



Payment aspects of financial inclusion

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* Views expressed are those of the author and not necessarily the views of the BIS

Organisation of the report - deepen knowledge, advance action and measure results

- Introduction

Mandate, transaction accounts, and barriers to access & usage

- Retail Payments Landscape

Overview of the payments landscape from a financial inclusion perspective

- Core Analysis: The Framework

The framework for enabling access and usage of payment services by the unserved or underserved

- Guidance

Guiding principles and recommended key actions for consideration

- Measurement

Measuring the effectiveness of financial inclusion efforts

Key premises of the CPMI-WB report

The report is premised on two key points:

- Efficient, accessible, and safe retail payment systems and services are critical for greater financial inclusion
- A transaction account is an essential financial service in its own right and can serve as a gateway to other financial services

Objectives of financial inclusion efforts

Ideally, all individuals and businesses – in particular, micro-sized and small businesses - which are more likely to lack some of the basic financial services or be financially excluded than larger businesses – should be able to have access to and use at least one transaction account operated by a regulated payment service provider:

- to perform most, if not all, of their payment needs;
- to safely store some value; and
- to serve as a gateway to other financial services.

Transaction accounts – cornerstone for providing electronic payment services

- Transaction accounts are defined as accounts held with banks or other authorised and/or regulated service providers (including non-banks) and can be “deposit transaction accounts” or “e-money accounts”
- Transaction accounts can be used to make and receive payments and to store value

Foundations and pillars

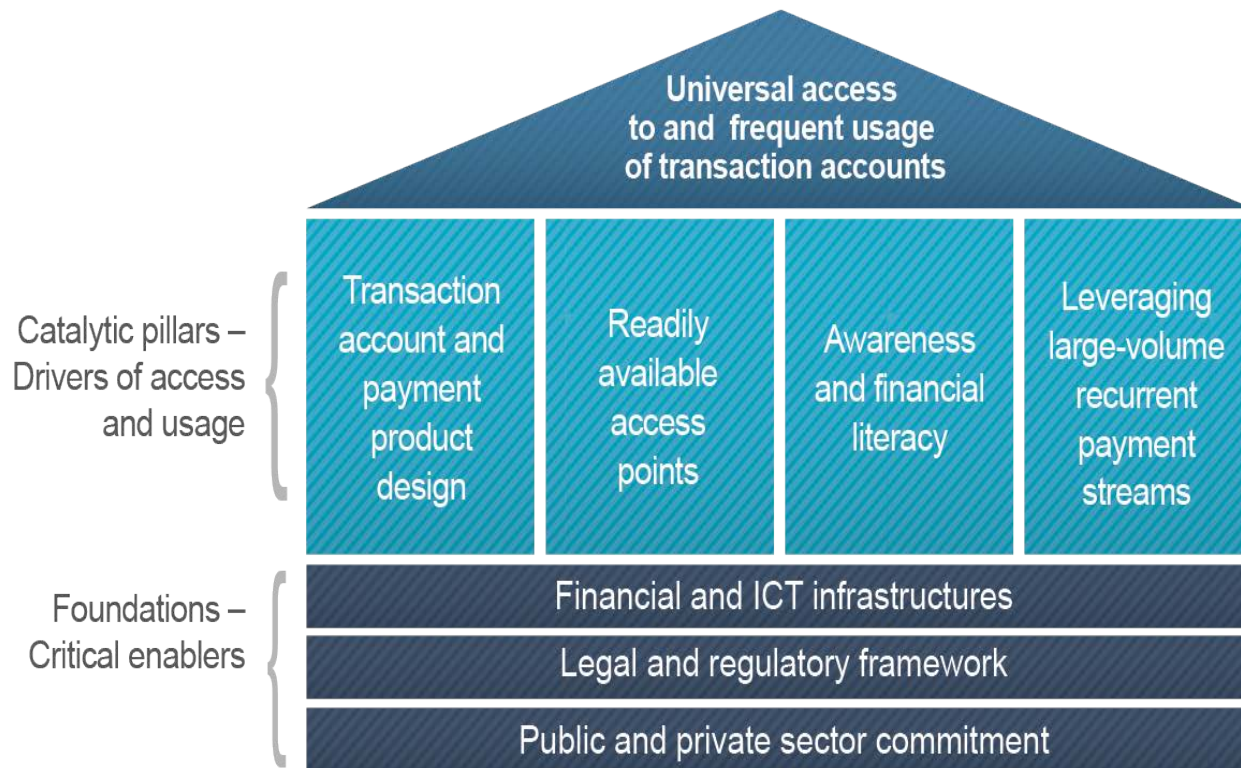
Foundations:

- Critical enablers for payment systems and the provision of payment services in general
- Specifically, however, they are important for the access to and usage of transaction accounts.

Catalytic pillars:

- Based on the foundations, catalytic pillars form the drivers for access and usage.

Interrelation of foundations, catalytic pillars and effective usage



PAFI Guidance: foundations – critical enablers

- Guiding Principle 1: Public and private sector commitment
- Guiding Principle 2: Legal and Regulatory Framework
- Guiding Principle 3: Financial and ICT Infrastructures

PAFI guidance: Catalytic pillars – drivers of access and usage

- Guiding Principle 4: Transaction account and payment product design
- Guiding Principle 5: Readily available access points
- Guiding Principle 6: Awareness and financial literacy
- Guiding Principle 7: Large-volume, recurrent payment streams

Measuring the effectiveness of financial inclusion efforts: a payments perspective

- Keeping track of financial inclusion implementation efforts is essential to determine whether the actions adopted are being effective in helping to achieve the underlying objectives.
- A comprehensive financial inclusion results framework is characterized by the following elements:
 - thematic alignment with key policy pillars and actions
 - development of key performance indicators (KPIs)
 - setting quantitative KPI targets, including baseline values and timeline for achievement
 - reliance on robust data source