



Asia-Pacific Financial Inclusion Forum 2021

Emerging Priorities in the COVID-19 Era

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Emerging Financial Inclusion Priorities in the COVID-19 Era
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Outline

Introduction APEC Asia-Pacific Financial Inclusion Forum

Background and Context

Supporting Economic Recovery and Building Resilience

Emerging Financial Inclusion Challenges and Opportunities in a World Disrupted by COVID-19

Introduction to the APEC Asia-Pacific Financial Inclusion Forum (APFIF)





Overview of APFIF

Establishment

- Established in 2010 as a policy initiative under APEC's Finance Minister's process, led by ADB since 2021

Objectives

- Identify concrete actions that policymakers can take to expand the reach of financial services to the underserved
- Build the capacity of policymakers and regulators

2021 Theme: Emerging Priorities in the COVID-19 Era

- Financial inclusion priorities to stimulate economic recovery and build resilience
- Emerging challenges and opportunities as a result of accelerated digital transformation
 - *Policy dialogue 25 May 2021*
 - Brought together senior government officials from 18 economies as well as nearly 30 policy and industry experts
- Report shared with APEC Finance Ministers in October 2021, ADB report published in December 2021



Background and Context

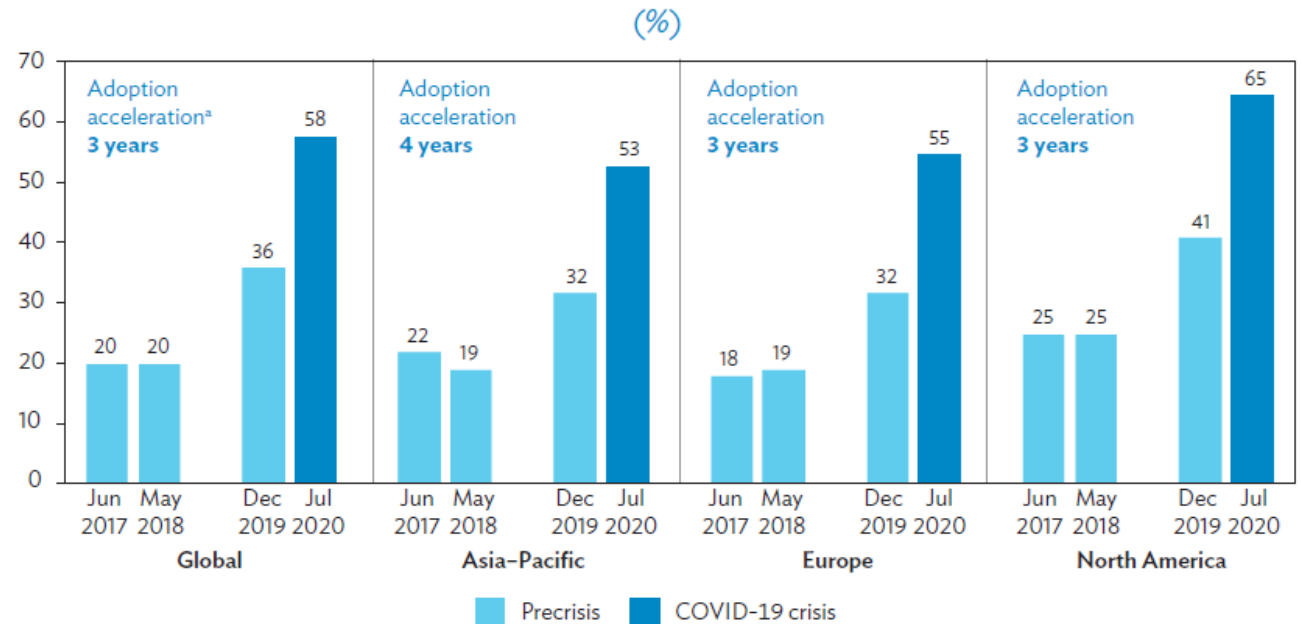




COVID-19 Pandemic Accelerates Digital Transformation

- The pandemic has accelerated the adoption of digital technologies
- Governments have recognized digital transformation as a key response to recovery
- Addressing the digital divide remains a critical issue

Figure 1: Average Share of Customer Interactions That Are Digital



^a Years ahead of the average rate of adoption from 2017 to 2019.

Source: McKinsey and Company. 2020. How COVID-19 Has Pushed Companies Over the Technology Tipping Point—and Transformed Business Forever. <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever> (accessed 20 February 2021).

Supporting Economic Recovery and Building Resilience

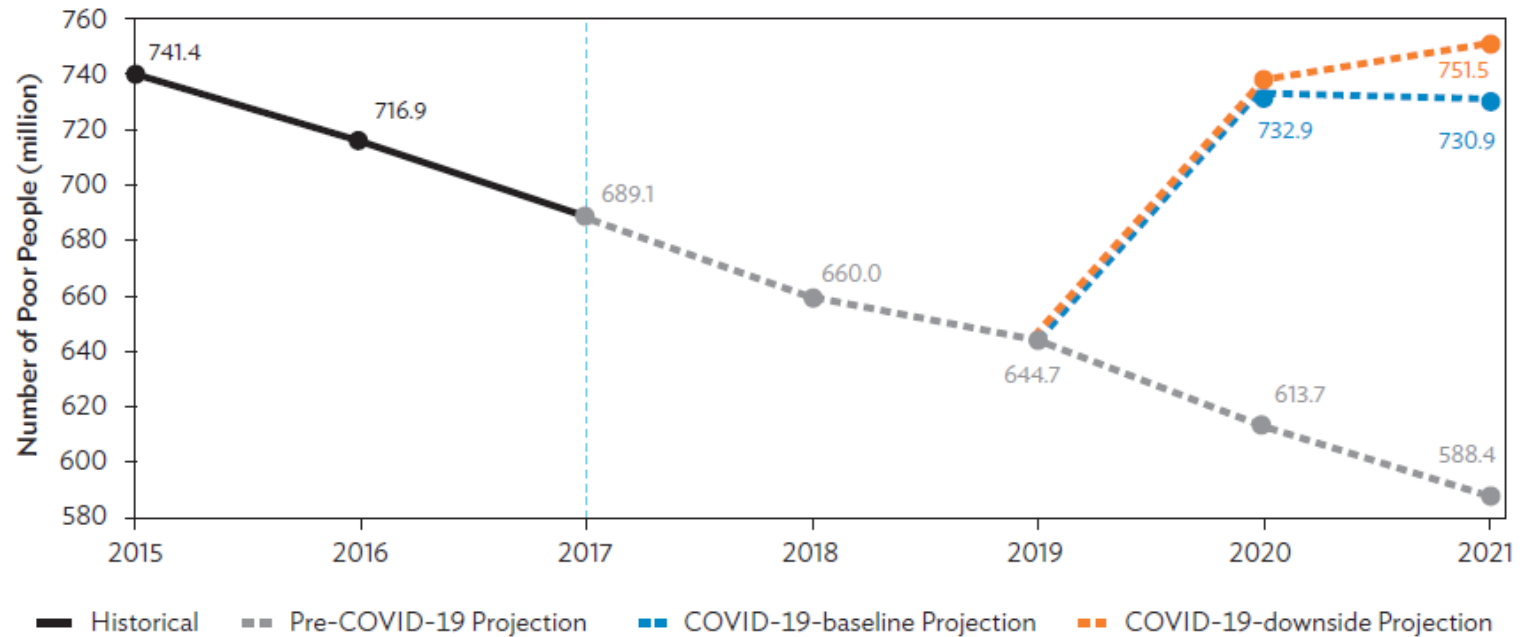




Financial Inclusion Can Support Economic Recovery and Resilience

- The impact of COVID-19 on poverty has been significant
- Microfinance institutions can help bridge the digital divide
- Investments are needed to support inclusive digital ecosystems
- Innovation is key

Figure 3: Nowcast of Extreme Poverty (Global), 2015–2021



Source: C. Lakner et al. 2021. Updated Estimates of the Impact of COVID-19 on Global Poverty: Looking Back at 2020 and the Outlook for 2021. *World Bank Blog*. 11 January. <https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty-looking-back-2020-and-outlook-2021> (accessed 28 February 2021).



Policy Recommendations



1. ***Support the capacity of microfinance providers to adopt digital technology to drive financial inclusion and bring the benefits of the digital economy to their clients***

2. ***Prioritize investments in open digital ecosystems that accelerate digitization of payments leading to inclusive recovery, resilience, and financial inclusion***



3. ***Support innovation as part of COVID-19 recovery strategies***

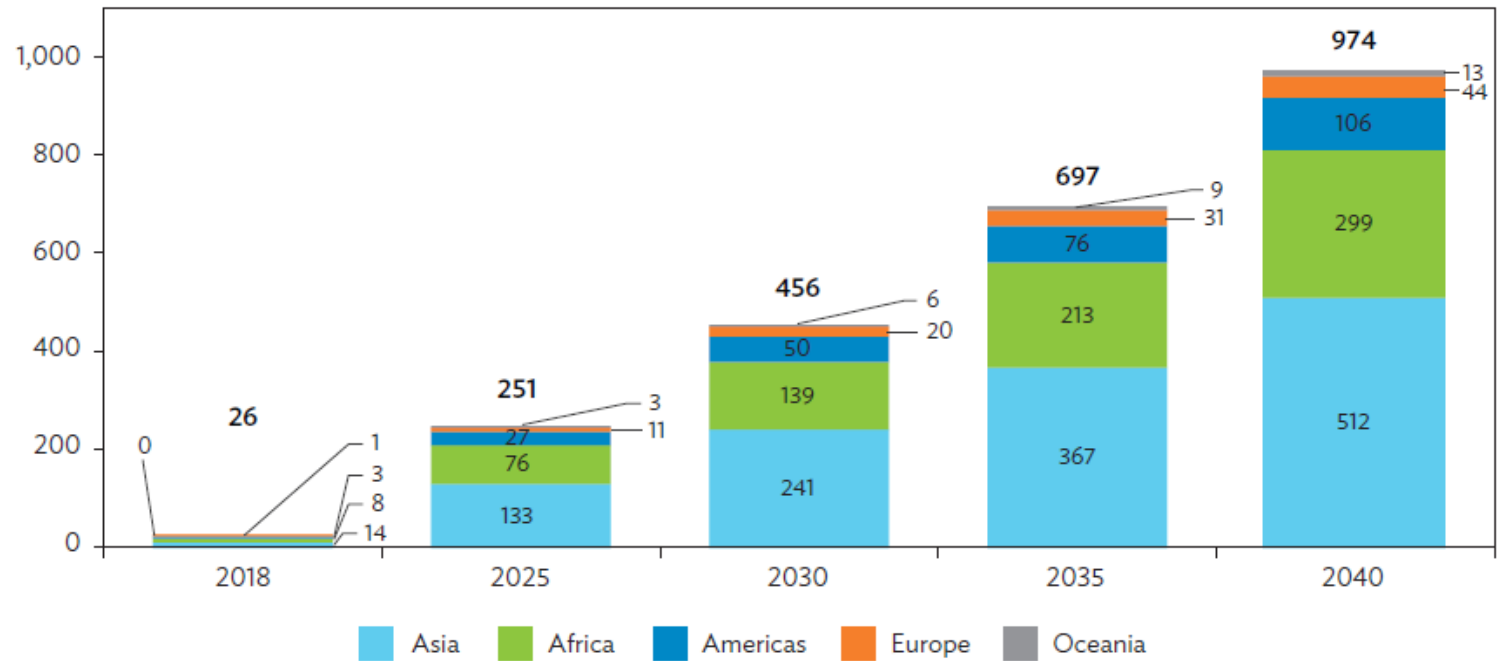




Pandemic Underpins Emerging Financial Inclusion Challenges and Opportunities

- COVID-19 pandemic has accelerated the evolution of the fintech ecosystem
- New dimensions linked to the digital economy important for financial inclusion strategies
- Partnerships are key to addressing evolving needs
- Emerging innovative financing mechanisms can help address digital infrastructure financing gap

Figure 10: Projected Growth of Digital Infrastructure Financing Gap (\$ billion)



Source: World Economic Forum. 2018. *Financing a Forward-Looking Internet for All*. Geneva. http://www3.weforum.org/docs/WP_Financing_Forward-Looking_Internet_for_All_report_2018.pdf (accessed 24 July 2021).



Policy Recommendations

- 4. Reassess financial inclusion strategies to consider the growing use of digital financial services***



- 5. Take steps to promote greater stakeholder cooperation to progress digital financial inclusion at the base of the economy***

- 6. Explore the potential of innovative fintech financing mechanisms for digital infrastructure development needs***





Thank you very much!

Questions / Comments / Feedback?
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Financial Inclusion, and
Sustainability



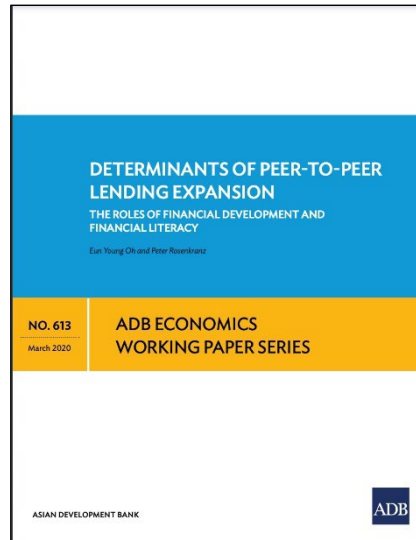
Conference
Highlights



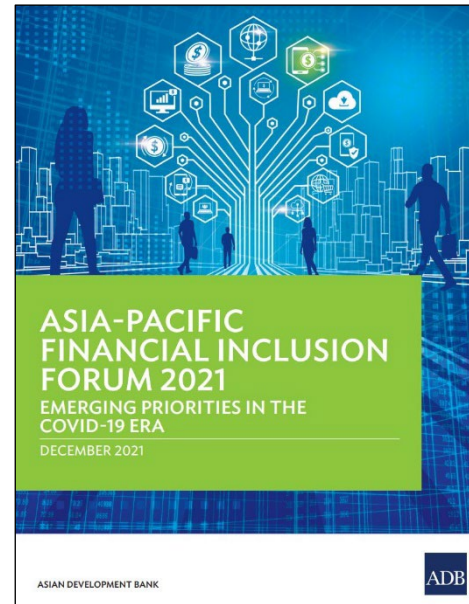
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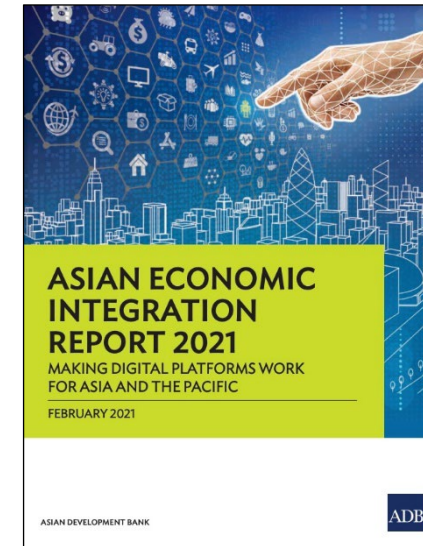
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