



What Makes a Fintech Inclusive?

14 February 2019
9:00-10:00 AM EST



WEBINAR

LOGISTICS

- 1 This is an audio broadcast. Attendee microphones will remain muted during the entire webinar session.
- 2 To ask questions during the webinar, please use the Chat box on the right-hand side of the Webex session. You may submit your question at any time during the webinar presentation.
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- 4 The webinar recording will be emailed to all attendees and registrants.



Introduction

Camilla Nestor, MIX

Speakers



Camilla Nestor

MIX (moderator)



Sarah Willis

MetLife Foundation



Machal Karim

CDC Group



Maelis Carraro

BFA Catalyst Fund



Gayatri Murthy

CGAP

Agenda



Camilla Nestor
MIX

| | |
|------|---|
| 9:00 | Welcome: FinDev Gateway |
| 9:05 | Introduction: Camilla Nestor, MIX |
| 9:10 | Frameworks for Fintech: <ul style="list-style-type: none">• Sarah Willis, MetLife Foundation• Machal Karim, CDC Group• Maelis Carraro, BFA Catalyst Fund• Gayatri Murthy, CGAP |
| 9:40 | Q&A |

Inclusive Fintech: What does it really mean?



Camilla Nestor
MIX

“Given all the enthusiasm and money flooding into fintech for financial inclusion, I think it is important for the development community to pause and reflect on how our work fits into this fast-moving new universe. To my mind, poor people are the critical piece of this equation. They remain central to the story but are easy to lose sight of in the excitement around technology and innovation.”

Greta Bull, CGAP

Great Expectations: Fintech and the Poor

Initiatives to unlock more capital for inclusive fintechs



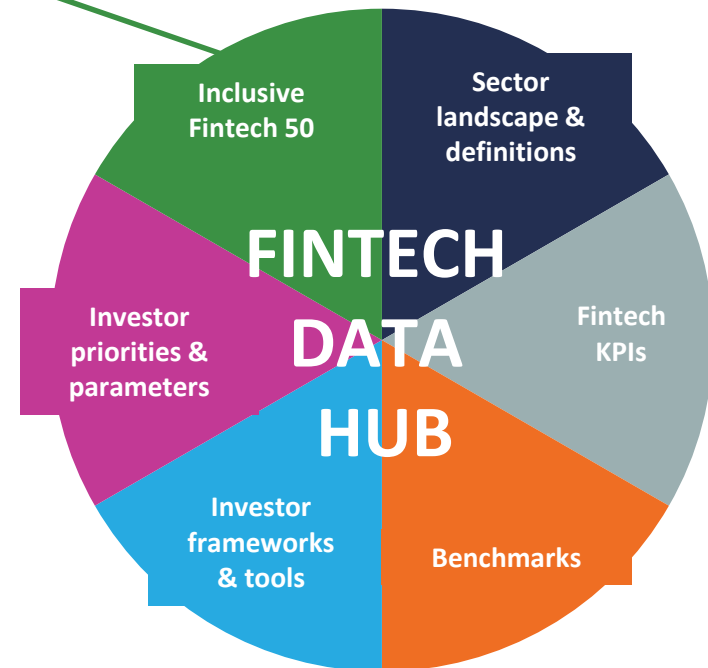
Camilla Nestor
MIX

Inclusive Fintech 50

Emerging fintechs for financial inclusion

The Inclusive Fintech 50 aims to make early-stage fintechs more visible to investors and others who can help them scale and reach more underserved people.

The transparent methodology will help investors with their own assessments of early-stage inclusive fintechs, enhancing the impact of this effort.





Frameworks for Fintech

Approaches for identifying and assessing inclusiveness

From Transactional to Transformational



Sarah Willis
MetLife Foundation

| | FINANCIAL INCLUSION | FINANCIAL CAPABILITY | FINANCIAL HEALTH | FINANCIAL WELL-BEING |
|--------------------|---|--|---|---|
| DEFINITION | Financial education and the ability to obtain financial products and services | Application of knowledge and skills to use products and services | Management of day-to-day financial needs Ability to face unexpected financial challenges Opportunities for more security and mobility | Ability to meet long-term financial commitments Ability to make financial management choices that enable enjoyment |
| KEY CLIENT BENEFIT | access & knowledge | confidence | stability | freedom |

Assessing Fintechs with a Financial Health Lens



Sarah Willis
MetLife Foundation

Balancing Evidence and Potential

| Category | Key Considerations |
|-------------------------|--|
| Leadership | <ul style="list-style-type: none"> • Infuses mission into company • Explicitly committed to low- to moderate-income segments • Lived experience, values diversity of perspective and thought |
| Core Business | <ul style="list-style-type: none"> • Product or service offered directly generates social impact. It is not a project separate from the business, but its main activity (evidence) • Ability to put inclusive products in roadmap (potential) |
| Target Customer Segment | <ul style="list-style-type: none"> • Designed according to the needs and characteristics of LMI individuals and/or communities |
| Target Outcome | <ul style="list-style-type: none"> • Must benefit the people we care about. Where does the benefit fall along the <i>inclusion – well-being spectrum</i>? <ul style="list-style-type: none"> • i.e. reducing costs, enabling increased income, reducing vulnerability, unlocking savings / debt reduction opportunities |
| Investor Mix | <ul style="list-style-type: none"> • Who will influence the trajectory? |

What do we want to contribute to?

Via our investments in financial sectors across SSA and South Asia, we specifically want to contribute to two objectives: more **inclusive financial sectors** and **stronger domestic capital markets**. We intend to support the development of financial sectors through a market development approach.



Machal Karim
CDC Group

- **More inclusive financial sectors**

- Increasing the number and improving the range of individuals and businesses that are financially included into the system, and have access to a diverse set of high-quality and sustainable products.
- This includes expansion of products and services within country to frontier markets or client segments and to different countries that are considered as being harder geographies.



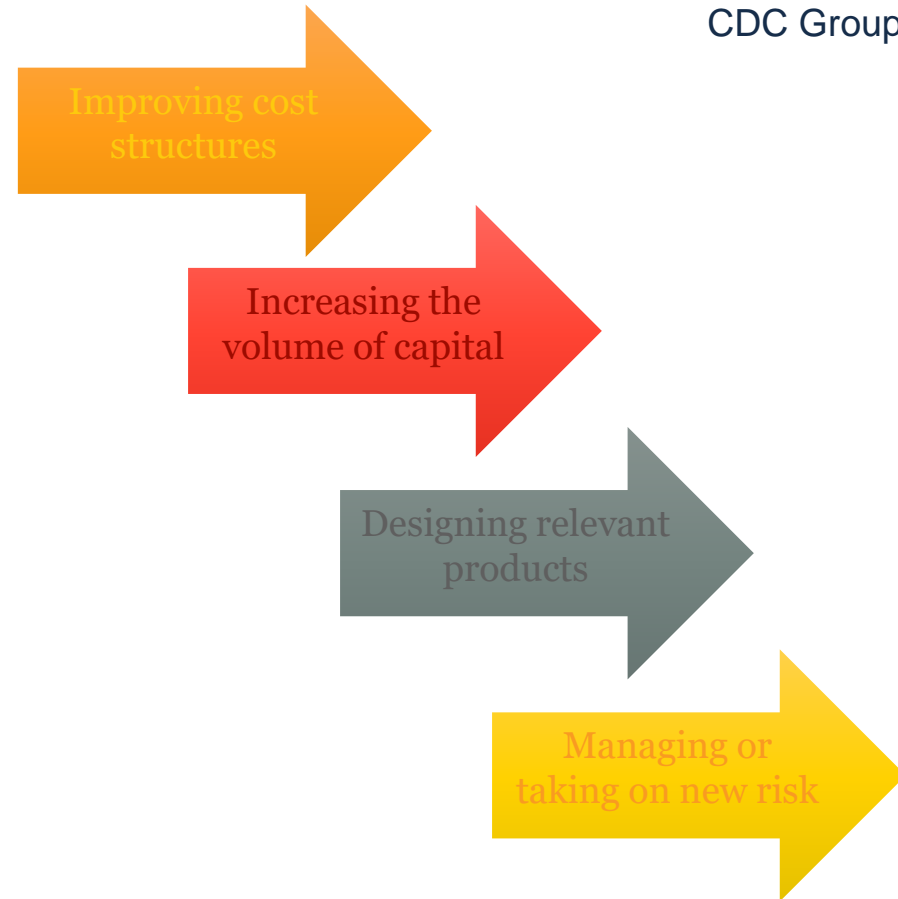
Managing the impact of our investments in Financial Services

Focusing on the most critical barriers to impact in financial services



Machal Karim
CDC Group

- + CDC has developed an impact framework for its investments financial services across products
- + Given who we are and the resources available, we have focused on four impact pathways
- + We articulate the impact thesis for each of our investments that must be commercially feasible and grounded in the investee's business model
- + We establish a small number of relevant and customised indicators to measure the investment's progress against the impact thesis. We have a set of sector-level indicators that track aggregated impact of the portfolio
- + We support our companies where we can to enhance their delivery of impact in their markets



Catalyst Fund's AAA Framework

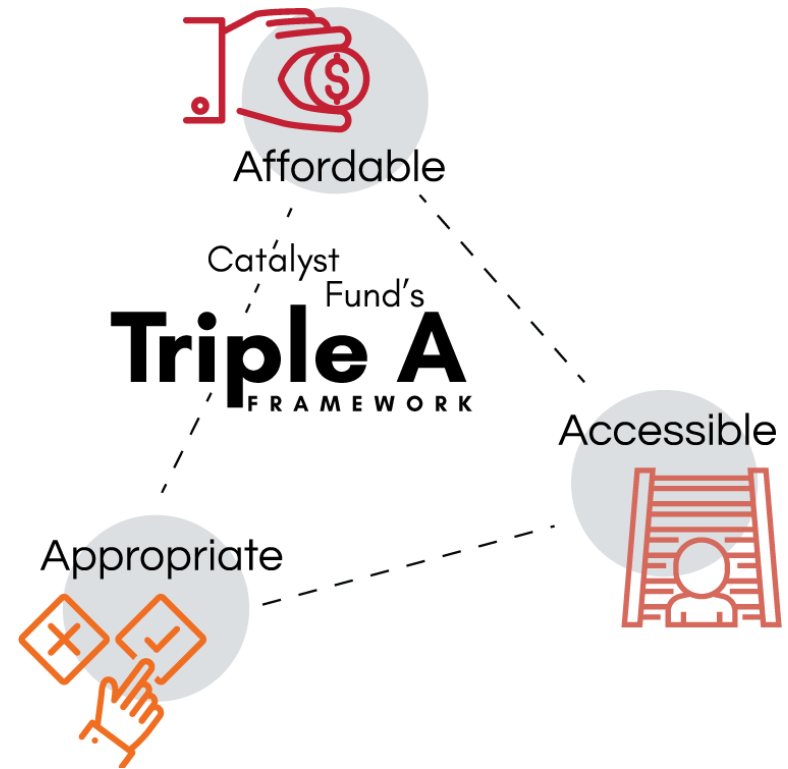
a blueprint for building and assessing products and services low-income people need and want



Maelis Carraro
BFA Catalyst Fund



Our 20 Startups



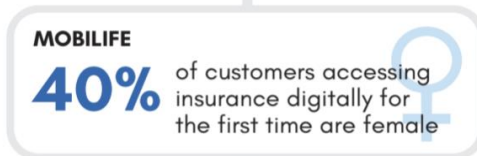
Are fintech startups inclusive?



Maelis Carraro
BFA Catalyst Fund

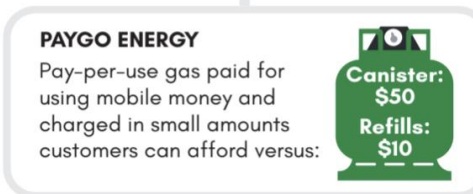
Accessible

Serving customers with little reported financial data, farmers and women.



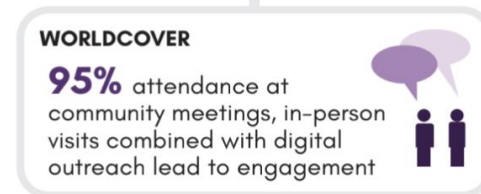
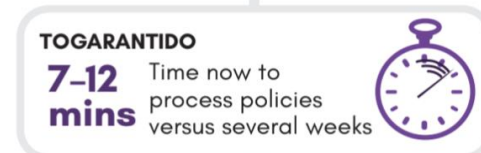
Affordable

Reduced business costs through smart use of tech mean lower prices for customers



Appropriate

Tailored products that are flexible, fast and simple to use



A startup example: **MobiLife**



Maelis Carraro
BFA Catalyst Fund

Accessible

- 100% of end users are low-income customers
- White-labeled product via bank partnerships reaching hundreds of thousands of people

Affordable

- Driving down costs through a 100% mobile insurance policies from processing to underwriting

Appropriate

- A mix of tech and human touch to build trust
- Tangible value prop combining food coupons & life insurance
- Never lapse policies allow customers to skip premiums but maintain coverage
- 90 days money back guarantee to encourage insurance uptake

Fintech companies have the potential to affect financial inclusion



Gayatri Murthy
CGAP

Fintech startups exist within a larger environment of tech-based innovation by incumbent financial institutions, ICT companies, superplatforms, etc. But fintech startups may be wired to push boundaries in innovation.



Not all fintechs are relevant to financial inclusion. But there is a cohort of companies beginning to emerge that offer services for underserved segments or resolve complex pain points in financial inclusion efforts in emerging markets .

For the underserved, low income customer


- 


Better experience
- 


Improved Products
- 

New value propositions

For emerging and developing markets

- 

Better infrastructure (financial)
- 

Greater competition & choice
- 

Use cases for payments accounts

Fintech is a crowded, chaotic marketplace of innovations and business models



Gayatri Murthy
CGAP

5 innovation areas emerged from CGAP pilots with 18 fintech companies. Most of these were early-stage, unproven ideas. We focused on demonstrating proof points that could help ideas scale.

| | | | | |
|---|--|--|---|---|
| <p>Interactive customer-engagement</p> <p>Real-time, cheap communication with customers to encourage trust, use and loyalty.</p> | <p>Smartphone-based payments</p> <p>Engaging apps with low data costs & storage to encourage use cases.</p> | <p>Connections-based finance</p> <p>Leverage social and digital connections to build creditworthiness</p> | <p>Location-based finance</p> <p>Satellite data and machine-learning for cheaper insurance and credit to smallholders.</p> | <p>De-risked non-productive finance</p> <p>Digital features to reduce risk of financing unexpected or big expenses</p> |
|---|--|--|---|---|

CGAP's future work focused on evidence for emerging business models and better funding for early-stage innovation

- Some fintechs are beginning to scale and prove their value. But the focus is largely on payments and credit.
- Many ideas at the early stage, including those around insurance, pensions and other complex products for the poor need to be better explained to enable viability, scale and impact.
- Early-stage companies need patient capital to develop and scale, which is still rare to find in emerging markets.

Q&A

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QUESTIONS? IDEAS?

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POLL

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WHAT'S NEXT?

1

We will email you when the webinar recording and related materials become available on the FinDev Gateway website.

2

Join FinDev Gateway's next webinar:
Innovative Consumer Financing for Cooking Energy Access
28 February 2019, 9:00 AM EST

3

For more resources on financial inclusion, visit
www.FinDevGateway.org

Thank you

www.FinDevGateway.org



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