



# **P**AYMENT **A**SPECTS **OF** **F**INANCIAL **I**NCLUSION

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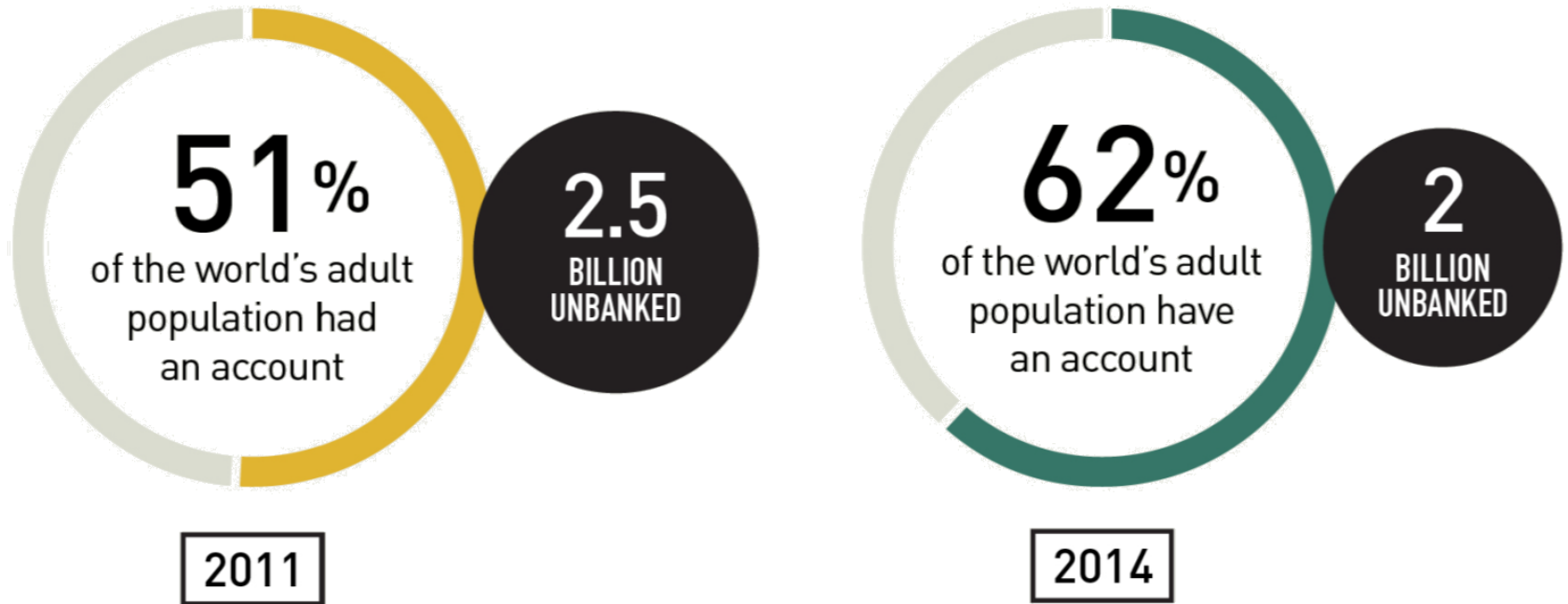


**WORLD BANK GROUP**  
Finance & Markets

# Financial inclusion

## Gap is narrowing, but is still substantial

More adults have an account (with a financial institution or mobile money service) now than three years ago.



# Universal Financial Access by 2020

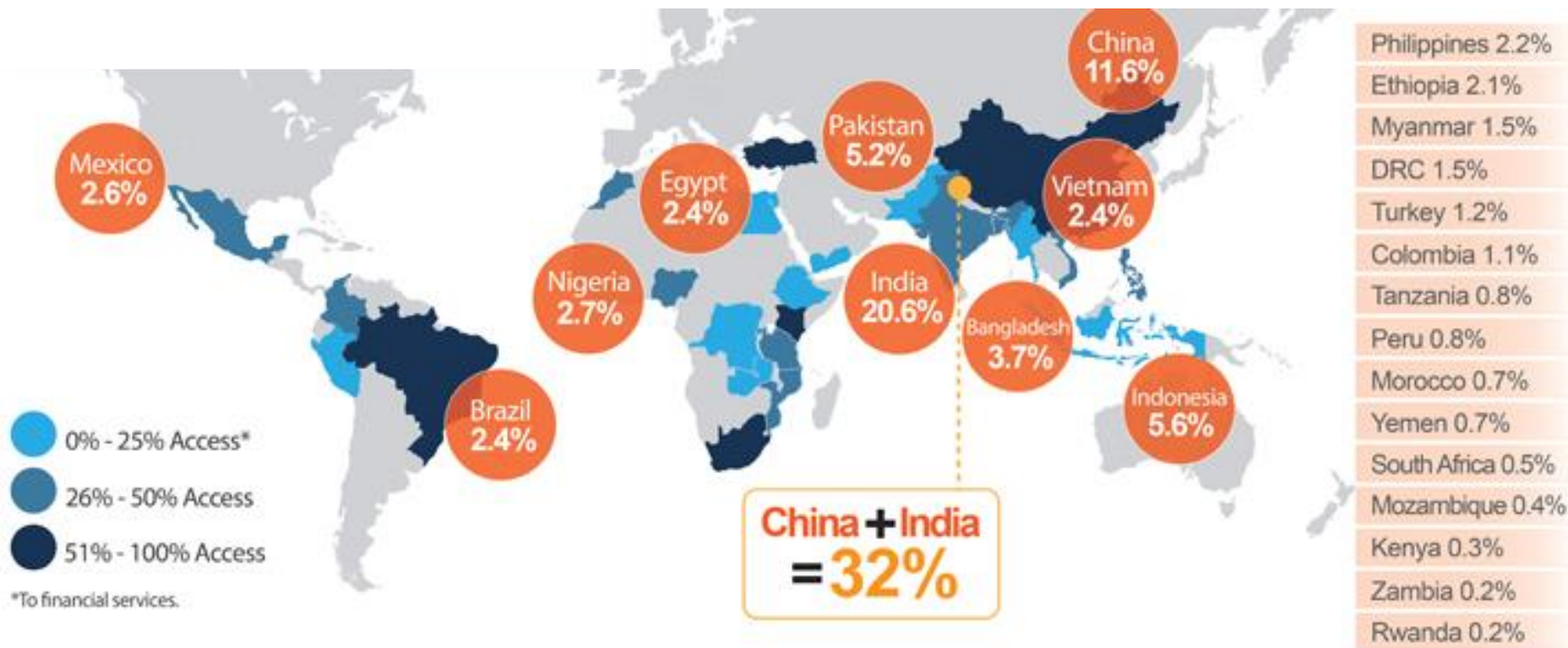
**By 2020, adults globally have access to an account or electronic instrument to store money, send and receive payments as the basic building block to manage their financial lives**

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- Access to a transaction account is a stepping stone to financial inclusion, which includes a full range of formal financial services
- Universal financial access is ambitious, yet achievable for the majority of the world's population by 2020, **full financial inclusion will take longer**
- Even with financial access, **usage will not be universal, and not all countries will reach it**



# 25 countries account for 73% of the world's unbanked



**25 Focus Countries = 73%** of the world's financially excluded

Sources: Global Findex 2014, IMF Financial Access Survey



# Broad Spectrum of Members: CPMI & Non-CPMI Central Banks, International & Regional Development Banks, IMF, BIS, and World Bank



## PAFI's Guiding Principles

- **“Address the Gap”**: Focus on those aspects and links which have not yet been (fully) examined in a comprehensive manner
- **“Remain neutral”**: no preference for specific technological solutions, business-models and/or regulatory approaches
- **“Focus on elements of global relevance”**: rather than country-specific issues
- **“Do not re-invent the wheel”**: Built upon the work already carried out and be **consistent** with all standards, recommendations and guidelines of the CPMI and other relevant Standard-Setting Bodies

# Consultative report published!



## PAYMENT ASPECTS OF FINANCIAL INCLUSION

### Sources:

CPMI Website: <https://www.bis.org/cpmi/publ/d133.htm>

World Bank Group Website: <https://consultations.worldbank.org/consultation/payment-aspects-financial-inclusion>

## Key Assumptions of the Consultative Report

- **Payments and payment services are, in their own right, an important part of the overall package of financial services.**
- **Moreover, under certain circumstances they can not only facilitate access to other financial services, but, in many cases, be critical to those services' efficient provision**
- **A transaction account\* is a cornerstone for providing electronic payment services**

*(\* Transaction accounts can be broadly defined as accounts held with banks or other authorized and/or regulated service providers (including non-banks), which can be used to make and receive payments. Transaction accounts can be further differentiated into deposit transaction accounts and e-money accounts.*



## The PAFI “Vision”

**All individuals and businesses should be able to have access to and use at least one transaction account operated by a regulated payment service provider:**

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

# Foundations and Pillars

## Building a more inclusive financial system

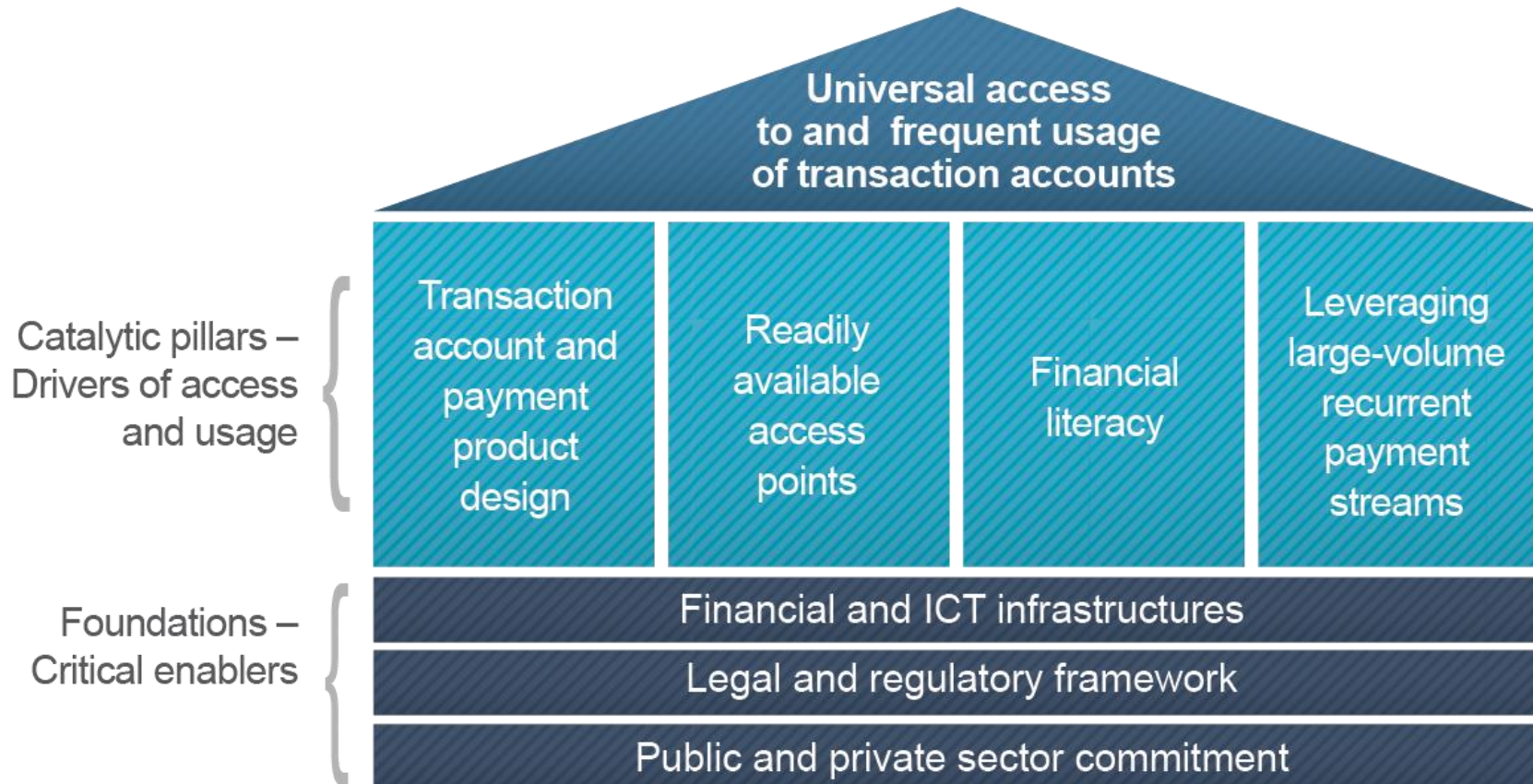
### Foundations:

- 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

Financial and ICT infrastructures

Legal and regulatory framework

Public and private sector commitment

- **Guiding Principle 1: Commitment**

Commitment from public and private sector organizations to broaden financial inclusion is explicit, strong and sustained over time.

- **Guiding Principle 2: Legal and Regulatory Framework**

The legal and regulatory framework underpins financial inclusion by effectively addressing all relevant risks and by protecting consumers, while at the same time fostering innovation and competition.

- **Guiding Principle 3: Financial and ICT Infrastructures**

Robust, safe, efficient and widely reachable financial and ICT infrastructures are effective for the provision of transaction accounts services, and also support the provision of broader financial services..

# PAFI Guidance: Catalytic Pillars – Drivers of Access & Usage



- **Guiding Principle 4: Transaction account and payment product design**  
The transaction account and payment product offerings effectively meet a broad range of transaction needs of the target population, at little or no cost.
- **Guiding Principle 5: Readily available access points**  
The usefulness of transaction accounts is augmented with a broad network of access points that also achieves wide geographical coverage, and by offering a variety of interoperable access channels.



# PAFI Guidance: Catalytic Pillars – Drivers of Access & Usage



- **Guiding Principle 6: Financial literacy**

Individuals gain knowledge, through financial literacy efforts, of the benefits of adopting transaction accounts, how to use those accounts effectively for payment and store-of-value purposes, and how to access other financial services.

- **Guiding Principle 7: Large-volume, recurrent payment streams**

Large-volume and recurrent payment streams, including remittances, are leveraged to advance financial inclusion objectives, namely by increasing the number of transaction accounts and stimulating the frequent usage of these accounts.

## Your feedback is needed!

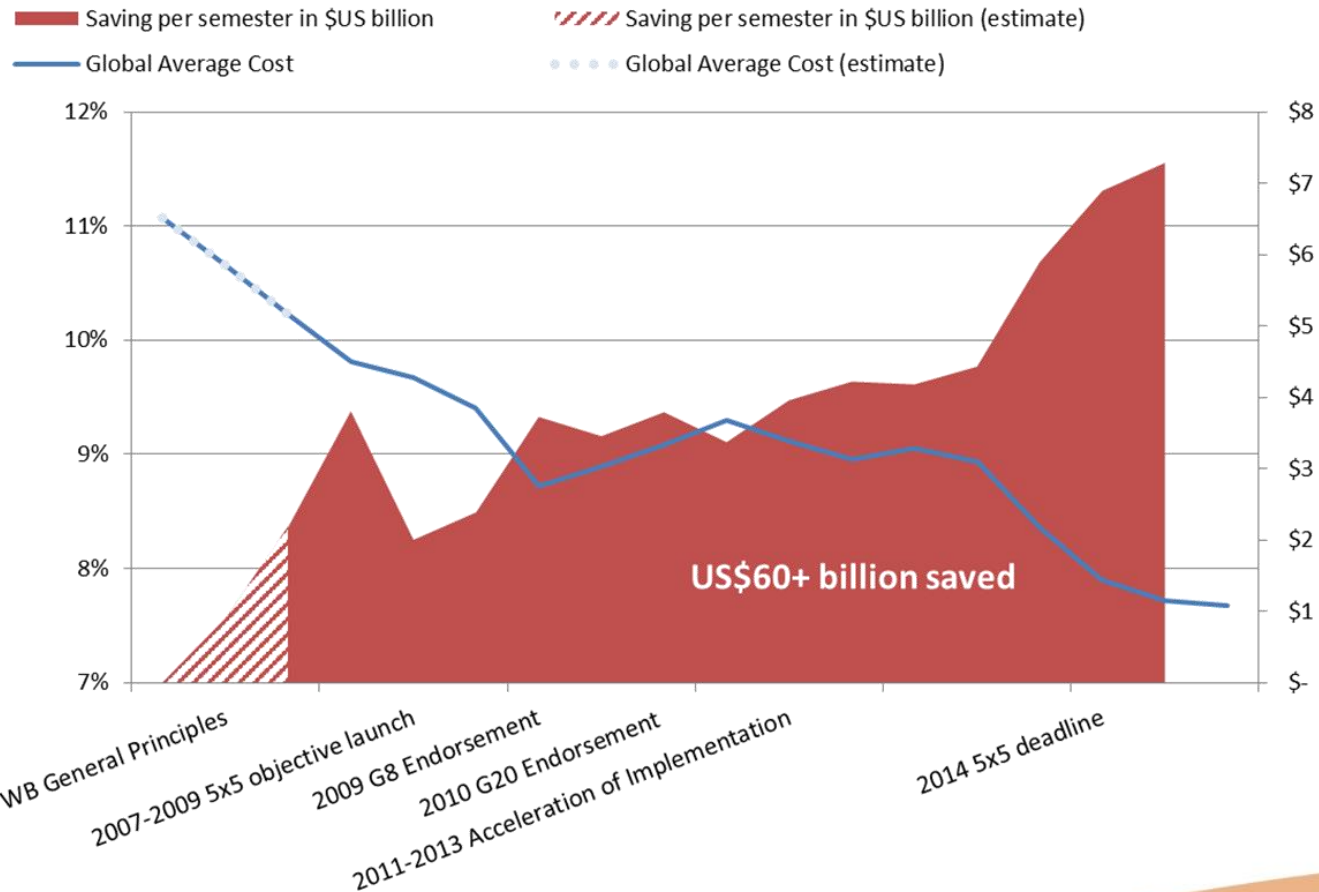
- The report is currently being issued as a consultation document and comments are invited from any interested parties.
- Comments should be sent to the CPMI ([cpmi@bis.org](mailto:cpmi@bis.org)) and the World Bank Group ([paymentsystems@worldbank.org](mailto:paymentsystems@worldbank.org))
- Deadline: 7 December 2015;
- Please mention “PAFI” in the subject line of your e-mail.
- A final version of the report will then be published.

# Remittance cost reduction: over 60 billion saved since efforts started

## Public Policy Objectives:

Remittance services should be safe and efficient. To this end, the markets for the services should be contestable, transparent, accessible and sound

- Cost of sending remittances is an indicator of safe and efficient international remittance services and markets.
- Corridor shift to lower cost bands;
- Greater access to low-cost services
- Cheapest services have gotten cheaper



# Thank You!



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# Retail Payments Policy Package

The World Bank has synthesized the lessons learned in more than two decades of technical assistance programs and research:

***“Developing a comprehensive national retail payments strategy”*** provides guidance on developing and implementing a comprehensive strategic approach in retail payments reform and modernization

***“Innovations in Retail Payments”*** analyzes the results of a survey on innovations in retail payments



***“Guidelines for conducting an effective retail payments stocktaking”*** identifies a methodology for undertaking a detailed stocktaking of a country retail payments landscape

***“Understanding ‘Alternative’ Means of Payment within the Common Framework of Retail Payments System Regulation”*** – discusses a normative framework to underpin an efficient retail payments industry

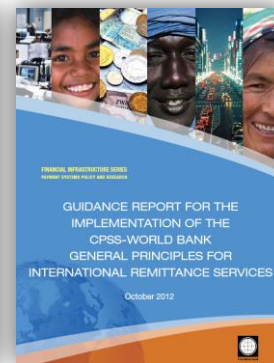
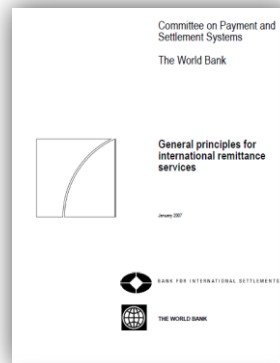
Available at: <http://go.worldbank.org/JFEVAXK3IO>



# Retail Payments Guidance Documents

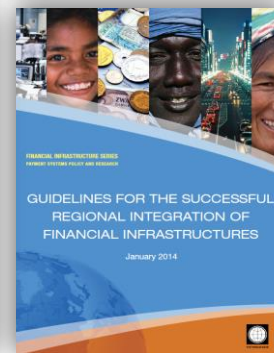
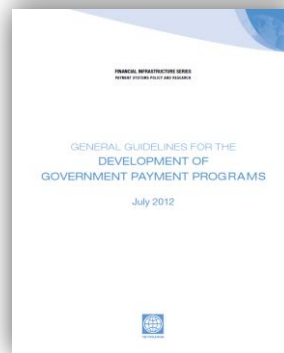
The World Bank, together with CPMI and/or international experts, has developed a set of guidance documents relevant for retail payments:

***“General Principles for International Remittance Services”*** designed to assist countries in improving the market for remittance services



***“Guidance Report for the Implementation of the General Principles for International Remittances”*** derived from practical experiences and lessons accrued

***“General Guidelines for the Development of Government Payment Programs”*** designed to support the achievement of public policy goals for government payment programs



***“Guidelines for Successful Integration of Financial Infrastructures”*** Lessons learned from experiences of regional, cross-regional, and global integration of financial infrastructures

Available at: [www.bis.org/list/cpmi/index.htm](http://www.bis.org/list/cpmi/index.htm) and <http://www.worldbank.org/en/topic/paymentsystemsremittances>