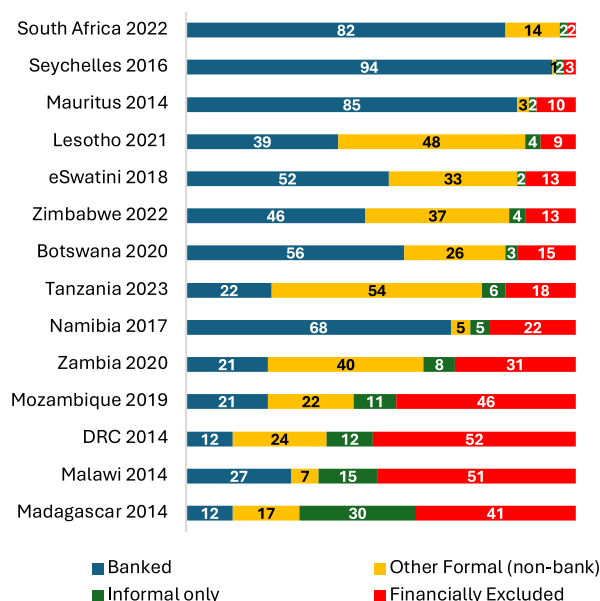


INTRODUCTION

Financial inclusion is a key element of social inclusion and particularly useful in combating poverty and income inequality by opening otherwise blocked opportunities for disadvantaged segments of the population. It is for this reason seen as a complementary approach to meeting the Sustainable Development Goals. In the last 15 years, Digital Financial Services (DFS), specifically mobile money, categorised as non-bank in [Figure 1], has had a profound impact on financial inclusion. Research by the Bill and Melinda Gates Foundation found, “Mobile money had direct impacts on consumption, the ability to cope with shocks, and extreme poverty.”¹ Mobile money does not require a person to have a bank account, but solely a mobile phone number. This innovation has been the driver in increasing global account ownership from 51% to 76% between 2011 and 2021². In recent years, there has been a shift from access to usage of financial services, this commonly referred to as Inclusive Digital Economies and which highlights new opportunities to transform the lives of marginalised populations. This brief presents evidence and considerations for opportunities digitalisation presents in reducing poverty through increased financial inclusion. In turn, this information can facilitate informed decision-making on possibilities for support with greater impact for Sida’s target groups.

To enable DFS, the core principle of which is faster transfer of data (leading to credit scoring and easier access to loans) and faster transfer of money (making economic opportunities easier and facilitating low-cost remittances), there is need to address the whole ecosystem, this similar to a market analysis. The building blocks of DFS can be understood by considering the UN Capital Development Fund DFS Honeycomb model

Figure 1 - Ranked Comparison of Financial Inclusion in the Southern African Development Community



(Figure 2)³ and which is often “traffic light” coloured to highlight which parts of the ecosystem are advanced, progress made, or nascent. The framework emphasises the interconnectedness of the components, this promoting collaboration among stakeholders, and thus enabling sustainable digital financial services DFS growth and increased access to financial services for underserved populations.

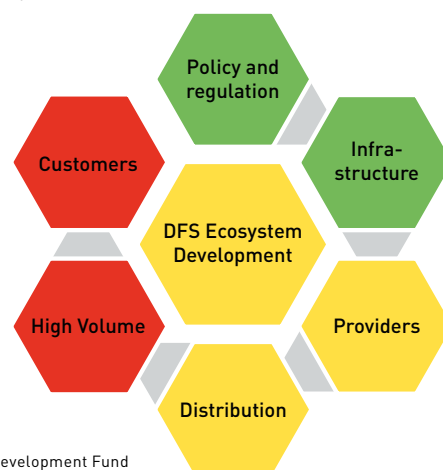


Figure 2

Source: UN Capital Development Fund

¹ Bill and Melinda Gates Foundation - The Impact of Mobile Money on Poverty, briefing paper. Website accessed 24/8/24 [URL: https://docs.gates-foundation.org/Documents/ImpactofMobileMoneyonPoverty_ResearchBrief.pdf]

² The Global Findex Database 2021: Website accessed 24/8/24 [URL: <https://www.worldbank.org/en/publication/globalfindex>]

³ UNCDF - The state of the digital financial services (DFS) industry in Zambia. Website accessed 24/8/24 [URL: <https://www.uncdf.org/article/2541/the-state-of-the-digital-financial-services-dfs-industry-in-zambia>]

- **Policy & regulation** - government and central bank. Key policy documents will include National Financial Inclusion Strategy, National Payments Roadmap. Key regulation will include licensing and supervision of Payment Instrument Issuers and Payment Service Operators.
- **Infrastructure** includes phone network connectivity, road, broadband.
- **Providers** can include mobile network operators, banks and MicroFinance Institutions (as payment instrument issuers) and payment aggregators and switches (payment system operators).
- **Distribution** is how end users / customers access the services through agent networks (mobile money and agency banking), ATMs, Point of Sale machines.
- **High volume** use cases as they build the business case for service providers - pension, social transfers, salaries, smallholder payments etc.
- **Customers** - retail customers and merchants.

The development community often supports central banks, government and the private sector to develop the ecosystem. Key stakeholders include donors such as USAID, UK AID, Sida and, multilaterals, the World Bank Group, Financial Sector Deepening network, UN agencies, whom often build capacity of central banks. Foundations such as Bill and Melinda Gates Foundation and Mastercard Foundation often work with the private sector. Ethiopia is an illustrative example of such an ecosystem. In Ethiopia, the Better Than Cash Alliance has been instrumental in shaping the National Digital Payments Strategy and organising Ethiopia's inaugural digital payment conference. The Payment Instrument Issuer and Payment System Operator framework was led by the World Bank, who also work with National Bank of Ethiopia oversight team with systems development, infrastructure, and manuals. The UN Capital Development Fund, and Mastercard Foundation work with the private sector. The UN Secretary-General's Special Advocate for Inclusive Finance for Development built a coalition to advocate for foreign competition. Financial Sector Deepening Ethiopia is focusing on the implementation of the National Financial Inclusion Strategy and financial literacy. Sida supports Ethiopia's social protection system and works through the International Finance Corporation⁴.

MOBILE MONEY HAS CHANGED THE LANDSCAPE OF FINANCIAL INCLUSION

DFS includes products (loans, deposits, transfers and insurance) services (statements and loan application, etc) and channels (web, mobile, ATM, Point of Sales), but it is mobile money that has been the financial inclusion game-changer as it allows users to transfer money (Figure 3) without the need for a bank account this as opposed to mobile banking (Figure4). Known also as mobile wallets (some of which are supported by Ericsson^{5,6}) services like GCash, mPesa, M-PAisA, and EcoCash are part of a growing network of over 290 Mobile Money services globally. Mobile money core value proposition, is the ease and convenience of transferring money, whether this is to another person or to pay for services such as buying airtime, paying bills etc.

Figure 3 - How mobile money works



Figure 4- Mobile money vs mobile banking

	Mobile Money	Mobile banking
Transaction size	Small	Large
Transaction volume	Large	Small
Account	Non-bank account	Bank account
Service provider	FinTech provider	Bank
Interaction	Agents	Branches
Technology	Wallet	Web
Main transaction type	P2P	All types
Regulation	Soft	Hard

Source: Own analysis

⁴ Sida's work in Ethiopia Website accessed 24/8/24 [URL: <https://www.sida.se/en/sidas-international-work/countries-and-regions/ethiopia>]

⁵ Explore the future of money Website accessed 24/8/24 [URL: <https://www.ericsson.com/en/mobile-financial-services>]

⁶ Ericsson Fintech Arm Targets 50% of Africa's Mobile Wallets Website accessed 24/8/24 [URL: <https://www.bloomberg.com/news/articles/2024-01-09/ericsson-fintech-arm-targets-50-of-africa-s-mobile-wallets>]

With over 1.7 billion adults lacking bank accounts but owning mobile phones, mobile money provides an accessible, convenient, cost-effective solution to transferring funds. Running on mobile network operator infrastructure, it is particularly used in developing regions, where it can be more reliable, efficient and cheaper than traditional banking. *They are especially popular in Africa and which contributed 68% (US\$836.5 billion) of the global value of mobile transactions in 2022*⁷. In many countries, mobile money is fully integrated within the wider financial services ecosystem, meaning someone with a wallet can do a Bank to Wallet (B2W) or Wallet to Bank (W2B) transfer, withdraw cash from ATMs or pay a merchant.

Payments into a receiver's mobile money wallets, commonly referred to as a Person 2 Person (P2P) transfer, is becoming an increasingly common way to remit money. It should be noted, *remittances contribute more than Overseas Development Aid (ODA) and Foreign Direct Investment (FDI) combined*⁸. There has been a steady increase in remittance inflows⁹, reflecting the diaspora's commitment to supporting their homeland as they alleviate poverty. *"A 1% increase in international remittances as a percentage of gross domestic product (GDP) can lead to a 22.6% decline in the poverty gap ratio and a 16.0% decline in the poverty severity ratio."*¹⁰ Remittances also drive entrepreneurial activities and foster economic resilience and stability, indeed, they impact 12 of the SDGs¹¹. There are many remittance providers¹² including from Sweden¹³.

LIVING IN A DATA DRIVEN WORLD

DFS is focused around the transfer of funds. In the financial sector, data analytics can lead to the development of bespoke products and services, this enabled by credit scoring¹⁴. Previously, a customer might have received a random phone call where a financial advisor

offered a personal loan, their knowledge limited to the product and none about the customer. With data, a financial advisor can offer personalised credit, this ranging from overdrafts to pre-approved loans. Alternatively, the process can be fully automated and which is referred to as digital credit.

Box 1 - Digital Credit Best Practices

1. Appropriate and responsible product design and delivery is vital. Lessons from Kenya should be taken into account.
2. Avoid Over-Indebtedness: In the early stages of a digital credit roll-out, the lender is often tweaking its underwriting algorithms. In the process, early adopter clients who are not good credit bets may be approved, and then punished through blacklisting with credit bureaus when they cannot repay.
3. Link a nano loan service with nano savings.

Digital credit is growing fast in developing markets, particularly Sub-Saharan Africa. Lenders such as M-Shwari, Jumo, M-Pawa, Eazzy Loan, Branch, Eco-CashLoan, Timiza, KCG M-Pesa and others are attracting interest and investment. Digital credit has the potential to improve financial access and to make banking with poor clients feasible as technology reduces underwriting and infrastructure costs. Small or nano loans start from as low as \$5 and make use of simple mobile user interfaces (for the loan application) and provide funds in real-time often into a mobile money wallet. In short, digital credit can reduce poverty by providing underserved populations with access to timely and affordable financial resources. It enables small businesses to invest and grow, supports households in managing financial shocks, and facilitates better access to education and healthcare, ultimately fostering economic empowerment and improving livelihoods.

INCLUSIVE DIGITAL ECONOMIES

Where previously efforts were made on promoting DFS, in recent years there's been a global shift from a focus on financial inclusion (access) to usage in inclusive digital economies. Technology is fundamentally reshaping the way people access and share information and opening new avenues for empowering people and advancing the cause of human-rights. Building inclusive digital economies addresses pressing development challenges by harnessing digital in an inclusive manner to reach people at the last mile, and thus accelerates progress towards the Sustainable Development Goals. *"The Inclusive Digital Economy Scorecard (IDES)"*¹⁵ (Figure 6)¹⁶ is a strategic performance and policy tool that has been developed to support countries in better

7 Kigali International Financial Centre - Unlocking the Potential of Digital Payments in Africa: Website accessed 24/8/24 [URL https://kifc.rw/wp-content/uploads/2023/09/avca23-04-kifc-payment-providers-report_4_1.pdf]

8 Devex - How remittances are worth more than all development funding combined. Website accessed 24/8/24 [URL <https://www.devex.com/news/how-remittances-are-worth-more-than-all-development-funding-combined-107554#:~:text=Remittances%20are%20the%20largest%20source,ODA%20as%20nearly%20%24224%20billion.>]

9 World Bank Remittance Flows Continue to Grow in 2023 Albeit at Slower Pace. Website accessed 24/8/24 [URL <https://www.worldbank.org/en/news/press-release/2023/12/18/remittance-flows-grow-2023-slower-pace-migration-development-brief>]

10 ADB - International Remittances and Poverty Reduction: Evidence from Asian Developing Countries. Website accessed 24/8/24 [URL <https://www.adb.org/publications/international-remittances-and-poverty-reduction#:~:text=A%201%25%20increase%20in%20international%20remittances%20as%20a%20percentage%20of,countries%20from%201981%20to%202014.>]

11 UN Remittances and the SDGs Website accessed 24/8/24 [URL <https://www.un.org/en/observances/remittances-day/SDGs>]

12 Top Money Transfer Companies to Send Money Overseas Website accessed 24/8/24 [URL <https://www.remitfinder.com/money-transfer-providers>]

13 Spenn - Remittance opens new revenue streams for SPENN Website accessed 24/8/24 [URL <https://investor.spenn.com/spenn-technology-a-s-remittance-opens-new-revenue-streams-for-spenn/>]

14 Website accessed 24/8/24 [URL https://www.investopedia.com/terms/c/credit_scoring.asp]

15 UNCDF inclusive Digital Economy Scorecard Website accessed 24/8/24 [URL <https://ides.uncdf.org/>]

16 UNCDF inclusive Digital Economy Scorecard Website accessed 24/8/24 [URL <https://ides.uncdf.org/about/scorecard>]

understanding and monitoring the status of their digital transformation, with a view to helping them make it more inclusive.” In short, the scorecard evaluates countries’ digital economies, assessing key dimensions like infrastructure, affordability, digital skills, and governance. It aims to identify gaps and strengths that foster inclusive growth. By providing actionable insights, the scorecard supports policymakers in enhancing DFS and promoting economic participation for underserved populations.

To have a more inclusive economy, there is need to build capacity in the four inclusive digital economy pillars, this cross-cutting for all areas of work, whether green growth¹⁷, Pay-As-You-Go¹⁸ solar energy¹⁹, agriculture²⁰, health²¹, education²², or cash transfers for humanitarian crises²³ (see box 2). In all cases, people access and use a range of services riding on the digital ecosystem rails and DFS.

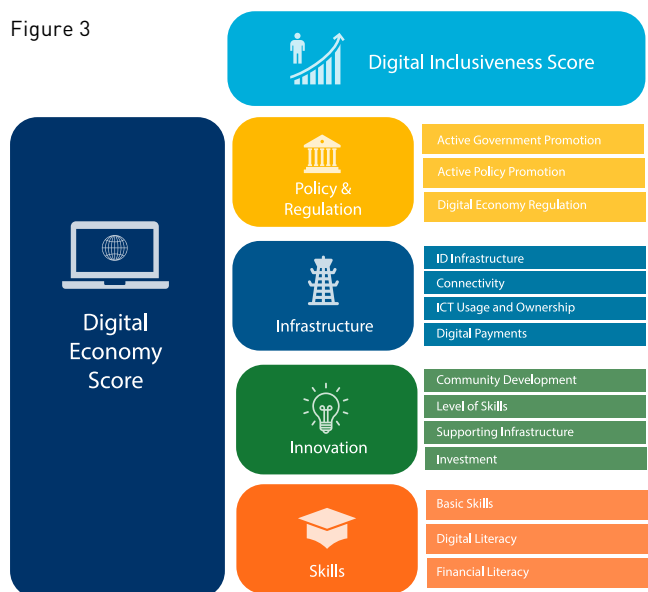
An important emerging trend is the rise of Super Apps such as WeChat, Telebirr and a proposed partnership between Orange and Tencent²⁴. Super

apps are comprehensive platforms that integrate multiple services. That offer several advantages such as allowing users to access messaging, payments, and shopping within a single application. This can enhance user engagement and streamline user experience to build brand loyalty. However, as users are less likely to try competitors, they also have drawbacks. Their complexity may overwhelm some users especially the digital or financial illiterate. The reliance on a single app raises security and privacy concerns, as sensitive data is concentrated in one place. Additionally, heavy competition can lead to monopolistic tendencies, stifle innovation and limit choices for consumers as market dynamics change.

Box 2: Sida’s work

In Uganda, Sida supported over 1.5 million people, including 625,000 women, to improve their digital skills and who can now use services such as mobile payments, e-recruitment, e-stock management and banking services. In Zambia, Sida’s increased the profitability of over 412,000 farmers, including 108,000 women, to increase their income by a total of USD 38 million. In Bosnia and Herzegovina Sida support led to the creation of 700 new jobs and the retention of 5,000 in more than 190 innovative businesses.

Figure 3



Source: UNCDF

WHICH TECHNOLOGIES AND PARTNERSHIPS?

Technology is evolving quickly. New tools to support organizations and trade²⁵ come onto the market every day. Machine Learning and Artificial Intelligence help analyse large volumes of data in an efficient and targeted manner. Blockchain offers immutable data transparency and is increasingly relevant for trade²⁶ and land rights²⁷, the later often the only significant asset a person may have and which may be needed as collateral to access a loan. Quick Response codes can be used for the purchase of products and services, identification and tracking. Near Field Communication can be used where there is no network. Point of Sales machines can now access PayPal and, phones can receive “tap and pay”²⁸. However, implementing digital ID systems is seen as the key transformational opportunity with many countries going through this process²⁹. *According to the Economic Commission for Africa, “analysis of digital ID Systems indicates that individual countries could unlock economic value equivalent to between 3 and 13 percent of GDP in 2030 from*

17 Sida Green Toolbox Website accessed 24/8/24 [URL <https://www.sida.se/en/for-partners/methods-materials/green-toolbox>]

18 GSMA What is the value of pay-as-you-go solar for mobile operators? Website accessed 24/8/24 [URL <https://www.gsma.com/solutions-and-impact/connectivity-for-good/mobile-for-development/digitalutilities/the-value-of-payg-solar-for-mobile-operators/>]

19 Sida Power Africa Website accessed 24/8/24 [URL <https://www.sida.se/en/for-partners/private-sector/power-africa>]

20 Sida’s work with agriculture and food security Website accessed 24/8/24 [URL <https://www.sida.se/en/sidas-international-work/thematic-areas/agriculture-and-food-security>]

21 Sida’s work with health Website accessed 24/8/24 [URL <https://www.sida.se/en/sidas-international-work/thematic-areas/health>]

22 Sida’s work with education Website accessed 24/8/24 [URL <https://www.sida.se/en/sidas-international-work/thematic-areas/education>]

23 CALP Network, SIDA as a partner Website accessed 24/8/24 [URL <https://www.calpnetwork.org/friend/swedish-international-development-cooperation-agency-sida-2/>]

24 Orange Newsroom, Orange and Tencent partnership Website accessed 24/8/24 – [URL <https://newsroom.orange.com/orange-middle-east-and-africa-and-tencent-cloud-join-forces-to-enrich-the-super-app-max-it-with-innovative-mini-apps/>]

25 UN New technologies and financing for development Website accessed 24/8/24 [URL <https://financing.desa.un.org/iatf/action-areas/science-technology-innovation-and-capacity-building/new-technologies-and-financing-development>]

26 UN New technologies and financing for development Website accessed 24/8/24 [URL <https://financing.desa.un.org/iatf/action-areas/science-technology-innovation-and-capacity-building/new-technologies-and-financing-development>]

27 Atlantic Council - Property rights, data, and prosperity in Africa Website accessed 24/8/24 [URL <https://www.atlanticcouncil.org/blogs/geotech-cues/property-rights-data-and-prosperity-in-africa/>]

28 Zettle Website accessed 24/8/24 [URL <https://www.zettle.com/gb>]

29 Institute for Innovation and Public Purpose Website accessed 24/8/24 [URL <https://www.idpimap.org/>]

implementing digital ID programs.”³⁰ The reason digital ID is a game changer, is that identity verification enables people to fully participate in the economy. It eases access to employment and education as well as services such as banking, government programs, and health care. This is discussed in the Sida briefing paper on digital ID³¹.

In a dynamic technological landscape, selecting digital solutions that are both scalable and adaptable to future needs is crucial. Therefore, opt for technologies that can seamlessly evolve with emerging trends, ensuring long-term relevance and sustainability. Scalability enables systems to accommodate growth and increased demands, preventing the need for frequent overhauls. Prioritize solutions that support interoperability, allowing integration with future technologies.

Collaborations between financial technology service providers, commonly referred to as “FinTechs”, and banks are pivotal in reducing poverty by combining their unique strengths to create a more inclusive financial ecosystem. FinTechs bring innovative solutions, technological agility, and cost-effective methods to extend financial services to underserved populations, while banks offer established customer bases, regulatory expertise, and trust. This results in more diverse and tailored financial solutions for low-income individuals. For example, in Kenya there is a wave of Agri-FinTech services, this ranging from insurance and input purchase to loans and value chain digitalisation³². Across Africa, the impact of Agri FinTech can be seen in the use of inputs to higher yields³³ and which is why Swedfund is investing in the sector³⁴.

By integrating FinTech technologies, banks can reduce operational costs while making services more affordable and accessible. FinTechs’ advanced analytics and machine learning capabilities improve risk management and enable more inclusive lending practices. Resource sharing, including technological infrastructure and customer data (with privacy safeguards), creates synergies that drive financial inclusion. Overall, these collaborations harness the strengths of both sectors to provide efficient, accessible, and affordable

financial services and significantly contributing to poverty reduction.

CHALLENGES AND BEST PRACTICES IN DIGITAL FINANCIAL INCLUSION

Financial inclusion aims to provide access to financial services to individuals and micro-businesses that are traditionally excluded from the formal financial system. While it holds great promise for reducing poverty and fostering economic development, and it is notable how DFS usage accelerated during Covid-19³⁵, there are **several critical challenges (in red text)** that need to be addressed, and **solutions (in green text)** to achieve effective financial inclusion.

1. **Recognise gender disparity:** While gender inequality has narrowed globally to 4% points³⁶, it remains a significant barrier to financial inclusion, particularly in developing countries. Women often face legal and societal obstacles that limit their access to financial services, such as lacking formal identification or property ownership needed for collateral. Cultural norms may restrict their financial autonomy, further compounded by lower levels of financial literacy compared to men. Additionally, financial products and services are frequently not tailored to women’s specific needs, making them less accessible and useful. This exclusion limits women’s ability to save, invest, and build economic resilience, perpetuating cycles of poverty. Addressing gender inequality in financial inclusion requires targeted interventions, including legal reforms, financial education, and the development of inclusive financial products.
2. **Be demand led:** To reduce poverty through increased financial inclusion, and specifically gender inequality, it’s critical to develop solutions that will be used and useful for women. To that end, there’s need to understand the demand for informal financial products and services, specifically, invest in the research both at national level such as FinScope consumer and Micro, Small and Medium Enterprises surveys³⁷ and which shed light on demand in the informal sector, as well as local i.e. when doing product or service development.

30 ECA Digital ID to unlock Africa’s economic value if fully implemented Website accessed 24/8/24 [URL <https://www.uneca.org/stories/digital-id-to-unlock-africa%E2%80%99s-economic-value-if-fully-implemented%2C-say-experts>]

31 Sida Digital ID briefing paper Website accessed 24/8/24 [URL [Digital Identity | Sida](#)]

32 Fintech news, 5 Agri-Fintech Startups from Africa to Know Website accessed 24/8/24 [URL <https://fintechnews.africa/42371/fintech-kenya/5-agri-fintech-startups-from-africa-to-know/>]

33 LinkedIn Agri-Fintech Startups: Revolutionizing Agricultural Finance for Smallholder Farmers Website accessed 24/8/24 [URL <https://www.linkedin.com/pulse/agri-fintech-startups-revolutionizing-agricultural-finance-bata-goda-zpmrc/>]

34 Empower Africa Kenyan Agri-Fintech Startup Apollo Agriculture Secures \$10 Million From Swedfund Website accessed 24/8/24 [URL <https://empowerafrica.com/kenyan-agri-fintech-startup-apollo-agriculture-secures-10-million-from-swedfund-and-impactconnect-to-empower-african-farmers/>]

35 World Bank - COVID-19 Drives Global Surge in use of Digital Payments. Website accessed 24/8/24 [URL <https://www.worldbank.org/en/news/press-release/2022/06/29/covid-19-drives-global-surge-in-use-of-digital-payments>]

36 World Bank, Global Findex 2021, Women and Financial Inclusion Website accessed 24/8/24 [URL <https://thedocs.worldbank.org/en/doc/45619be5de8592403df8558559627234-0050062022/original/Findex-GenderBrief.pdf>]

37 Finmark Trust Data for Financial Markets Website accessed 24/8/24 [URL <https://finmark.org.za/data-for-financial-markets/>]

3. **Technological Barriers:** Technological barriers significantly hinder financial inclusion in developing countries. Limited access to smartphones and reliable internet connectivity prevents many individuals from utilizing DFS. High costs of technology and data further exacerbate this issue, making it unaffordable for low-income populations. Additionally, poor infrastructure, such as unstable electricity supplies, impedes the consistent use of digital platforms. Digital literacy is another critical barrier, as many people lack the skills to navigate online financial services. These challenges are more pronounced in rural and remote areas, where infrastructure and educational resources are often scarce. Overcoming these barriers requires investments in infrastructure, affordable technology solutions, and digital literacy programs tailored to the needs of underserved communities.
4. **Be business requirements led rather than technology-led:** A business requirement-driven approach focuses on understanding the specific needs and challenges of underserved communities. This ensures that financial products and services are relevant, accessible, and beneficial to the target population. Conversely, a technology-led approach may overlook these nuances, potentially leading to solutions that are technologically advanced but impractical or inaccessible for those who need them most. Aligning financial inclusion efforts with business requirements allows for the development of tailored solutions that address real-world problems, such as providing low-cost, user-friendly financial services that can be accessed without sophisticated technology. This approach also fosters trust and adoption among users by prioritizing their needs and experiences.
5. **Achieving financial sustainability** for new products or services is challenging. These products target low-income populations who may not generate immediate or substantial profits. High development and operational costs, coupled with low revenue potential, can make it difficult for providers to sustain these services. Additionally, these populations may require extensive financial education and trust-building efforts, increasing costs further. Market uncertainties and regulatory hurdles add to the complexity, as financial institutions must navigate compliance while trying to innovate. Without economies of scale, maintaining affordability while covering costs is a significant hurdle.
6. **Understand the business model drivers:** Investing in digital solutions will lead to improvements in operational efficiency. Enabling customers to access services via mobile will reduce processing time and stationery cost. Depending on the sector there are many and varied business reasons to invest in digital. For example, a key driver for mobile network operators to offer mobile money was the saving of commission to those selling airtime scratchcards, this often between 5%-15%. In the case of the financial sector, the principle business drivers, are, 1) reduced physical branch acquisition & increase branch efficiency, 2) deposit mobilisation leading to reduction in the cost of borrowing, 3) an increase in loan portfolio through digital credit origination.
7. **Leaving no one behind** in financial inclusion means ensuring that all individuals, especially marginalized and underserved populations, have access to financial services. This inclusive approach recognizes the diverse barriers faced by different groups, such as women, rural residents, low-income individuals, youth, the disabled, and those without formal identification. Addressing these barriers involves creating tailored financial products that cater to the specific needs of these groups, enhancing financial literacy, and leveraging technology to reach remote areas.
8. **Understand that priorities are different:** Always be cognisant of stakeholder priorities to get buy-in. Government may prioritise tax raising and compliance, the development community impact and inclusion, and the private sector profit. Understand the value proposition to each of how digital can improve financial inclusion and enable inclusive digital economies.

IN SUMMARY

DFS can significantly enhance financial inclusion and reduce poverty by providing affordable, accessible, and convenient financial solutions to underserved populations. DFS, especially mobile money, can eliminate the need for physical banking infrastructure, making it easier for individuals in remote and rural areas to access financial services. They also reduce transaction costs and streamline processes, benefiting low-income users. DFS can also be a gateway to broader digital economies by promoting digital literacy and familiarity with technology. As individuals engage with DFS, they gain confidence in using digital tools, which can lead to increased participation in e-commerce, digital payments, and other online services. This shift not only boosts economic activities and reduces poverty, but

also fosters innovation and entrepreneurship. By integrating financial inclusion efforts with broader digital economy initiatives, DFS can create a sustainable ecosystem that supports economic growth, reduces poverty, and enhances the overall quality of life for underserved communities. However, if badly designed, new products or services can pose new risks and entrench exclusion. Therefore, when designing and implementing a digital policy, solutions, systems or interventions, at a minimum do no harm, and at best, ensure work maximizes the agency of people and communities to drive their own development. For these reasons, follow the principles of digital development³⁸ and good digital payments³⁹.

38 Principles for digital Development Website accessed 24/8/24 [URL <https://digitalprinciples.org/>]

39 UN Principles for Responsible Digital Payments Website accessed 24/8/24 [URL <https://responsiblepayments.org/>]