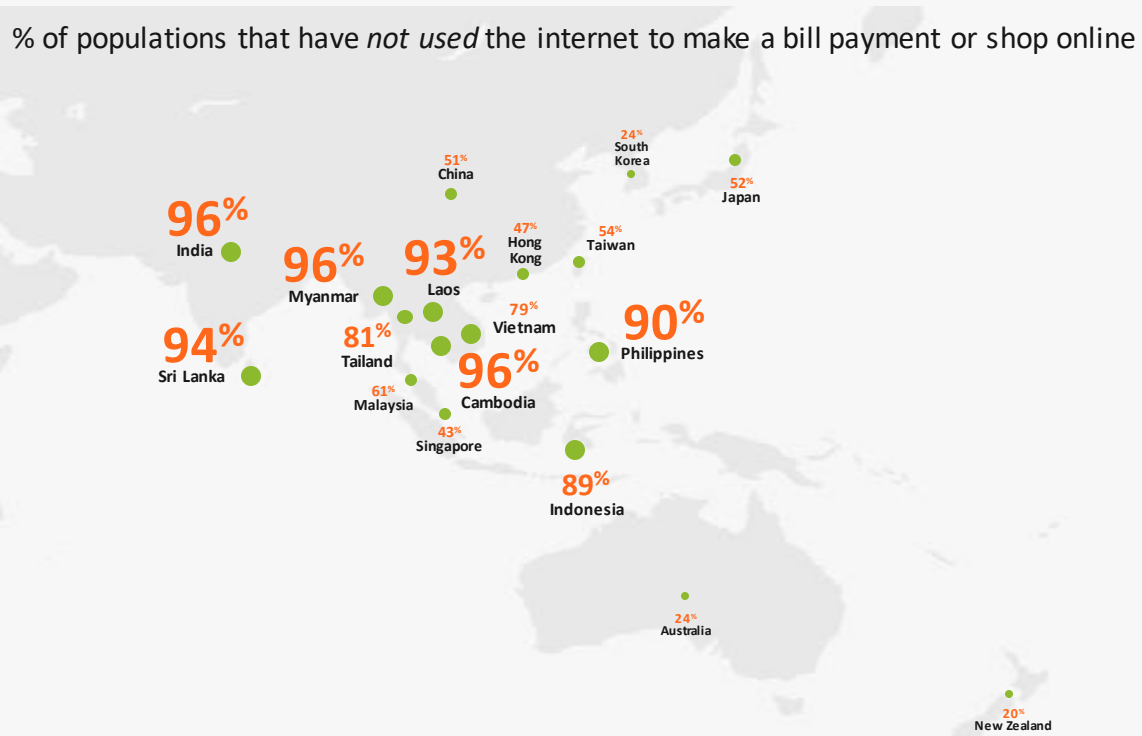


Rely on cash  
or barter for  
necessities



Are locked out of  
technological advances and  
advantages

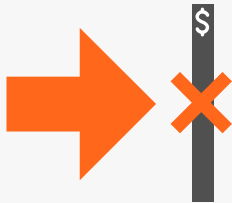
# C Untapped potential



## C What is needed to counter exclusion?



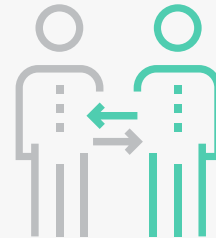
For the digitally excluded,  
greater inclusion requires:



Reducing  
socio-economic  
barriers



Extending accessibility  
of broadband infrastructure



Addressing  
digital skills  
gaps

## C SME's – the problems



Of all enterprises in Asia-Pacific

**95% SME's**

Funding gap

**US\$5.2 trillion**

Assess creditworthiness



# C How digitization helps SMEs



1

Easier access  
to capital



Innovative credit-scoring models can leverage new data like online behavior and customer reviews

2

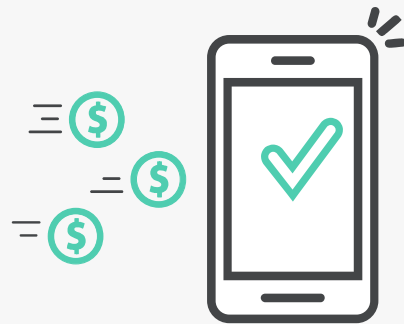
Getting paid  
on time



New technologies can help SMEs better and more efficiently manage their cash flow

3

Seamlessly integrated  
digital payments



Digital payments further increase cash flow efficiencies and create valuable data



1.7 billion people outside the formal banking system



Millions of micro-, small and medium-sized enterprises



**Included in the financial system but excluded digitally**



## C Helping digitize the financially included



### Combating digital-phobia's

Bringing the financially-included deeper into the digital economy requires a **three-pronged approach**:

1



Protect all **personal and private** information

2



**Secure all digital transactions**

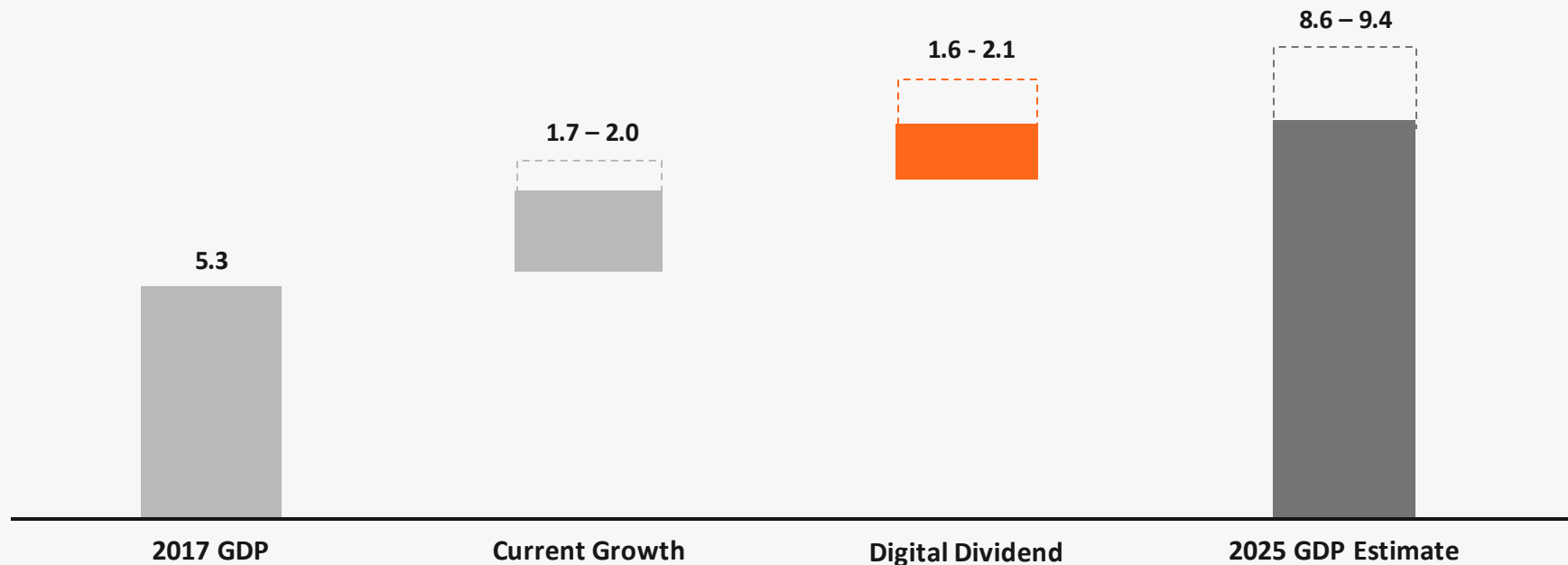
3



**Defend against attackers**

# ASEAN + India could realize US\$2 Trillion digital dividend by 2025

ASEAN + India GDP (USD Trillions, 2017-25)



Thank you

