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