



**8** DECENT WORK AND  
ECONOMIC GROWTH



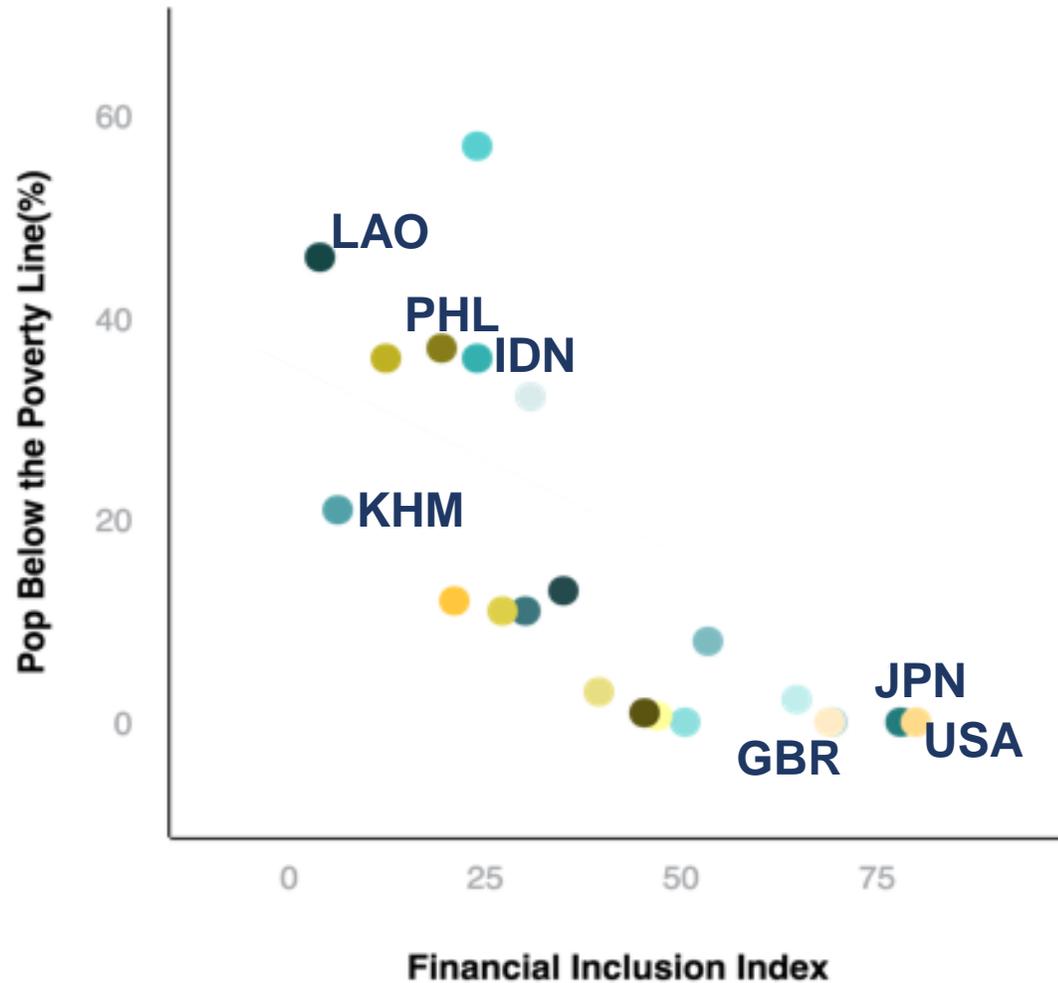
# Escalating Financial Inclusion Through Branchless Banking as a Solution to Poverty Eradication

*Team : Omotesando*

---

# Increasing financial inclusion can reduce poverty rate

Relationship Between FII and Poverty Rate

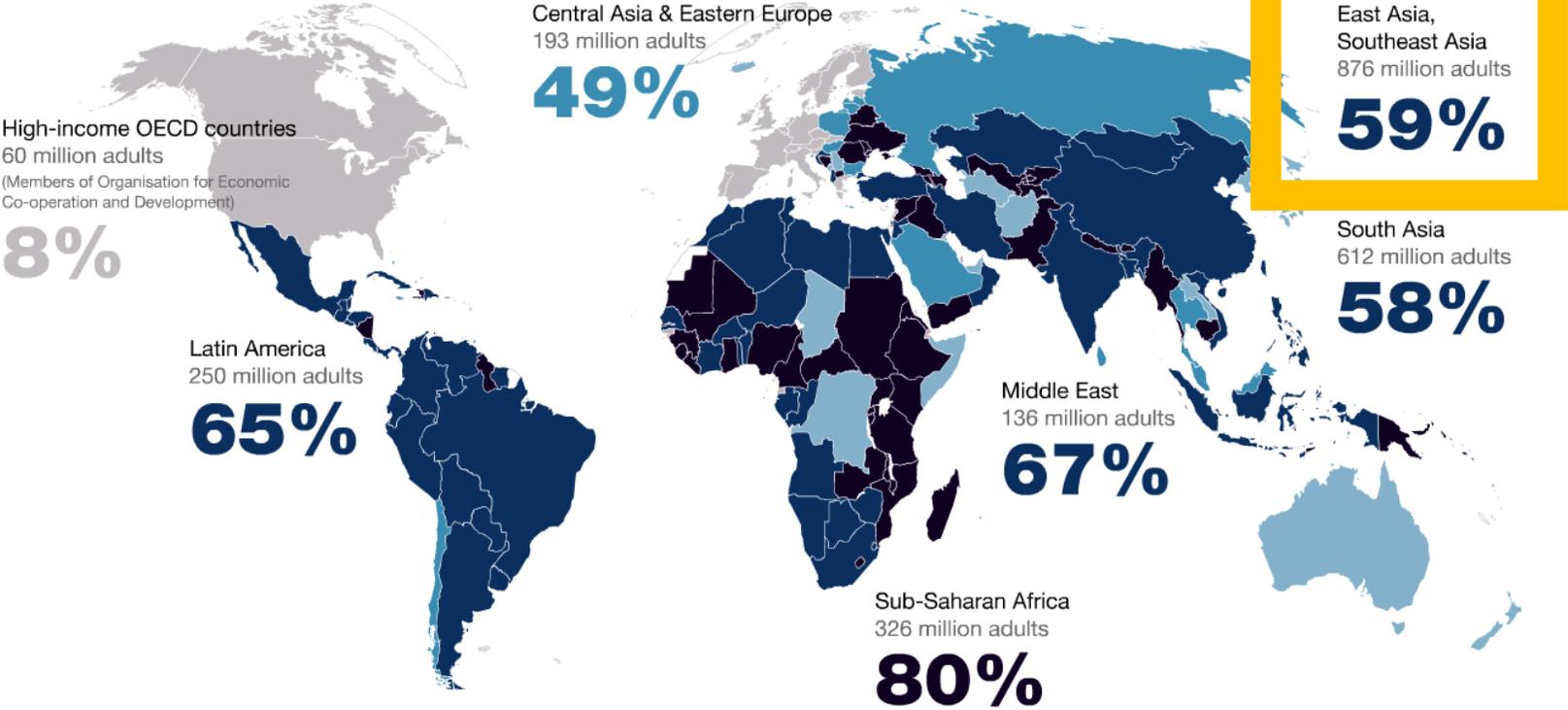


- Argentina Argentina
- Australia Australia
- Brazil Brazil
- Cambodia Cambodia
- China China
- Colombia Colombia
- Croatia Croatia
- Hongkong Hongkong
- India India
- Indonesia Indonesia
- Japan Japan
- Lao PDR Lao PDR
- Malaysia Malaysia
- Mauritius Mauritius
- Mexico Mexico
- Pakistan Pakistan
- Philippines Philippines
- Thailand Thailand
- United Kingdom United Kingdom
- United States United States
- Vietnam Vietnam

# Financial inclusion in ASEAN Countries is still low



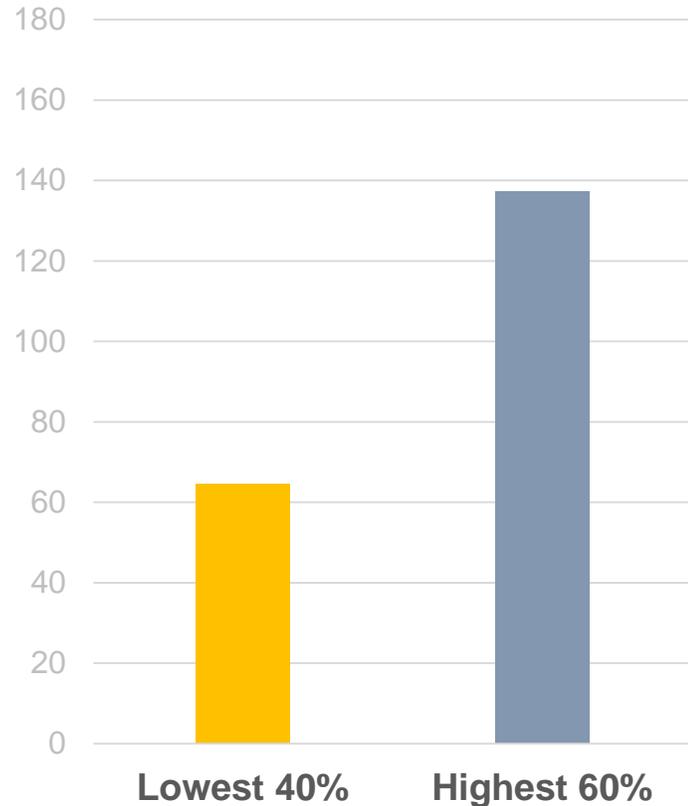
Percentage of total adult population who do not use formal or semiformal financial services



Source: Mckinsey Report, Worldbank

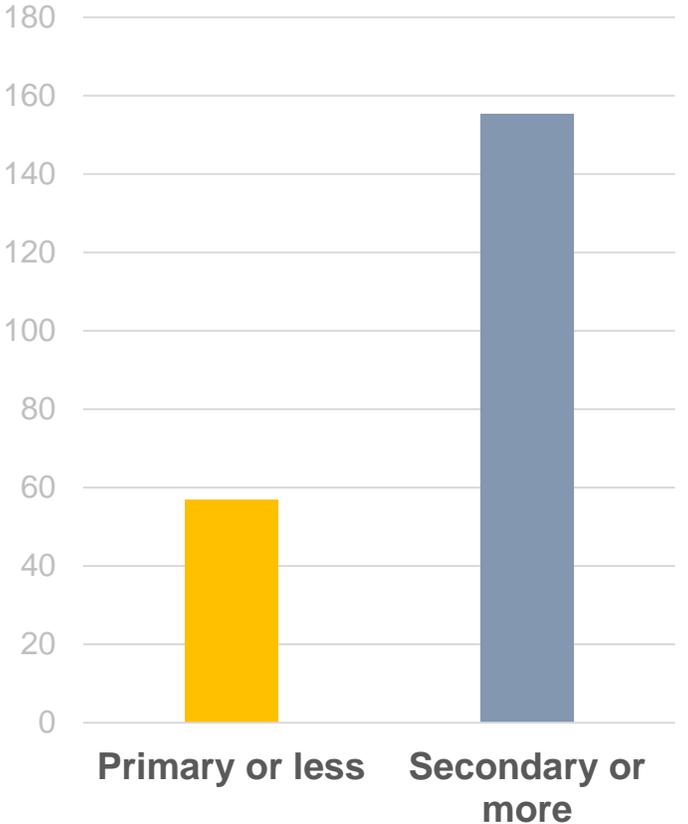
# People *do not demand* financial service

Account at financial institution based on income (in cumulative % for Indonesia, Cambodia, Lao PDR, Myanmar, Philippines, Vietnam)



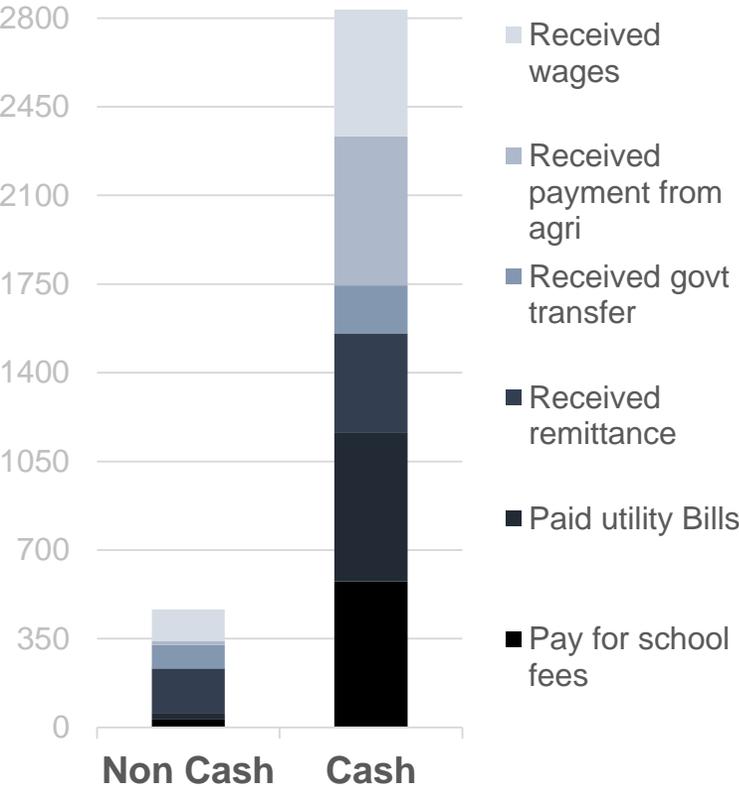
Low Income Level

Account at financial institution based on education level (in cumulative % for Indonesia, Cambodia, Lao PDR, Myanmar, Philippines, Vietnam)



Low Education Level

Payment using cash vs. non-cash (in cumulative % for Indonesia, Cambodia, Lao PDR, Myanmar, Philippines, Vietnam)



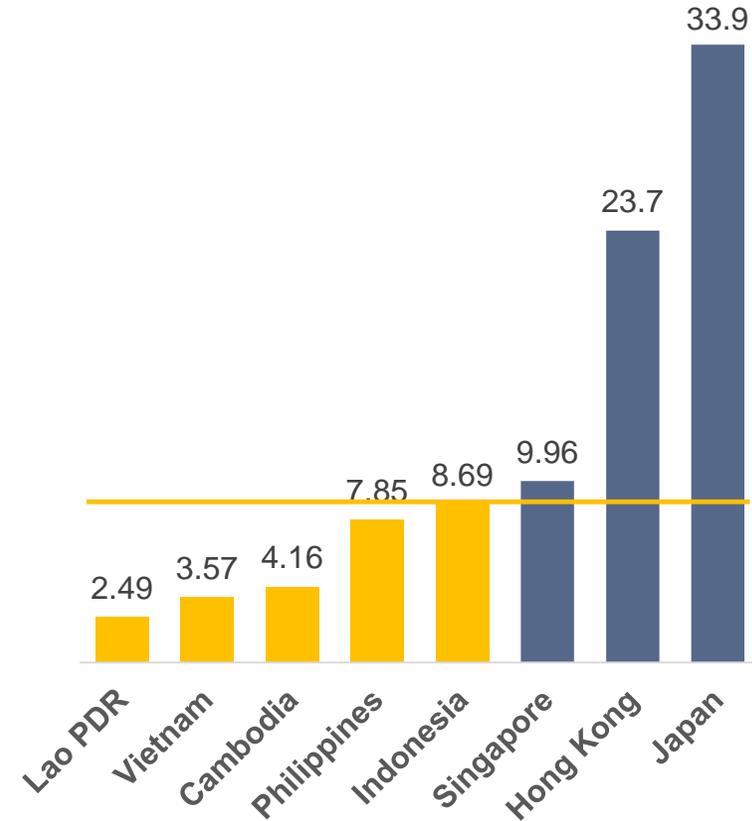
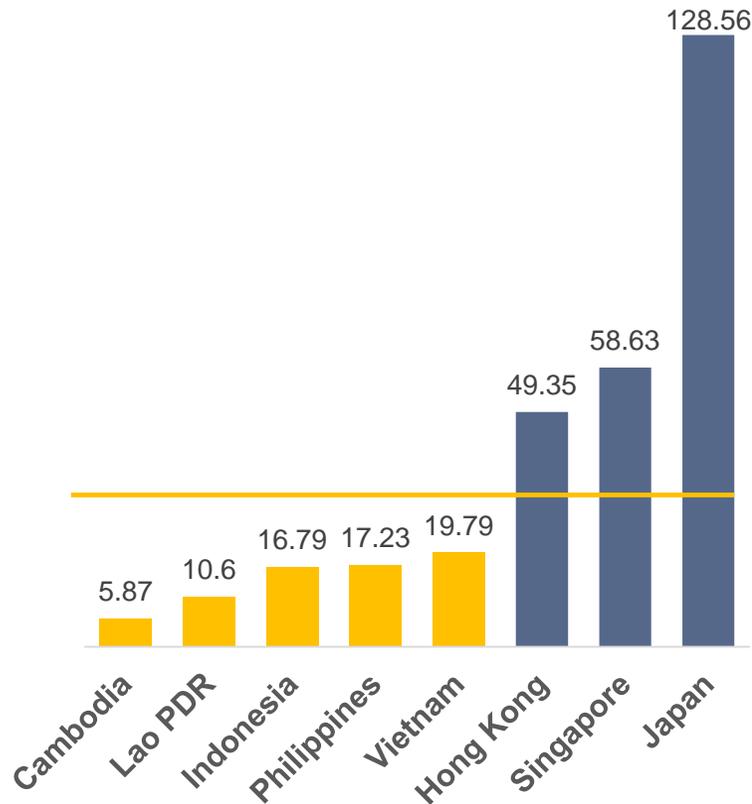
Cash Based Culture

Source: Worldbank

# Financial infrastructure *supply is inadequate*

Number of ATM per 100,000 adults

Commercial bank branches per 100,000 adults



US\$ 400,000

Average cost of building physical bank office in Indonesia

US\$ 9,000

Average cost of initial installment and maintenance of ATM in Indonesia

Low ATM Number

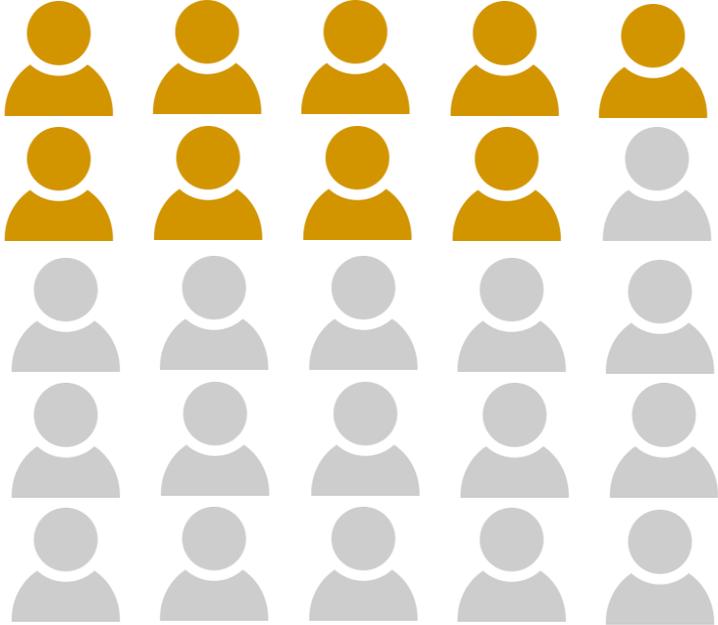
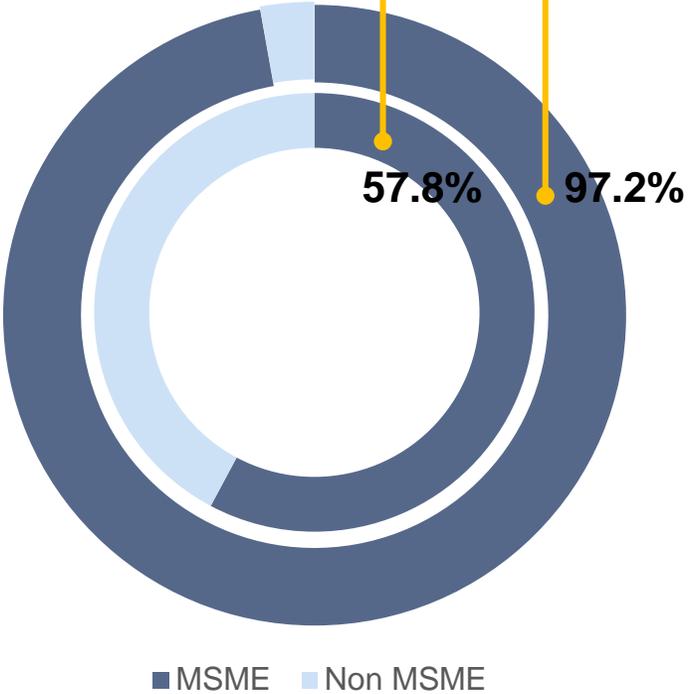
Few Bank Branches

Costly infrastructure obstruct the deployment of financial inclusion

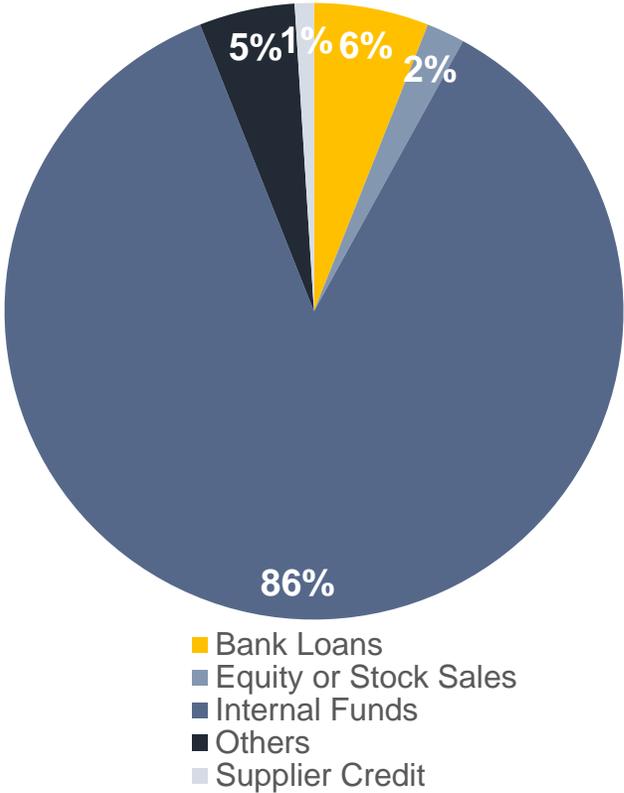
# MSMEs is crucial but MSMEs *can't get loans*

MSMEs contribution to employment

MSMEs contribution to GDP



MSMEs source of funding in ASEAN



MSMEs is the backbone of ASEAN

Only 38% of MSMEs claim, they can get access to proper financing

They rely on internal fund

Source: Worldbank, ADB

# Solution: Increasing access to financial service by *branchless banking*



## With Simplified Due Diligence

- Full name
- Residential address
- Place and date of birth
- Work details

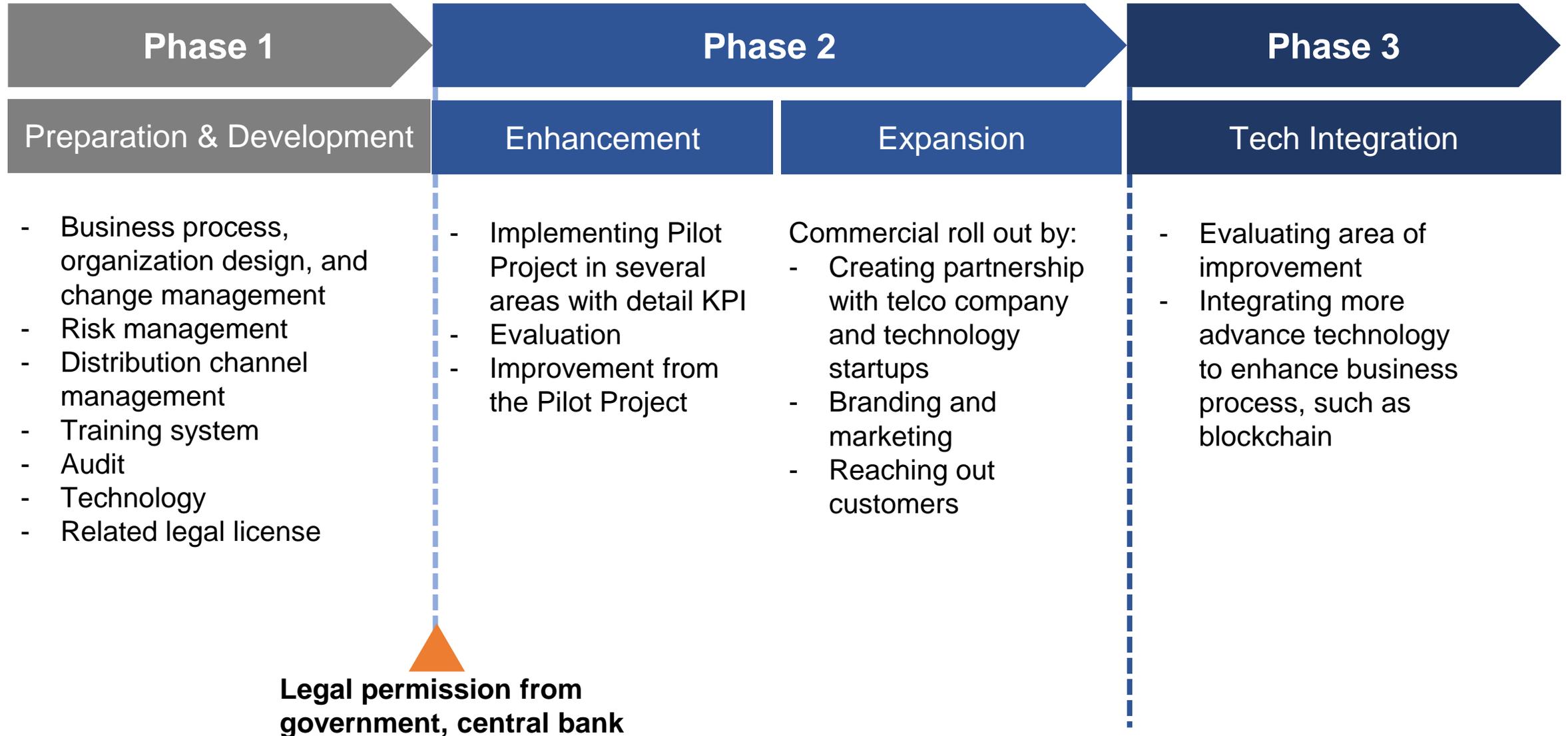
## Benefit for Customers

- No longer need to use scarce time and financial resources to travel
- More flexible deposit, transaction, and loan amount
- Affordable transaction cost

## Benefit for Banks and Agents

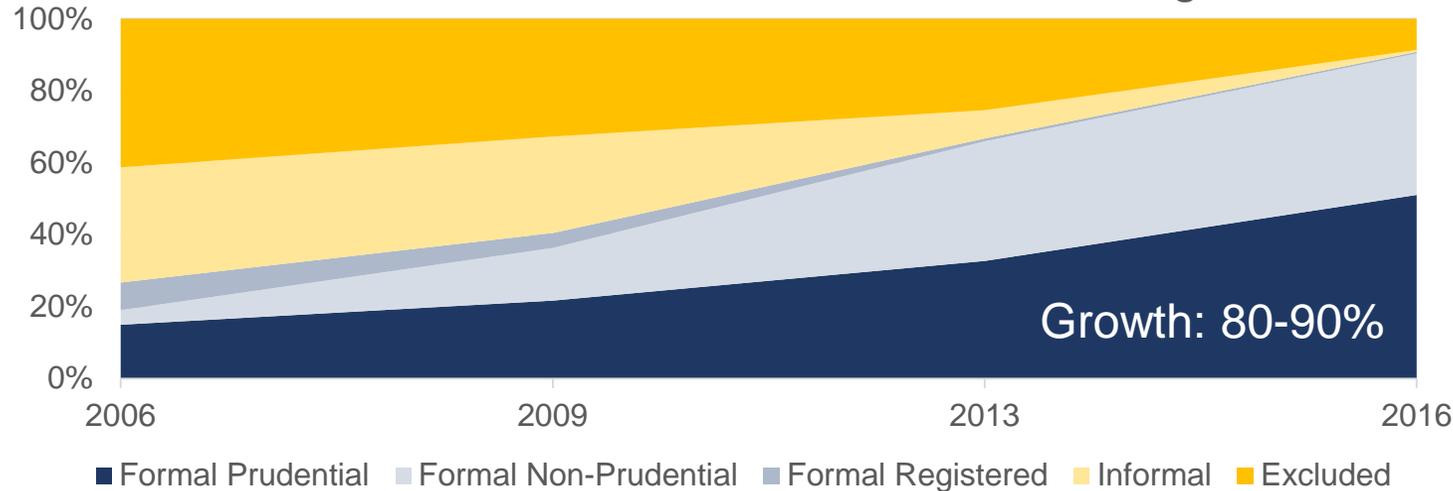
- For banks: control risk, manage cost, enable growth
- For agents: new source of income, get financial knowledge

# Implementation Roadmap

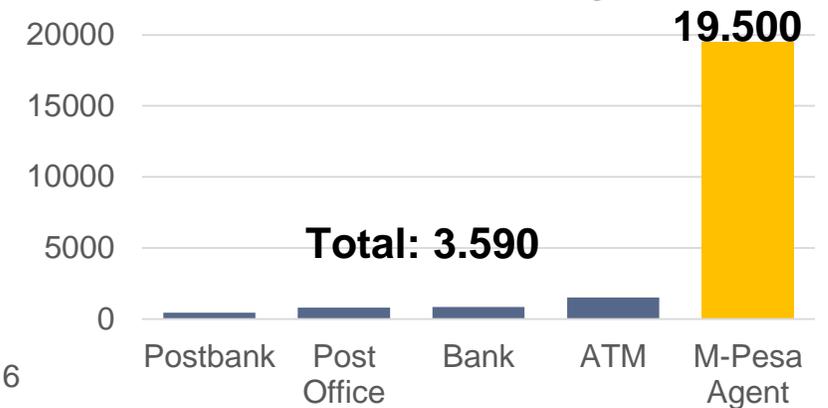


# Growth will be slow if branchless banking is *not implemented*

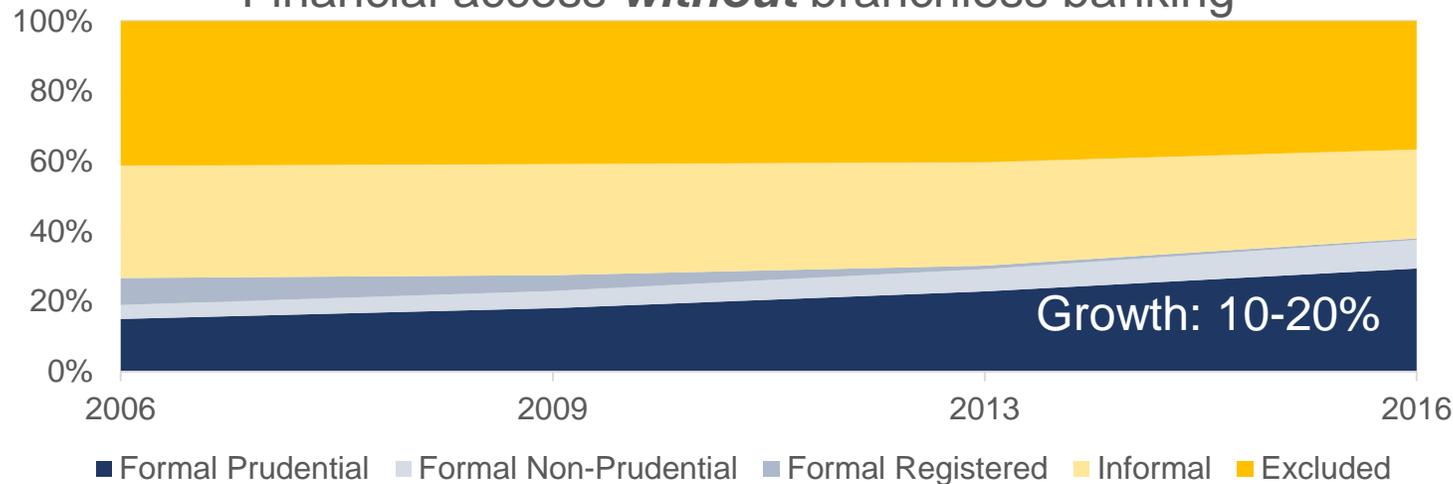
Financial access *with* branchless banking



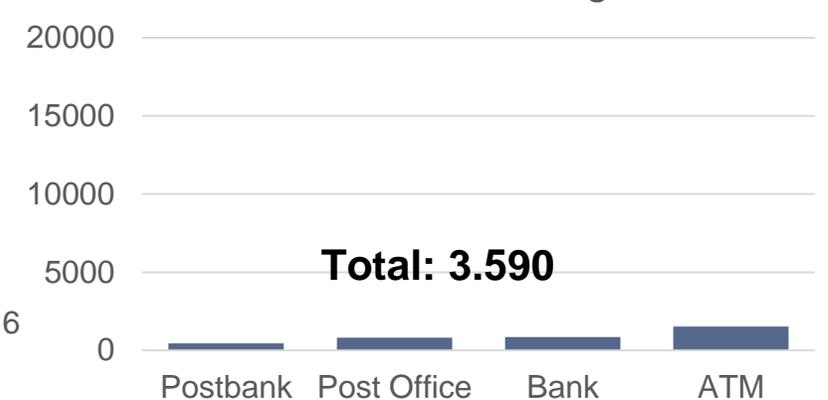
Financial Infrastructure *with* branchless banking



Financial access *without* branchless banking



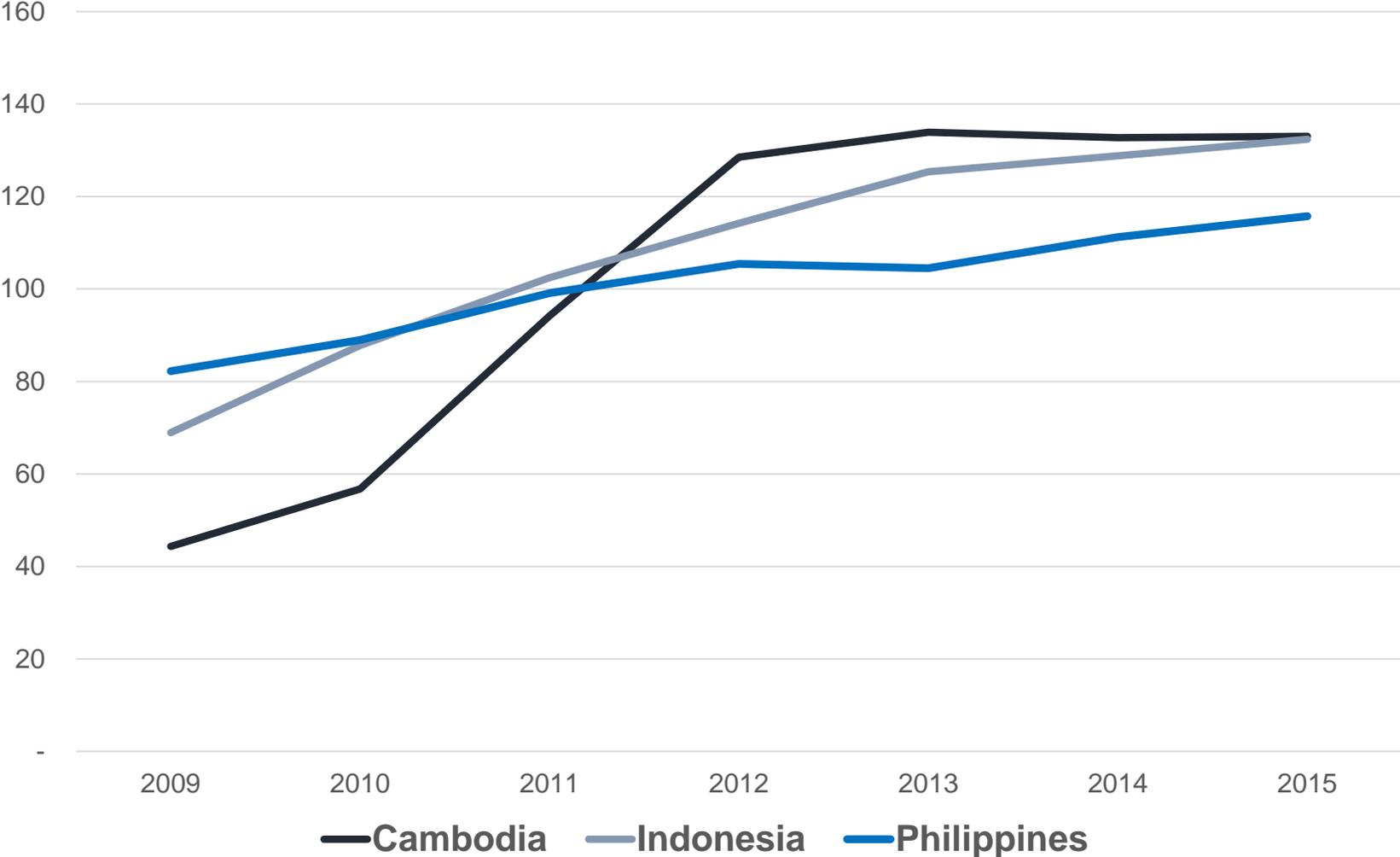
Financial Infrastructure *without* branchless banking



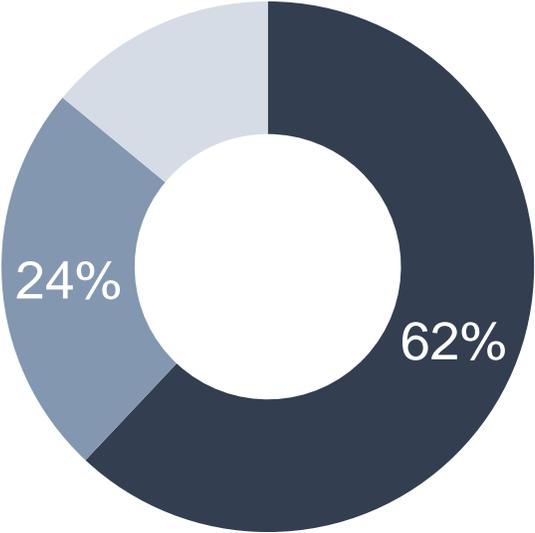
**Q&A**

# Appendix 2: Mobile penetration in ASEAN

Mobile subscription per 100 people



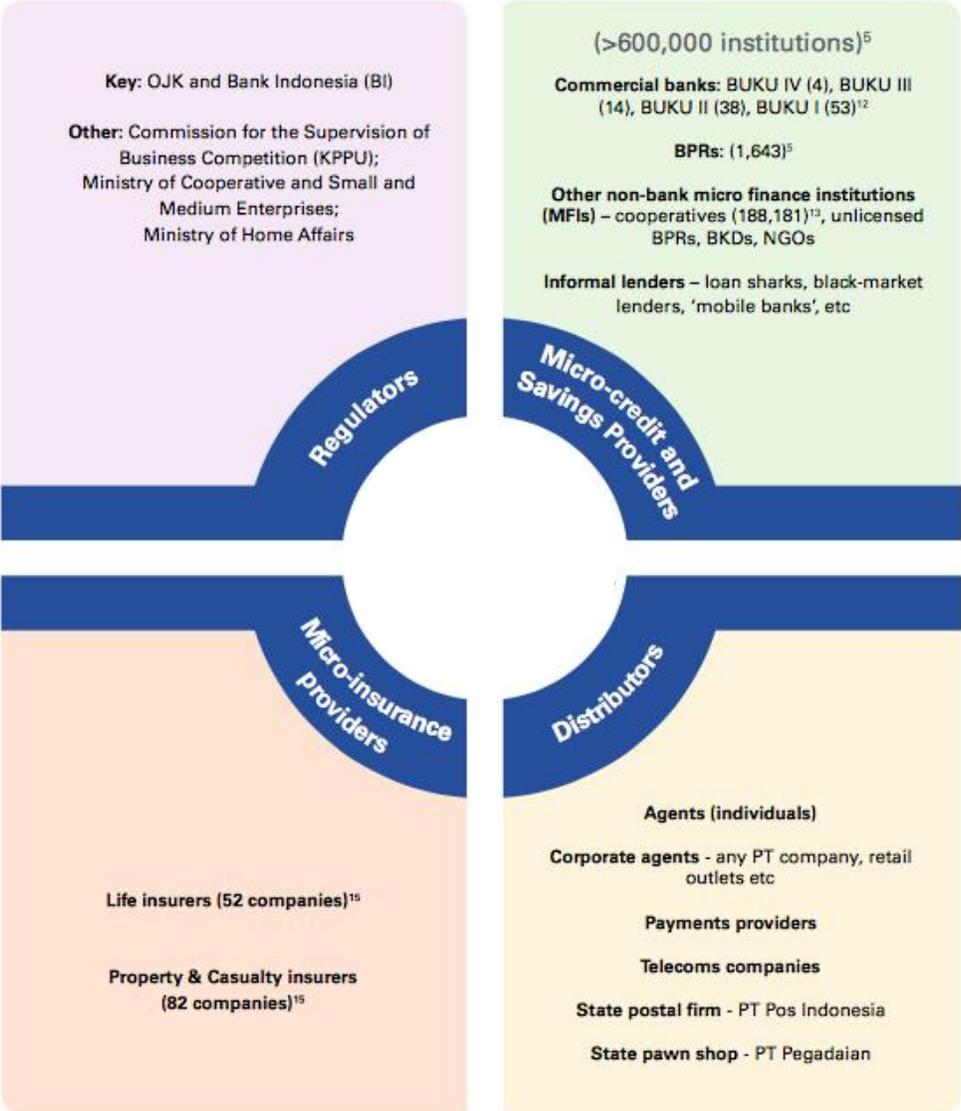
Mobile phone access within low income society



- Own a Mobile
- Have Access
- Do Not Have Access

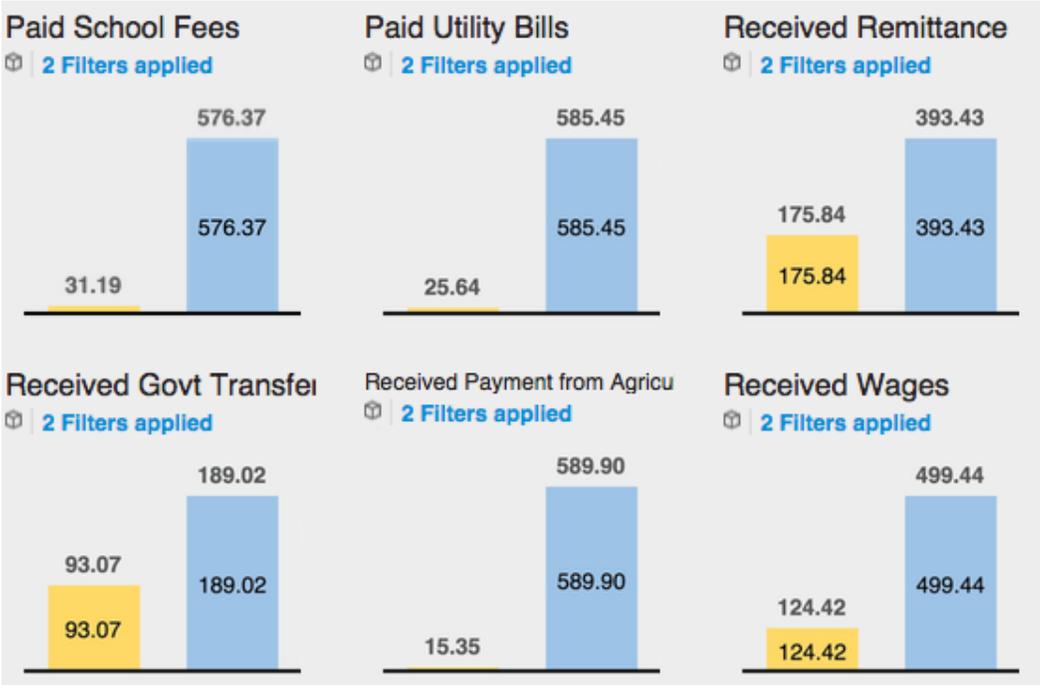
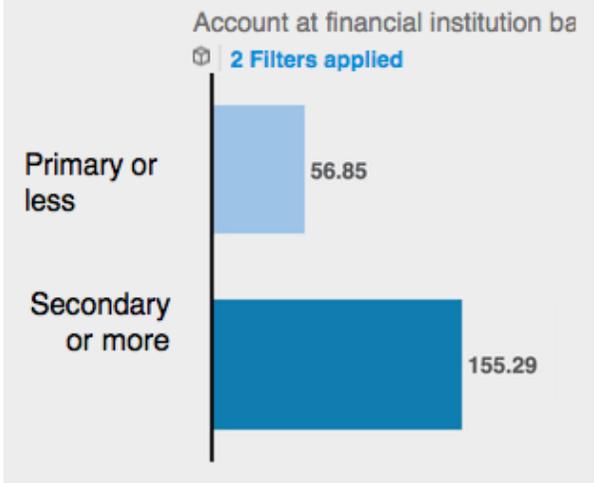
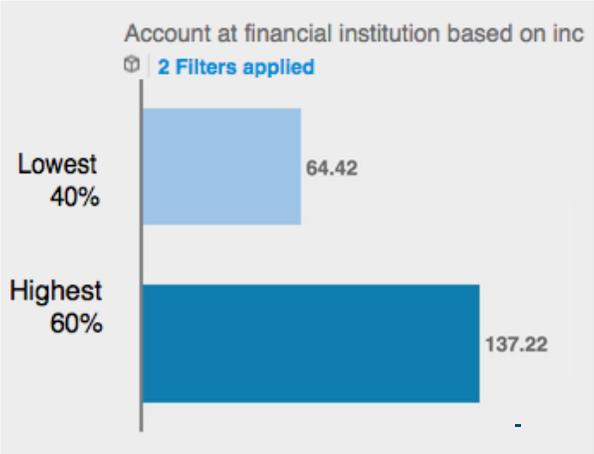
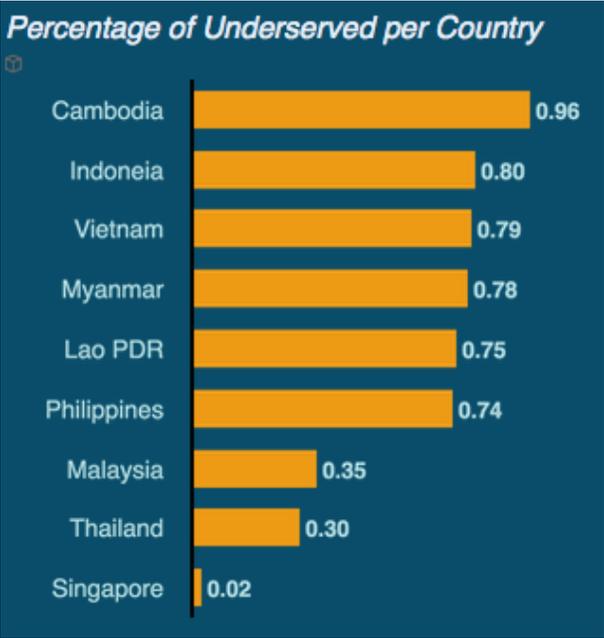
Source: Worldbank

# Appendix 3: Related stakeholders for branchless banking

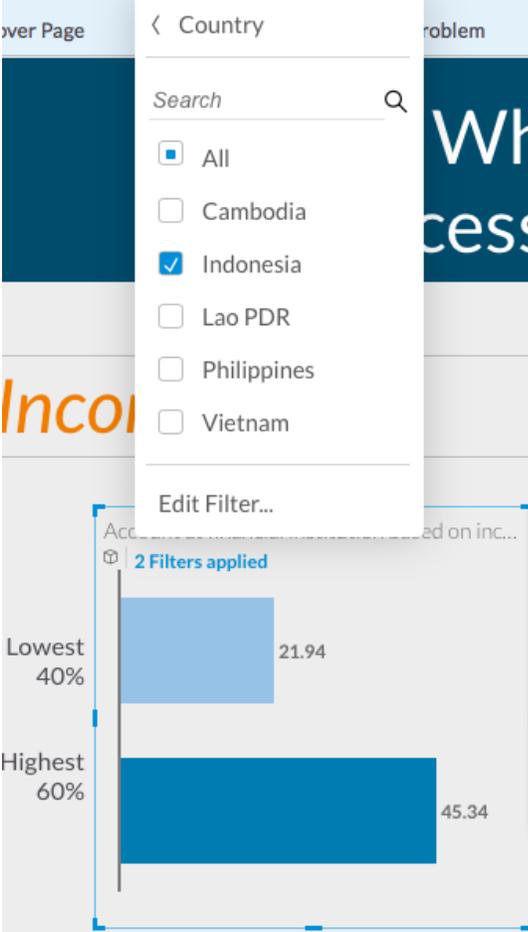
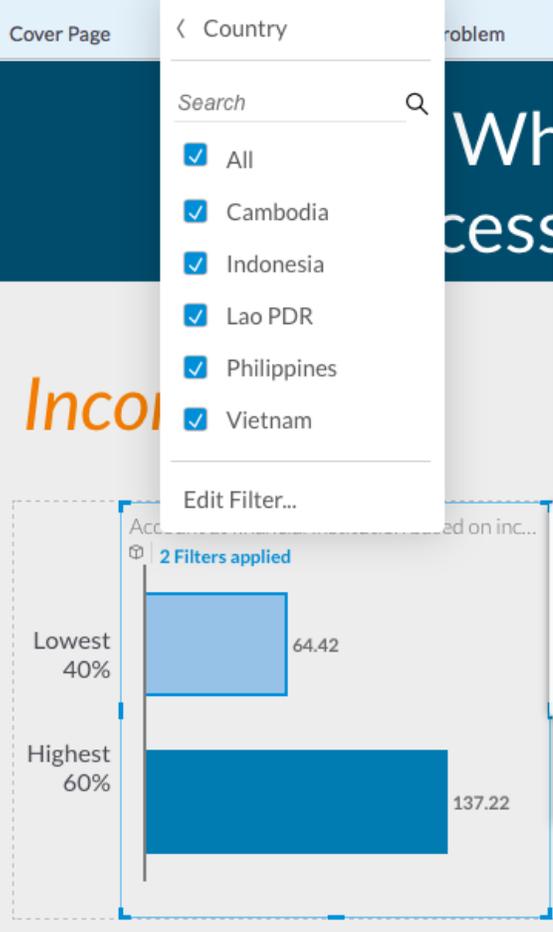


Source: EY

# Appendix 4: Original SAP Charts



# Appendix 5: Original SAP Charts (cont.)



# Appendix 6: Original SAP Charts (cont.)

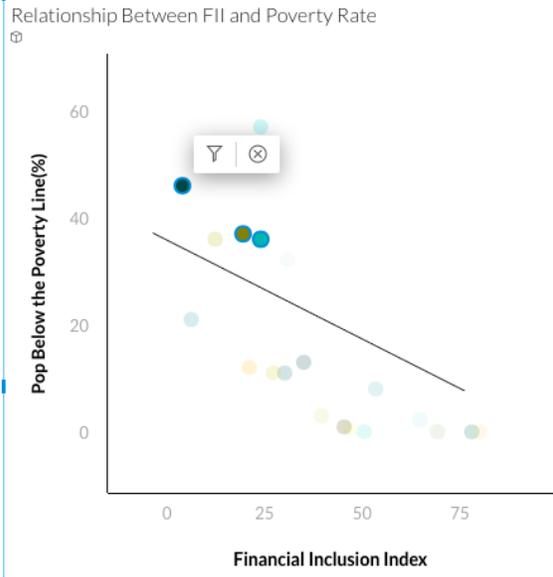


Country  
Indonesia Indonesia

Financial Inclusion Index 24.00  
Pop Below the Poverty Line(%) 36.00

But has As  
financially in

Then, how to  
financial incl

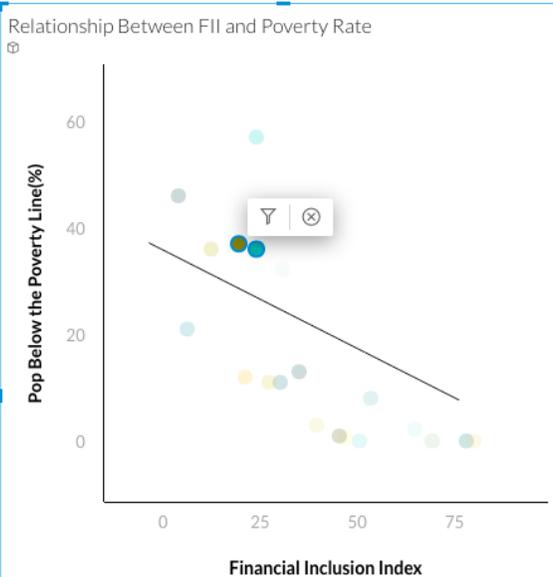


Country  
Lao PDR Lao PDR

Financial Inclusion Index 4.22  
Pop Below the Poverty Line(%) 46.00

But has As  
financially in

Then, how to  
financial inc

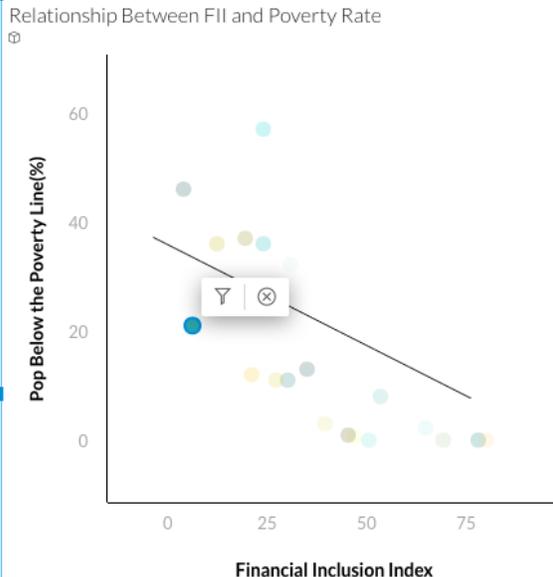


Country  
Philippines Philippines

Financial Inclusion Index 19.63  
Pop Below the Poverty Line(%) 37.00

But has As  
financially in

Then, how to  
financial incl



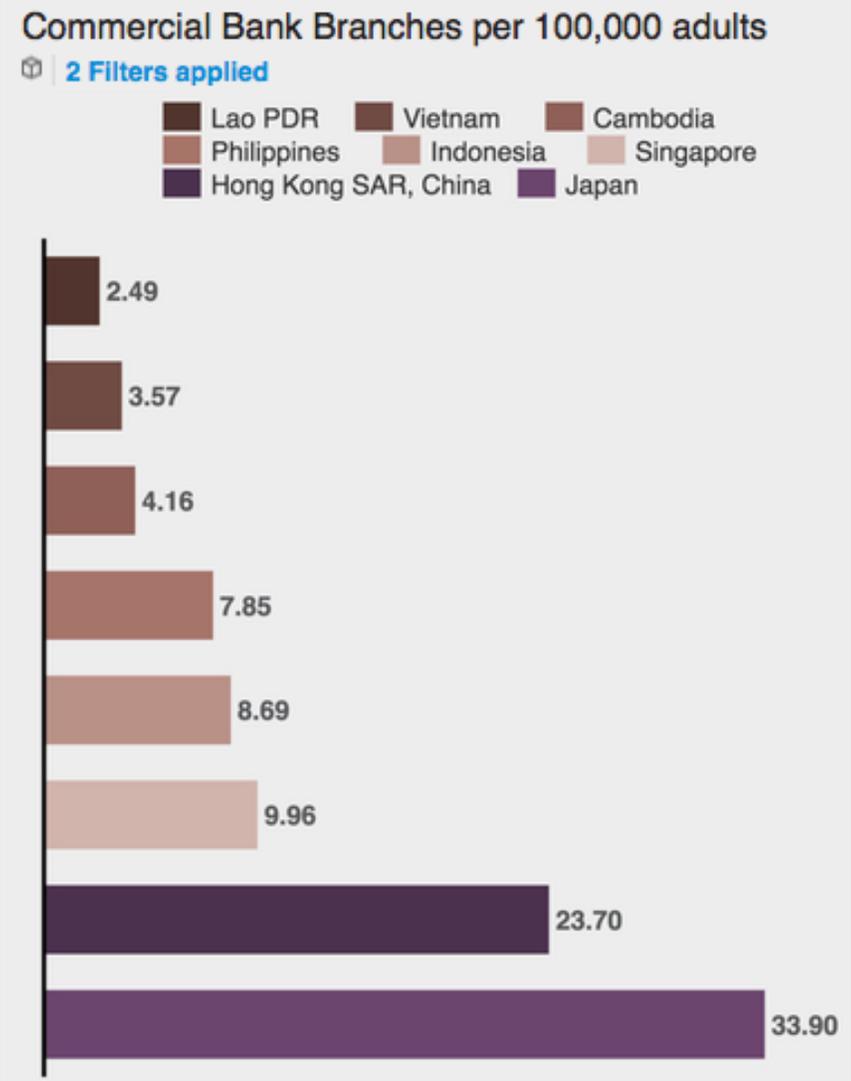
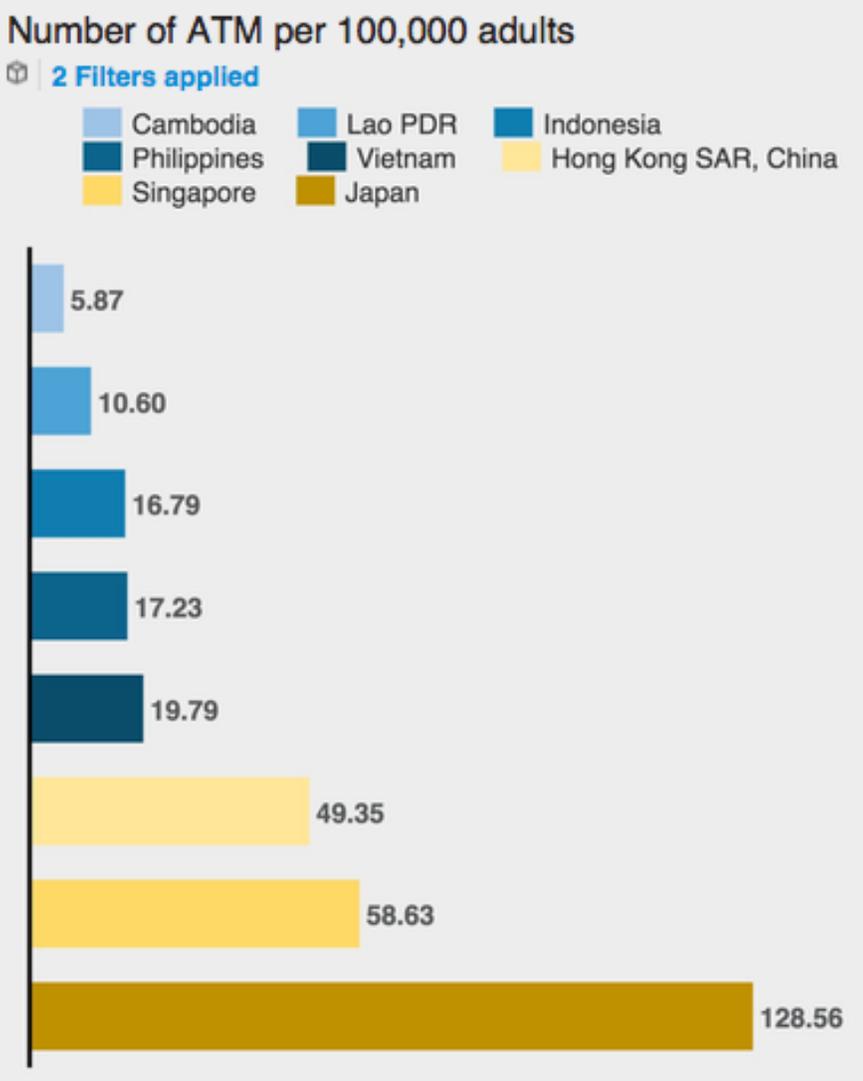
Country  
Cambodia Cambodia

Financial Inclusion Index 6.00  
Pop Below the Poverty Line(%) 20.00

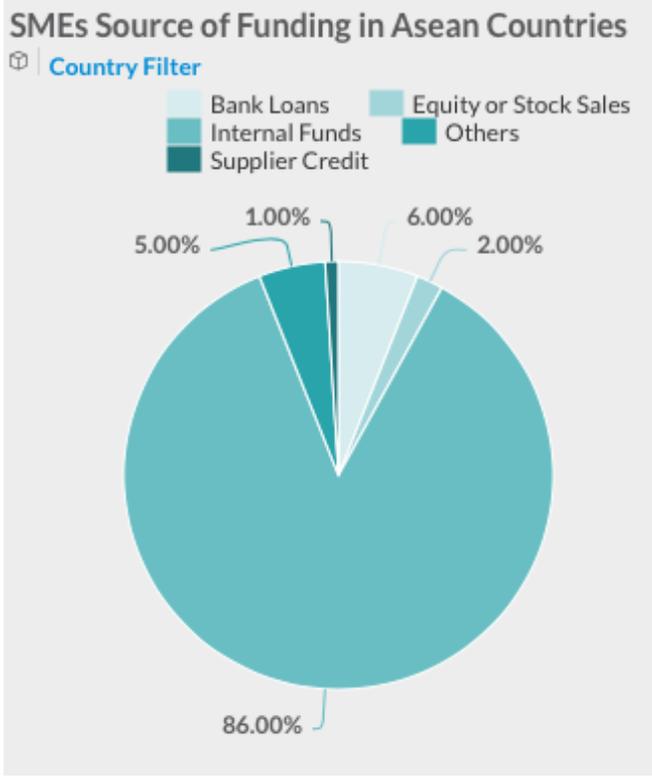
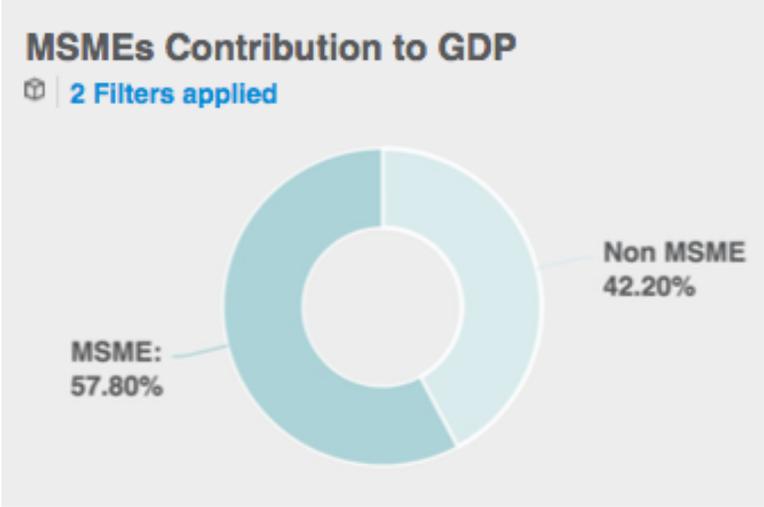
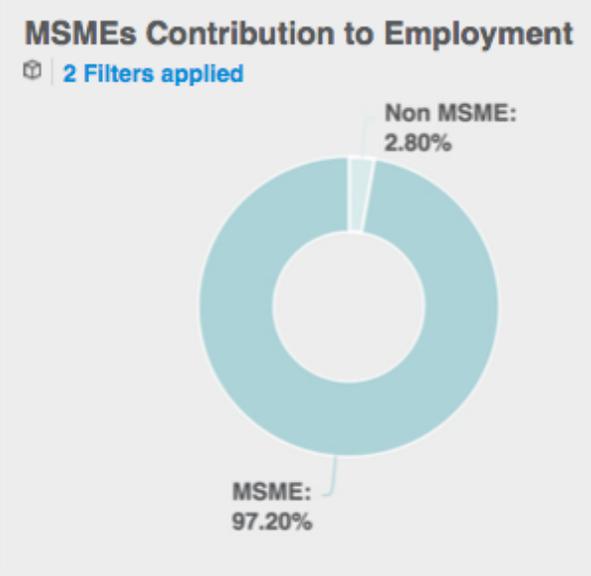
But has  
financial

Then, ho  
financial

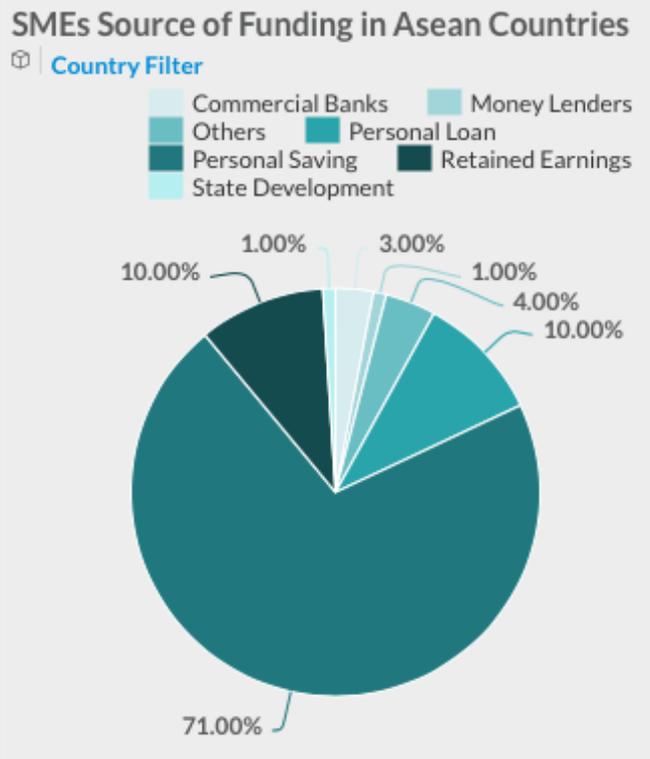
# Appendix 7: Original SAP Charts (cont.)



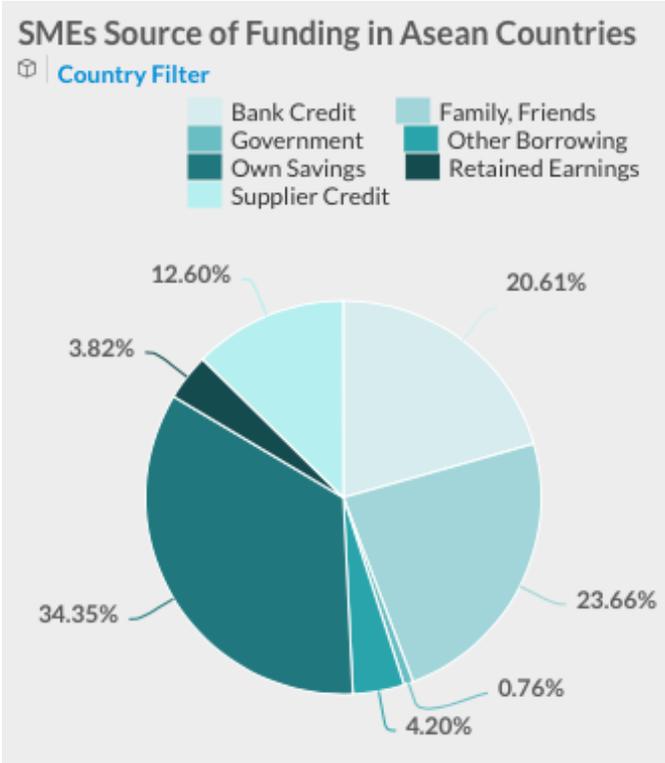
# Appendix 8: Original SAP Charts (cont.)



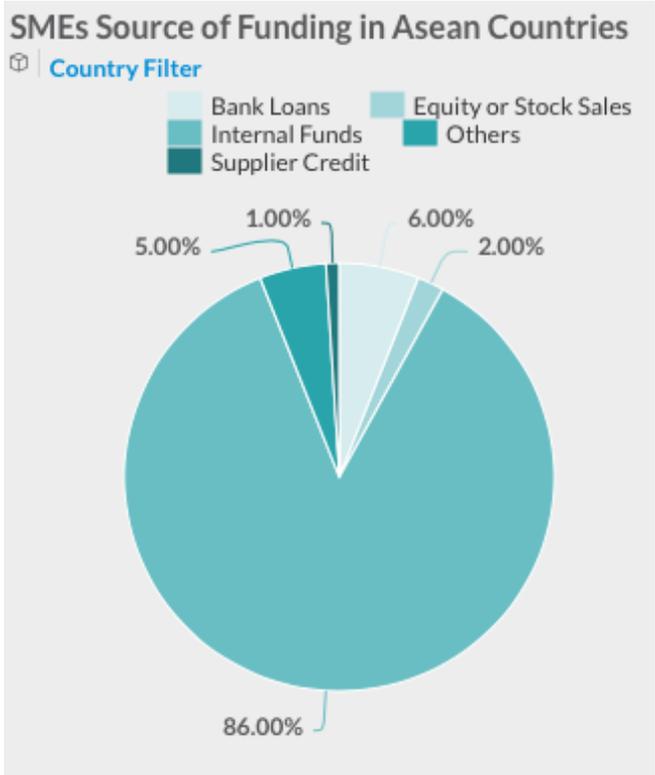
# Appendix 9: Original SAP Charts (cont.)



Thailand



Myanmar



Indonesia

## Appendix 10: SDG 8 Focus Objectives

---

- Promote development-oriented policies that support creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- Strengthen the capacity of financial institutions to expand access to banking, insurance and financial services for all
- Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries

# Appendix 11: Data set

SMEaccesstofinancexlsx

CATEGORY	COUNTRY	INDICATOR
Don't have access	Indonesia	Access:
	Philippines	Access:
	Vietnam	Access:
Have access	Indonesia	Access:
	Philippines	Access:

<https://www.imf.org/external/np/seminars/eng/2015/jca2015/pdf/11-01.pdf>

SMEsourceoffinancingxlsx

COUNTRY	INSTRUMENT	Shares
Indonesia	Bank l	0.06
	Equity	0.02
	Intern	0.86
	Other:	0.05
	Suppli	0.01

- <https://www2.deloitte.com/content/dam/Deloitte/sg/Documents/financial-services/sea/sg-digital-banking-small-medium-enterprises-nov10.pdf>
- [http://www.switch-asia.eu/fileadmin/user\\_upload/Publications/2016/Green\\_Finance\\_Study\\_-\\_2016\\_-\\_Myanmar.pdf](http://www.switch-asia.eu/fileadmin/user_upload/Publications/2016/Green_Finance_Study_-_2016_-_Myanmar.pdf)

mobilephonesubscriptionper\_4099

COUNTRY_NAME	PERIOD	Mobile subs per 100 f
Cambodia	Period	
East Asia & Pacific	Period	
Europe&Central Asia	Period	
Indonesia	Period	
Latin America&Caribbean	Period	

<https://data.worldbank.org/>

financialaccesskenyaxlsx

CALCULATIONS	YEAR	Score
Periodic	2006	100.10
	2009	99.90
	2013	99.90

financialinstitutionkenya

OUTLET	AMOUNT
ATM	1,510.00

<https://www.un.org/development/desa/risd/wp-content/uploads/sites/22/2017/04/Mabu-Mugo-and-Evelyn-Kilonzo-UN-SDGs-Paper5May2017-Kenya-Financial-Inclusion.pdf>

bankrefusalreasonsxlsx

COUNTRY	INDICATOR	Shares
Vietnam	Don't kno	28.00
	Inability t	7.00
	Insufficie	23.00
	Lack of C	53.00
	Lack of F	20.00

[http://www.unido.org/fileadmin/user\\_media/UNIDO\\_Worldwide/Offices/UNIDO\\_Offices/Viet\\_Nam/Annex\\_-\\_Presentation\\_on\\_Working\\_Draft\\_Technical\\_Report.pdf](http://www.unido.org/fileadmin/user_media/UNIDO_Worldwide/Offices/UNIDO_Offices/Viet_Nam/Annex_-_Presentation_on_Working_Draft_Technical_Report.pdf)

FIIXPovertyRatexlsx

COUNTRY	Pop Below ll	Financial Inclusion Index
Argentina	32.20	30.85
Australia	0.00	69.48
Brazil	8.00	53.66
Cambodia	21.00	6.42

<https://data.worldbank.org/>

countrypercentageunbanked

COUNTRY	Percentage of Unbanked
Cambodia	0.96
Indoneia	0.80
Lao PDR	0.75
Malaysia	0.35

<https://data.worldbank.org/>

FINDEXEXCELxlsx\_6643

CATEGORY	COUNTRY_NAME	INDICATOR
Account (% age 15+) [ts]	Afghanistan	WP
	Albania	WP
	Almeria	WP

<https://data.worldbank.org/>