



Making financial
markets work for
the poor for 20 years

Digital Payments and Financial Inclusion

November 2022

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What are digital financial services?

- Digital Financial Services (DFS) include a broad range of financial services accessed and delivered through digital channels, including payments, credit, savings, remittances and insurance
- Digital channels include mobile phones, Point of Sale (POS) devices, ATMs, computer etc
- A digital store of value is (mostly) required to engage in digital financial services such as bank account or mobile money wallet



Drivers of digital financial services

Why digitise financial services?

- Reduce cost of access and usage (cash handling fees, agent and branch networks)
- Increase speed of services
- Increase convenience of financial services
- Provide users with payment history to use in credit risk assessments
- Improve monetary policy implementation
- Formalises the cash/informal economy

Key requirements to optimise digital financial services

- Multi-lateral interoperability between bank and non-bank service providers (national switch enables this)
- Telecommunications infrastructure
- Electricity infrastructure
- Access to mobile phones
- Access to ATMs, agents or branch networks to cash-in (digitise)
- Availability of USSD based services for users with 2nd Generation mobile phones
- Literacy levels
- Consumer protection legislation to increase trust



Digital financial services and financial inclusion

Digitisation of the payments

	Person	Business	Government
Persons	Remittance	Merchant Payment	Tax
Business	Salaries	Supply value chain	Tax
Government	Social protection	Grants/loans	Fiscal allocation payments

Financial needs

INFLOW



Source

- Regular Income, Savings, Credit, Trade, Social Assistance



Channel

- Face to Face, ATM, Phone, PC, Agent, Bank Branch



Medium

- Cash, DFS, In-Kind

- Do Nothing



OUTFLOW



Institution

- Bank, MFI, Mobile Money, Informal, Friends/Family



Channel

- Face to Face, ATM, Phone, PC, Agent, Bank Branch



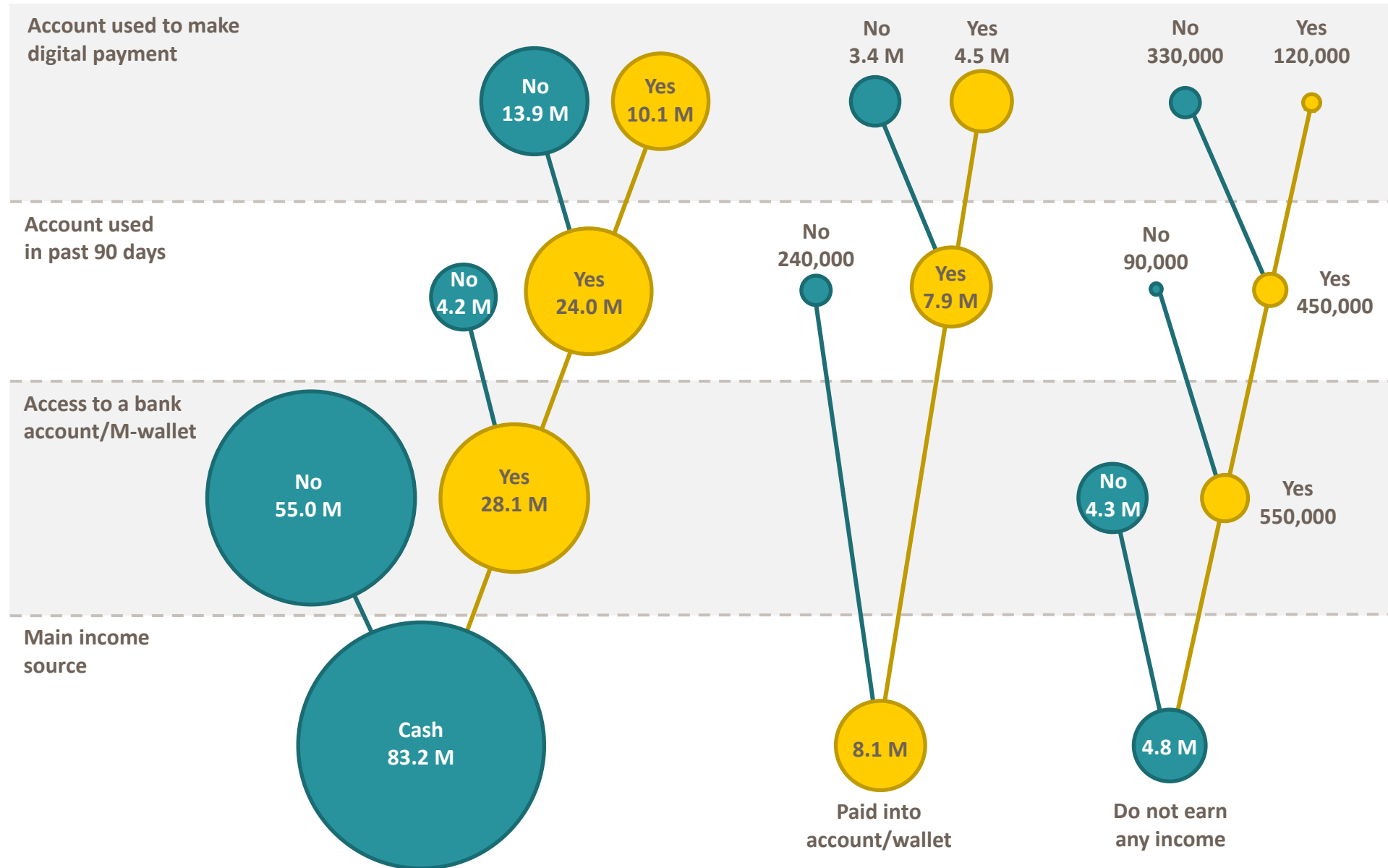
Medium

- Cash, DFS, In-Kind

NEED

- Goals
- Liquidity
- Resilience

Value chain of digital financial services (example)



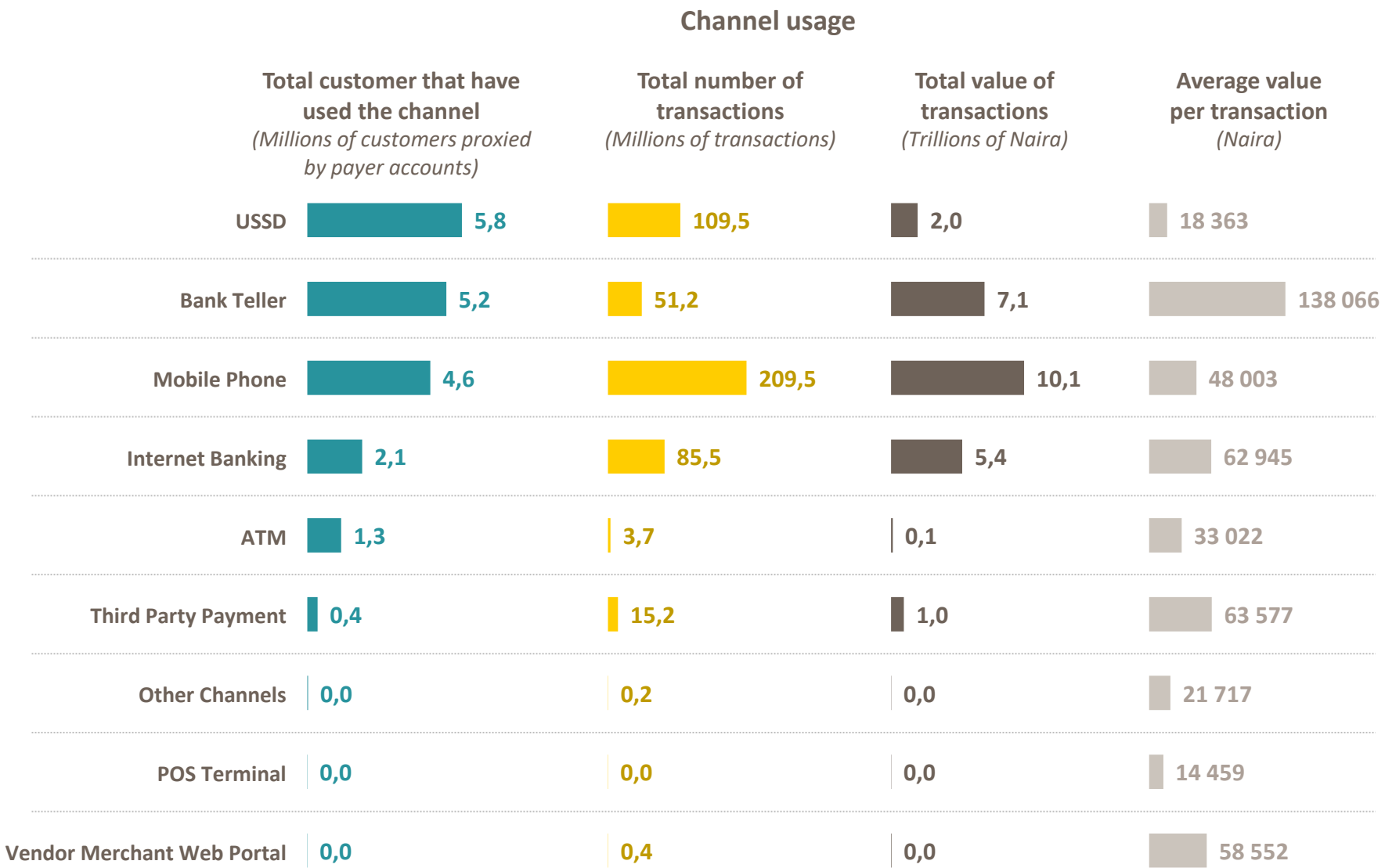
Mapping of digital financial services – inflow (example)

Income source	% of adults who receive income*	% of adults who receive income (main)**	Of those that receive this income source, how are they paid?				
			Frequency of receiving main income***	Received in cash****	Paid into bank account	Receive cheque	Mobile money
Own business/trader (non-farming)	22%	20%	45% 17% 6% 2% 21%	98%	2%	0%	0%
Subsistence/small scale farming	19%	14%	16% 8% 49% 30%	100%	0%		
Own business (provide a service e.g. hairdresser, tailor, mechanic)	16%	14%	23% 16% 4% 15% 24%	99%	1%	0%	
Get money from family/friends	17%	10%	4% 12% 16% 7% 17% 18%	87%	12%	0%	
Own business/trader (farming products)	10%	9%	8% 14% 4% 14% 10% 37%	100%	0%	0%	
Get money from a household member	10%	7%	6% 10% 7% 2% 8%	96%	4%	0%	
Commercial/large scale farming	6%	5%	6% 4% 20% 7%	100%	0%	0%	
Salary/wages from a business/company (formal sector)	4%	5%	1% 18% 1%	46%	53%	1%	
Salary/wages from Government (including NYSC payments)	5%	4%	20% 1%	20%	78%	2%	
Salary/wages from individual with own business (informal sector)	4%	4%	4% 3% 8% 1% 2%	89%	11%	0%	
Salary/wages from an individual for chores such as domestic	2%	4%	2% 2% 2% 1% 2%	98%	1%	0%	
Own business/trader (agricultural inputs)	2%	2%	2% 2% 1% 2% 1%	99%	0%	1%	
Pension	1%	2%	3%	16%	77%	7%	

Mapping of digital financial services – outflow (example)

	% of adults who make this payment	Cash	Cheque	Over the counter bank transfer	Cash card/prepaid card	ATM/Debit card	Credit card	Internet banking	Mobile banking	Mobile money (e-wallet)
Transfer of value needs										
Payments for goods and services*	99%	99%	3%	11%	1%	11%	0%	1%	1%	0%
Transport**	81%									
Social activities/entertainment**	66%									
Airtime/data bundles**	64%									
Medical expenses**	63%									
Education/school fees**	41%									
Utility bills***	32%	31%	0%	3%	0%	2%	0%	0%	0%	0%
Fuel (car, motorbike or generator)**	31%									
Rent**	25%									

Mapping of digital financial services – platform usage





20 years of making
financial markets
work for the poor

Thank You

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