Boosting Financial Inclusion through Digital Innovations

RALIAT SUNMONU
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
Which are creating new opportunities and delivering benefits

- Delivery of social services
- New business models and use cases
- Digital Financial Services
- Reducing cost-to-serve
- Boosting women’s financial inclusion
These have led to dramatic shifts: which customers are served and how; what financial services are provided and who provides them.
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.
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
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