ID4AFRICA

Boosting Financial Inclusion through Digital Innovations

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We have made considerable advances in the scope and use of digital identities

Mobile-led identity authentication and authorization – enables individuals to use mobiles to validate their identity, authenticate transactions and get access to services
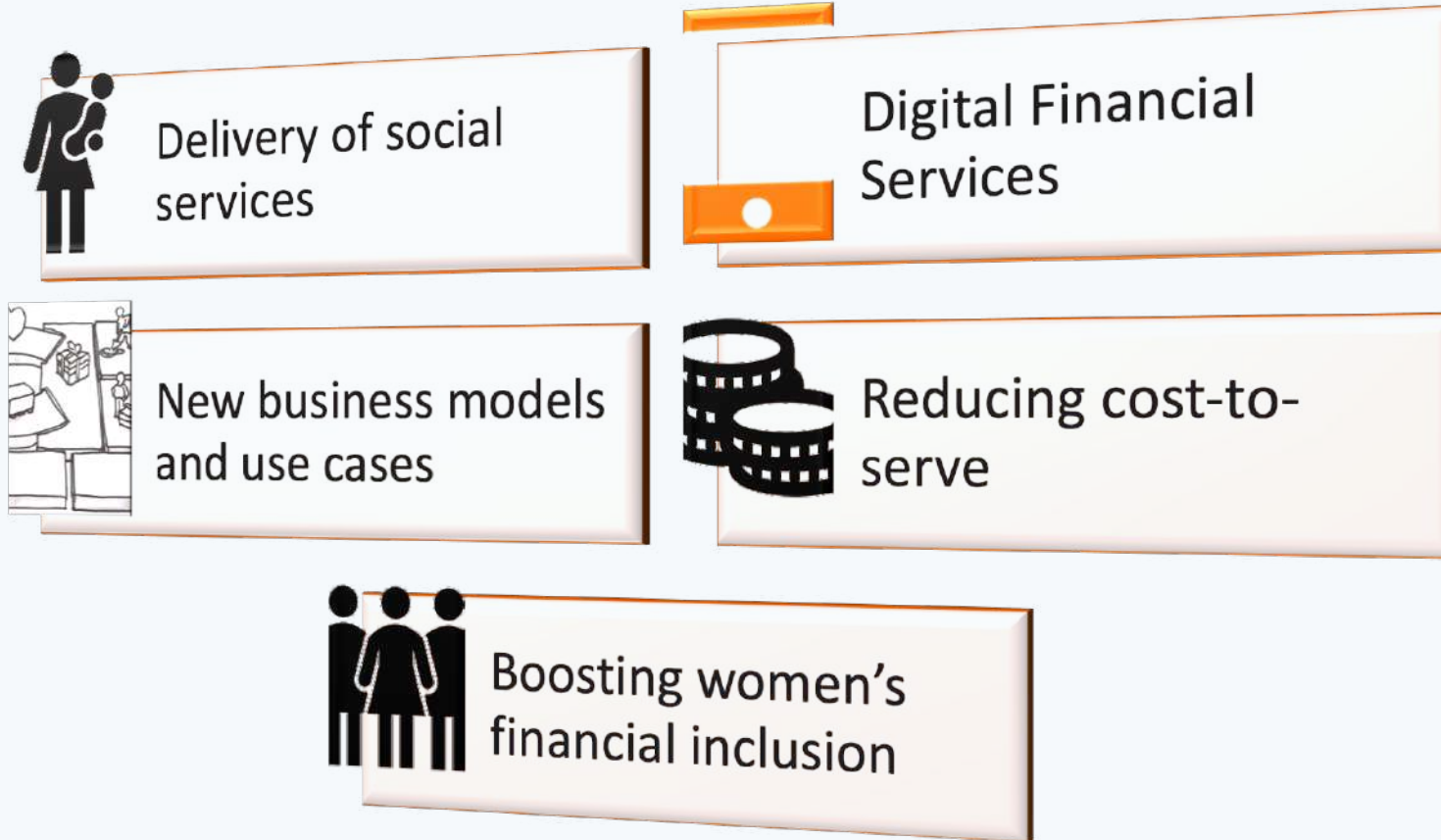

Identity as a service hub/platform: Digital ID serves as foundation for the provision of other services or as an open platform for innovation

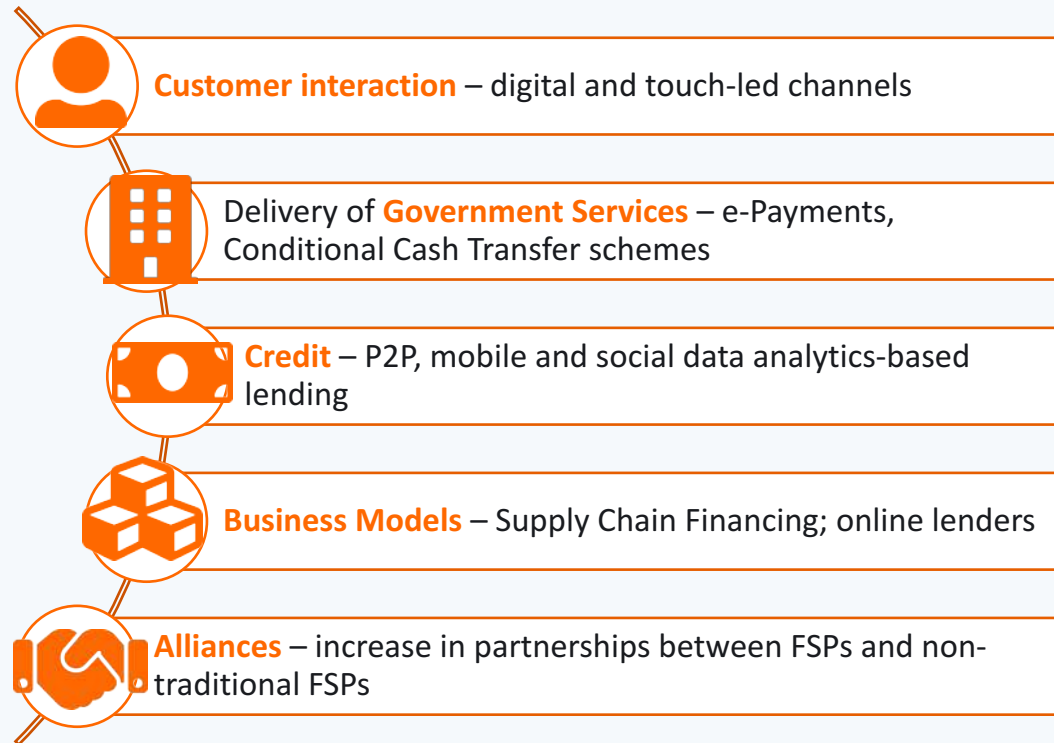Blockchain-based identities Putting individuals in the driver's seat of managing their own identity and determining how much personal data to trade off in return for services

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Which are creating new opportunities and delivering benefits

Delivery of social services

Digital Financial Services

New business models and use cases

Reducing cost-to-serve

Boosting women's financial inclusion

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These have led to dramatic shifts: **which** customers are served and **how; what** financial services are provided and **who** provides them

Customer interaction – digital and touch-led channels

Delivery of **Government Services** – e-Payments, Conditional Cash Transfer schemes

Credit – P2P, mobile and social data analytics-based lending

Business Models – Supply Chain Financing; online lenders

Alliances – increase in partnerships between FSPs and non-traditional FSPs

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At the same time there are lingering challenges with the current state which limit scale

Ubiquity
- Limited uptake by customers
- Registration and Usage limited by infrastructure

Interoperability
- Little or no data exchange between registries or across entities

Cost & Time
- High cost of implementation & Registration
- Central registration time-consuming

Trust
- Data breaches
- Insufficient attention to consumer protection and education

Technology
- Vendor lock-in

Scaling and sustaining proven benefits require a change of approach and mindset

Ubiquity & Decentralization

- ID itself does not have to be digital but the access (verification and authentication) must be

- Registration systems need to cater for rural populations w/o tech infrastructure

- Consideration for effective use decentralized Identity regimes e.g. community-based ID schemes

Strategic Alliances

- Collaboration between sectors and different kinds of service providers

- Public-Private Partnerships

Interoperability

- Move from silo approach to service oriented

- Standards and open APIs to facilitate data interchange between repositories and entities

Consumer Protection

- Continuous user education

- Stronger Data protection and Privacy

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How must Financial Service Providers position themselves to leverage these innovations and scale?

Customer Insight
- Clear value proposition for each customer

Technology & Platforms
- Avoid vendor lock-in
- Extensibility is key

Partnerships
- Understand gaps and USP of each partner

Skills & Talent
- More than banking skills!

Privacy
- Transparency
- Security

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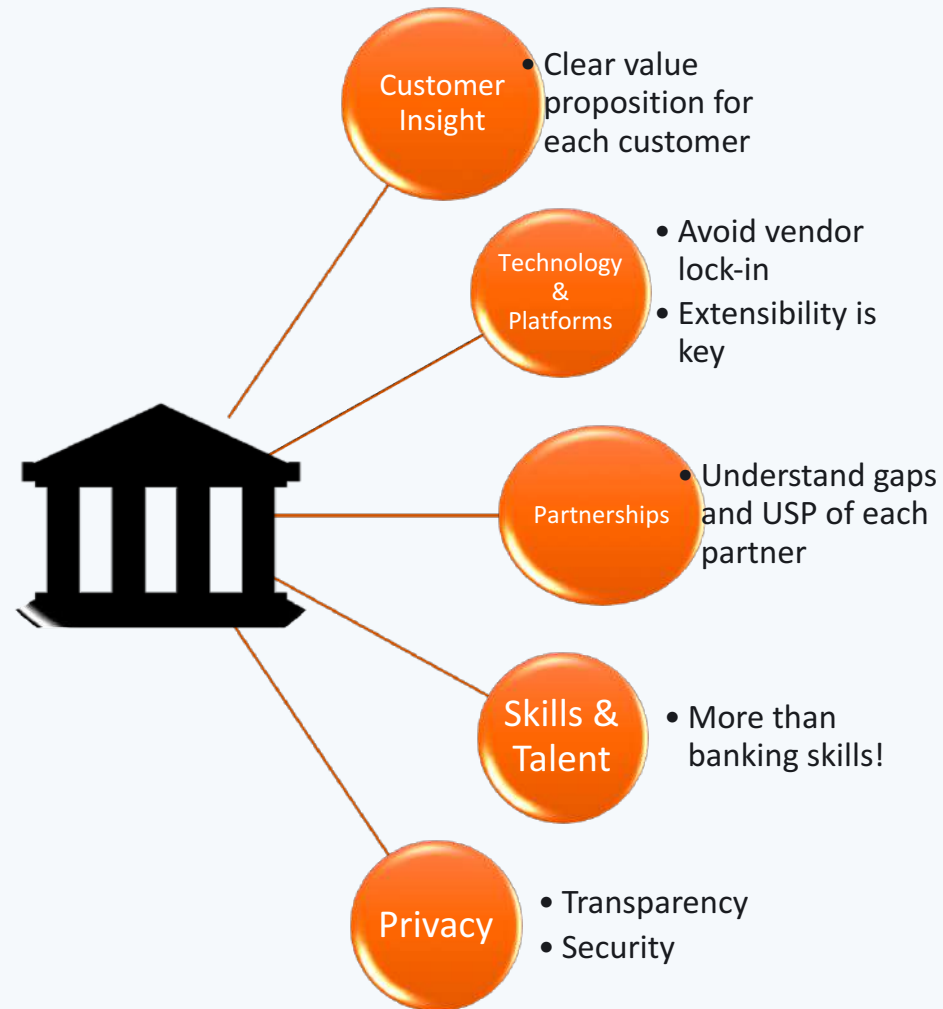
Customer-centricity is the key to long-term sustainability

The value to the customer must be clear!

Guiding Principles

1. Practice data minimization to mitigate against breaches and intentional fraud

2. Adopt and embed client protection principles

3. Design for underserved communities – touch and tech channel mix is key

4. Practice Transparency and Accountability always

Cycle diagram labels:
- *Really* Know Your Customers
- Identify customer-centric products and Value Proposition
- Embed Client Protection Principles
- Pilot, Test & Monitor
- Refine & Repeat

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