

Big data and fintech: a solution to financial exclusion?



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European Financial Inclusion Network

Created in November 2009

Membership:

- 30 organisations (16 EU Member States + Norway)
- 13 researchers (9 EU MS)

EFIN Mission: Bring together all stakeholders involved in financial inclusion to:

- Increase mutual learning
- Promote good practices
- Influence policy-making



EFIN vision

A European Union in which every citizen has access to **basic financial services relevant to their specific needs** and thereby be **fully integrated in society**.

Everyone needs effective tools for **making transactions, saving, borrowing, investing**, and for **mitigating risks**.



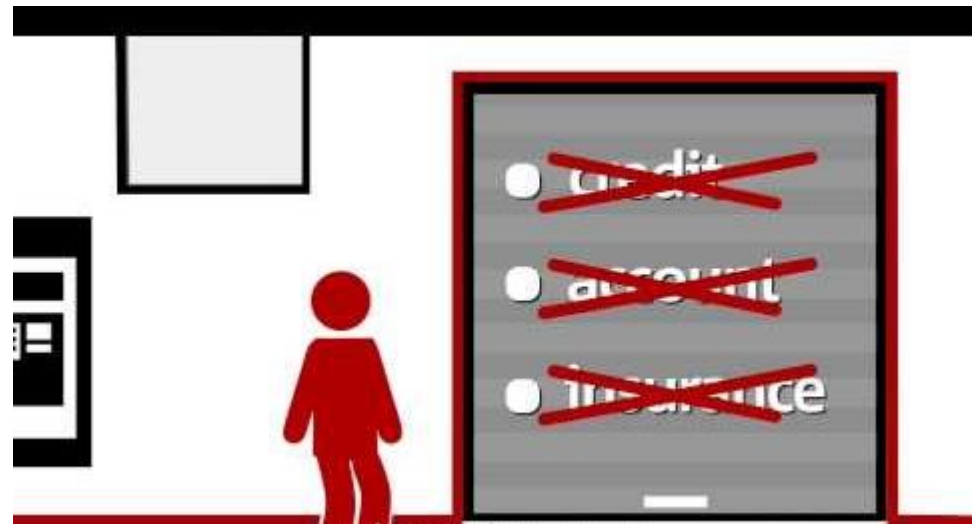
Financial exclusion

It refers to a process whereby people encounter difficulties **accessing** and **using financial services** and products in the mainstream market that are **appropriate to their needs** and **enable them to lead a normal social life in society**.

It affects those with social, physical or geographic barriers in accessing the formal financial system:

- **underserved groups:** low-income households, people living in remote areas,
- **vulnerable groups:** elderly people, disabled, migrants

Those people **have to rely on informal mechanisms** for payments, loans, and savings and protect themselves against risks.



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Financial inclusion

Financial inclusion is measured in 3 dimensions:

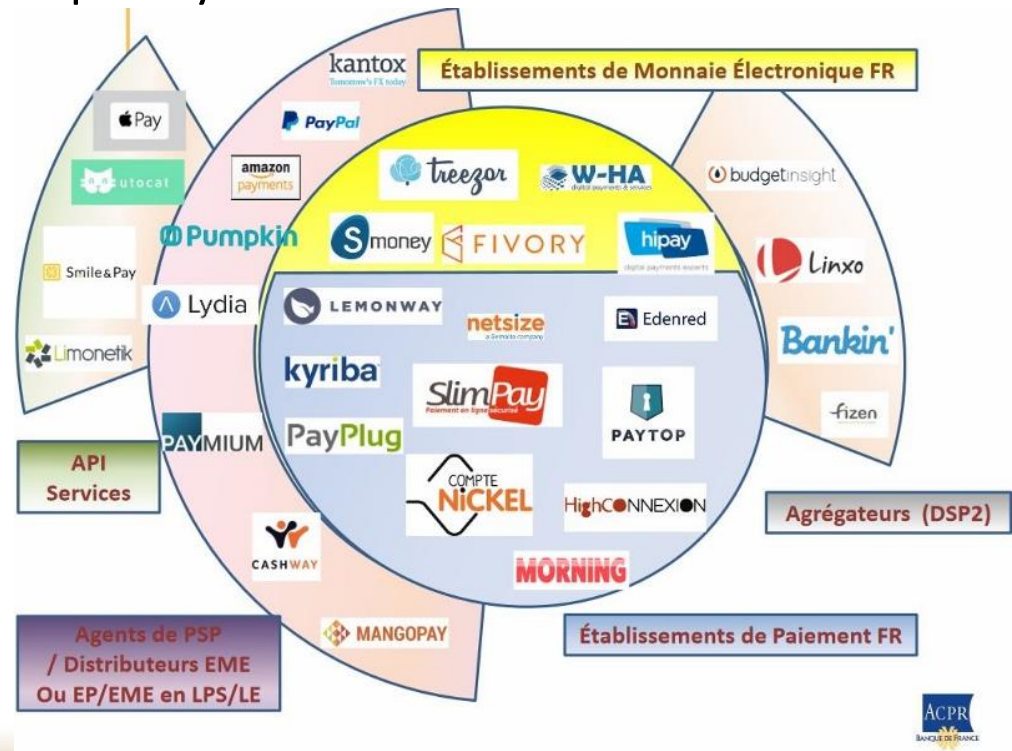
- access to financial services;
- usage of financial services;
- quality of the products and the service delivery.



Fintech

FinTech describes technology-enabled innovation in financial services, regardless of the nature or size of the provider of the services.

Non-disruptive FinTech triggers incremental innovation and increases efficiency in mature markets, whereas disruptive FinTech results in more radical breakthroughs that can create completely new markets.



Big data

Big data means large amounts of different types of data produced at high speed from multiple sources, requiring new and more powerful processors and algorithms to process and to analyse.

Not all of this information is personal, but businesses and governments are more and more using big data to understand, predict and shape human behaviour.



Innovation at the service of financial inclusion?

At International level:

- **G20 New High Level Principles on Digital Financial Inclusion**
- **Global Partnership for Financial Inclusion (2010)** committed to advancing **financial inclusion** globally by increasing **access** to, as well as **usage** of, sustainable formal financial services, thereby expanding opportunities for underserved and excluded households and enterprises.
 - Example: 2017 Update on Progress Towards the G20 Remittance Target
- **Consumer international:** 2017 report on *“Banking on the future: an exploration of FinTech and the consumer interest”*.
<http://www.consumersinternational.org/>

At European level?

- EC consultation on fintech, ESAs’ consultations on use of big data by financial firms
- European Accessibility Act
- Payment account directive: provisions on basic account



G20 High-level principles for digital financial inclusion

1- Promote digital financial services as a priority to drive development of inclusive financial systems, including through coordinated, monitored, and evaluated national strategies and action plans.

2- Balance promoting innovation to achieve digital financial inclusion with identifying, assessing, monitoring and managing new risks.

3- Provide an enabling and proportionate legal and regulatory framework for digital financial inclusion.

4- Expand the digital financial services ecosystem —including financial and information and communications technology infrastructure— for the safe, reliable and low-cost provision of digital financial services to all relevant geographical areas, especially underserved rural areas.

5- Establish a comprehensive approach to consumer and data protection that focuses on issues of specific relevance to digital financial services.

6- Support and evaluate programs that enhance digital and financial literacy in light of the unique characteristics, advantages, and risks of digital financial services and channels.

7- Facilitate access to digital financial services by developing, or encouraging the development of, customer identity systems, products and services that are accessible, affordable, and verifiable and accommodate multiple needs and risk levels for a risk-based approach to customer due diligence.

8- Track progress on digital financial inclusion through a comprehensive and robust data measurement and evaluation system. This system should leverage new sources of digital data and enable stakeholders to analyze and monitor the supply of—and demand for—digital financial services, as well as assess the impact of key programs and reforms.



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Thank you for your attention

