Symposium on Financial Inclusion

Financial Inclusion in a Dynamic West African Context

Gugulethu Cele, News Anchor, CNBC Africa:
Hello, and a warm welcome to the CNBC Africa special broadcast coming to you live from Accra in Ghana. I'm Gugulethu Cele.

Today, we are participating in conversation at the Mastercard Foundation Symposium on Financial Inclusion for 2017.

As we know, financial inclusion is a critical conversation for us to be having in the African context. But, more importantly, we take a look at the lessons that have come across from all spheres of Sub-Saharan Africa and how, again, we need to ensure that the outcomes, product developments, that we hope to achieve, regulations and rules that we put in place, all speak to one particular stakeholder, the customer. Client-centric strategies as well as customer-focused strategies to ensure that we reach a favourable outcome of really meeting and addressing the needs of the customers that we serve, one of our most important stakeholders.

Today, we'll be taking a look at this particular theme within the West African context, understanding just how exactly financial institutions, innovators, and entrepreneurs and, of course, regulators also look to participate in this particular sphere.

You too can join us in conversation as we look to unpack this conversation in the next hour as we're joined by our live audience, participants at SoFI 2017, and, of course, our panel members here on stage.

The hashtag to use is #SoFI2017. S-O-F-I-2017. And, use the account name @CNBCAfrica and @mastercardfoundation as you continue to tweet.

Let me not waste any further time by introducing our panelists who will be joining us in this conversation. Leaders who will be speaking about the financial inclusion dynamics from anglophone states and francophone states specifically focused in West Africa.

Ladies and gentleman, closest to my left is Temitope Akin-Fadeyi, Head of Financial Inclusion Secretariat at the Central Bank of Nigeria, followed by Mr. Edward Effah, who is Group CEO of Fidelity Bank Limited in Ghana. And, Ms. Maimouna Gueye, who is the Principal Financial Inclusion Officer at the African Development Bank.

We'll continue to engage with our audience members, who will also participate in a Q&A session with us here in studio and, of course, you at home watching online or via your television screens, are more than welcome as well to share your insight regarding this conversation.

Let's officially begin by taking a look at the dynamics when we take a look at the West African context of financial inclusion. Of course, boasting a powerhouse of economies many of which have shown various gains and strengths with regard to levels of financial inclusion but speaking specifically about the regions that you represent; Nigeria, Ghana, and francophone West Africa. I'd like us get a quick synopsis of what the status quo is regarding financial inclusion. Temi, let's start with you.

Temitope Akin-Fadeyi, Head of Financial Inclusion Secretariat, Central Bank of Nigeria:
Thank you very much, Gugu.

In West Africa I think financial inclusion is a theme that has evolved significantly, especially over the last five years. One of the common themes we see across the country and the region is that they have begun to develop a financial inclusion strategy, which essentially is a roadmap for the country to drive the process of inclusiveness in the economy.

Specific to my country of Nigeria, we developed a financial inclusion strategy, which was launched in the year 2012. And, I'm glad to report that 2017 is our fifth year of implementation and that strategy has been reviewed.

Now looking beyond Nigeria, we know that you know for West Africa within the anglophone sphere, in lots of the central banks and independents so they've also taken the lead together with the Ministry of Finance and other stakeholders to develop a strategy at country-level to implement the strategy, as well. I believe that Maimouna will speak a bit more about the West African experience because there is a big difference. There is original collaboration of all the countries in the region. Maimouna will share some perspective.

Gugulethu Cele:
Before we get to Maimouna, Edward I'd like to start with you in getting an understanding of the level of financial inclusion. Just how far are we and what is the landscape like at the moment, specifically in Ghana?

Edward Effah, Group CEO, Managing Director and CEO, Fidelity Bank
Ghana has made a lot of progress with regard to financial inclusion. If you look at Ghana at about 2010, nearly half the population, half the adult working population, didn't have access to any financial services. From 2010 to-date, that number has been reduced less than half. So, we are now 24% of the population, adult population, not having access. The major game changer has been mobile money. Today, we have some 10 million mobile money subscribers. Banks like ours partnered with MTN and we're launching, we launched Y'ello Save, a saving product, will be launching a lending project. So, mobile money has been a significant game changer.

In addition to all of that, I think the government and the central bank have been very forward-thinking in trying to promote financial inclusion and take it to the next level. So, the government has launched a national I.D. project where you'll have an I.D. card, which can be used to KYC everybody. The government has also launched mobile interoperability, which will enable all the mobile money players to switch from one to the other. At the moment, they're all kind of working in silos.

And then in addition to that I.D. card, there is a digital addressing system which makes it a lot easier to identify where people live, the demographics of different areas, and what sort of services you'll need to offer them. So, we've made significant progress.

You have something like nearly 1,000 different financial institutions, regulated and unregulated, in this space, 33 banks, loan bank financial institutions, savings and loans, microfinance institutions. And, at the bottom, you have the more informal money lenders, collectors; everybody playing their role in offering services to every person. So, we've made a lot of progress but there's still that last mile and deepening the sort of offering we have. At the moment, it's all payments and some savings, getting into credit, getting into insurance, and other products to deepen the service.

Gugulethu Cele:
Simple things that we can certainly explore there and obviously look to unpack, especially given the sentiments that were mentioned by the Governor of the Bank of Ghana earlier here today at this Symposium.

Maimouna, Francophone Africa. With regard to the progress, I understand that we've also seen a lot of being it really spearheaded by mobile network operators.

Maimouna Gueye, Principal Financial Inclusion Officer, African Development Bank:
Exactly, Gugu. Perhaps before I get into the dynamics, I'd like to explain a little bit what the francophone Africa region is. It's actually called the WAEMU Region, the West Africa Economic and Monetary Union. It's comprised of eight-member questions. For those who don't know those are:

- Benin
- Burkina Faso
- Côte d'Ivoire
- Guinea-Bissau
- Mali
- Niger
- Togo
- Senegal

So, that's francophone West Africa.

It's been an amazing region in terms of innovation. Actually, the central bank in 2006 issued regulation for e-money. That's way before M-Pesa came along. And, the very first license was issued in 2007. So, that's how early this region was really looking at how to provide access to financial services for the lower part of the population, lower income-earning people.

So, what has been done and has been so amazing is conducive regulation. From 2002, the Payments System Act said that entities such as microfinance are invited to offer financial services. Loan banks are invited to offer financial services. So, that gave, really, a big push to access to financial services.

Other than the regulation, we also have the infrastructure, the financial infrastructure. The central bank led the ground for very strong payments systems, integrated regional payments systems, that actually are aligned to the last standards, the payment aspects of financial inclusion standards.

Today, you have a regional switch that integrates eight countries, card payments, mobile money are integrated. And, the African Development Bank is supporting these projects. So, just to give you some figures. The region today has 35 million mobile money subscribers, up from 11 million in 2015. So, that's a huge growth. In 2010, there were only two million mobile money users across the regions.

Gugulethu Cele:
And, this is across the six countries?

Maimouna Gueye:
This is across the region.

We're talking about 35 billion in the value of transactions.

Gugulethu Cele:
Thirty-five billion in francs.

Maimouna Gueye:
Another aspect is the dynamics across borders where you have several corridors, approximately 11 corridors from Côte D'lvoire to Bukina, Mali to Niger, Senegal to Mali; those are extremely dynamic regions. So, that's where I wanted to highlight.

Gugulethu Cele:
So, clearly highlighting that there is some dynamism taking place here. Perhaps some of the East African representatives in the room with the M-Pesa background obviously looking at some opportunities that they could also tap into and lessons to also learn.

Naturally, many of you alluded to the fact that regulation has obviously opened up and provided a platform for this innovation to take place and enhanced product development to also be developed. And, I want to come to you, Temi, as a representative of the regulator. And, as you alluded to off air, often being identified as this policeman who is meant to monitor and often, at times, not really open up the landscape.

What are we seeing from a regulation perspective, specific to Nigeria, with regard to the several workshops on financial literacy, and product development, what particular outcomes have actually occurred from that? And, are we moving into a direction where perhaps “sandbox regulation” is something that's likely to be considered by many West African markets in order to facilitate and encourage product development and innovation?

Temitope Akin-Fadeyi:
Thank you very much, Gugu. The regulation has actually evolved because we know that the landscape for financial inclusion itself has also changed, and innovation has actually forced traditional supervision to rethink itself.

Now, speaking about the Nigerian example. When we started looking at this particularly, we saw that existing policy could not drive the kind of change we needed to see as a country. So, one of the early policies that we looked at was to say, "how do we drive these types of payments in the country?" And then, at about 2010-2011, the mobile money policies were issued and the first set of licences were given to about 20 payers thereabouts to say," you know what? We don't want to stick to traditional banking. Brick and mortar has brought us this far, but we don't think it's going to take us, you know, to the last mile". We need actually to innovate. Because what did we see in Nigeria? The primary concern of exclusion is the challenge of distance. People needed to travel, you know, very long kilometers to get financial services. But, the digital challenge what we've seen it transcends the barrier of physical channels. So, agency banking came into play. The mobile money regulations came into play, and other policies, as well, to support the landmark.

Now, what do we say to them about the regulators? The regulator is also changing because we realized that you cannot just formulate policies. Policies need to come from a process of consultation which brought us to this. What we have now in Nigeria is a process whereby the regulator is talking to the market operator, the market operator is talking to the consumer. We have a nice consultative process to develop policies that can actually address the marketplace.

Gugulethu Cele:
The communication is great, but how quick is the turnaround time? Because engagement is fantastic, but how quickly does that actually translate into regulation AND company strategies that really focus on customer centricity?

Temitope Akin-Fadeyi:
It doesn't take that long actually.

Gugulethu Cele:
Give us a number, a figure ....

Temitope Akin-Fadeyi:
Let me give an example. Now, you talked something, which I will quickly latch on. You talked about 'sandbox' regulation. It's been a buzz word, right? A lot of us in this room read about it, heard about it. Now, what have we begun to do? You find that innovation comes from the marketplace. It may not come from the regulators, it may come from consumers action. Behaviours change. It may come from the market. So, what does a regulator say? The regulator doesn't say, "no, no, no. It doesn't happen". Maybe that was in the past. So, what do we do now? You tell the market operators, "let's discuss this issue". As we speak now, we have a special website put together to look at this very critically. And, what do we do? We don't wait until the last mile policy is out. You discuss, you release draft reports, you ask for consultation and there's a whole feedback process. So, in terms of timeline, it depends on what kind of regulation. But the point is, it doesn't take as long as it used to be because now you have, I'll say, a very positive feedback loop that actually provides some clarity.

Gugulethu Cele:
I'd like to throw a spanner in the works there and also ask you about the markets. You say that you're liaising with the market. But, as we know, as a central bank leader, you no longer are just engaging with banks any more or financial institutions. We've heard of mobile network operators coming into the market, as is from various other sectors who also look to join even in the regional space. So, you're liaising and engaging with multiple stakeholders here. How has that also changed? And, does that also delay progress or actually expedite the process?

Temitope Akin-Fadeyl:
I think it's actually facilitating, and it's a good example to give here. I talked about the agency banking framework, which was released in 2013. What did we do after that? We saw the feedback from the markets. We saw the implementation speed and we went back to the drawing board. And, there was a follow-on policy, the proprietary agency framework. And that came from a direct market feedback. So, what did we do in that regulation? In the initial regulation, you needed to have the banks strengthen funds, deploy agent networks, but on the follow-on regulation, these proprietary networks, you then said, "telcos are going to come in and partner". So, you see the feedback loop that then brings in other new players into the space.

The other thing I wanted to mention as well...there was something else you mentioned. I forgot it.

Gugulethu Cele:
With regard to the telco operators that also come in. You mentioned that you liaise with them from a market point of view, overall. You touched on the sandbox regulation, as well.

Temitope Akin-Fadeyi:

Okay. Yeah, I remember what I want to bring up now. So, what we find is it's not just central banks now talking to the markets. There's also that collaboration between regulators. And, as a good example here, as well, now you find the central bank talking, for example, to the telco regulator, the Nigerian Communications Commission. As a matter of fact, as of today, Nigeria, we have a joint taskforce between the three industries to look critically at mobile money. So, how do we leverage on the strength of the banking sector to develop digital financial services?

On the other hand, how do we leverage the telecommunication sector to achieve the same thing? So, this kind of collaboration is like that. It's not just market-regulator or market-consumer, it is also regulator-regulator. And, it's actually enhanced implementation on the ground.

Gugulethu Cele:
Edward, I'd like to come you, as well, because you've proven this with your partnership with MTN. Instead of viewing them as the enemy, instead you've gotten together and looked at avenues of collaboration. Are these some of the dynamics that we continue to see within the Ghanaian financial inclusion space?

Edward Effah:
Yes. Coming back to the central banks. I think our central bank is very collaborative and supportive. And, in any market, you'll get at the time where the market is developing, hasn't developed and there will be nothing. And then, they'll come back and say, "look, let's have some guidelines" and then they'll, you know, have policy. So, the central bank has been very supportive.

If I look back at smaller stuff down at MTN or our SMART account, which we launched in 2014 or agency banking. In all the cases, there was no regulation when we approached it. But they were quickly able to think through it and come up with a regulation.

So, coming back with our partnership with MTN, we expect to see more collaboration between banks and telcos. It's not a zero-sum game. And, if you look at markets where mobile money has developed, the banks are still very profitable because the cake has been increased and everybody gets their share. And more importantly, you're able to bring in to the economy...a lot of people who were previously outside. So, if I take today mobile money floats in Ghana is about 2 billion cedis. That is over 500 million dollars. This is money that probably wasn't in the system before. And, as a bank, we're the beneficiary so we have a significant chunk of that money in our books.

Gugulethu Cele:
And, there's nothing wrong with that, right? You're a commercial entity. You may continue to drive that.

Edward Effah:
There's nothing wrong with that.

Gugulethu Cele:

And, that also makes me want to consider you know stirring the pot slightly with regard to how, as a leader of a corporate entity, you ensure that financial inclusion remains part of your strategy when fundamentally you've got shareholders to respond to. You need to make a return on investment. What the poorer customer on the back of our nametag is actually going through is actually none of your concern, however, you've prioritized it. How do you strike a balance between some of those needs?

Edward Effah:
It's a big balancing act, I won't deny it. It's got to be sustainable financially. We're not a charity and, therefore, you can't be supporting financial inclusion *ad infinitum* when you're not getting anything much out of it. But, it is profitable. It's both a social responsibility and it's got to be sustainable. The challenge is sometimes you can get the strategy wrong, sometimes it can be very expensive, sometimes the time it takes to break even can be very long. So, you need the commitment that we're doing this for the long-term.

But, at the end of the day, with technology, with mobile phones, online, digital services, you should be able to bank anybody earning say 100 dollars a month profitably. I think below that level, you may get rural banks and other community saving groups coming in. But, for a bank at that level, 100 dollars a month of earnings, you may easily get 5+ million people in any African country who are in that bracket of 100 dollars or say 300 dollars a month. The same people receive remittances, the same people pay school fees, the same people pay utility bills. And, if you are able to make even a 1 dollar a month from them, it's 5 million dollars a month that you are adding. It won't mean a corresponding increase in your technology costs or whatever. So, it is strategically important. Sometimes time-to-market can be a while, but it's viable. We've seen it from our own experience, we've seen it from, you know, the Kenyan banks like Equity Bank.

But, talking about the difficulty. I remember when we launched MTN Mobile Money. We used to be in the same building with MTN. We went upstairs. We all did the UAT test and all the rest of it. And for us, as a young bank, we thought we were going to use mobile money to leapfrog the banks with the branches. 2011 there was literally no transaction on mobile money. 2012 literally no transaction. 2013 literally no transaction. And, we begun to think maybe we made a mistake and we should back out. But then, it picked up very quickly in 2015-15-16. And now, we have half a billion dollars in mobile money floats. So, it takes time. It can be painful, but you've got to be patient. And now, we're moving from just payments to loan products, saving products, insurance, and remittances. We're the only bank which receives remittances on mobile money. So, there's a lot that you can build on it.

Gugulethu Cele:
Clearly lots of dynamics that have come through there. But, I also want to understand the context within francophone states and, of course, the interoperability or rather partnerships that come together from mobile operators and banks. And, I think you've confidently, very subtly, said that there is still relevance of banks within the market and not necessarily to fear having the pie being eaten by the mobile network operators.

Maimouna, from your experience, we've obviously seen several mobile network operators *really* spearheading and taking over the lead with regard to remittances as well as other mobile money payments with regard to the francophone-speaking states. But, how do we extend this further to ensure that it doesn't necessarily depend completely on technology or is technology and mobile that head of fear that we elude to?

Maimouna Gueye:
Yes. That's the challenge today in francophone West Africa. We have laid the ground for...I say, 'we'. I'm a former regulator so I still speak as if I'm at the central bank. But, there's been a great regulation, great infrastructure. So, what do we do next? We have to build on the existing mobile money accounts that we have. There's a momentum here. However, when you look at the statistics you will see that most people still transact in payments, very little payments, but mostly airtime purchase and P2P transfers. We need to get to small loans, we need to get to digital credit, we need to get to digital savings.

Gugulethu Cele:
How do we get there? Let's fast track to that particular issue because it has come up several times within this Symposium as to how best to we get there to offer credit? How do we ensure the data is protected? How do we ensure that KYC privacy is also accounted for?

Maimouna Gueye:
The engagement of stakeholders. The banks have to find interest in this massive wealth of customers. And, you know, telcos can only offer payments. They can never offer credit or savings with interest, at least in most regulations. So, these customers are there, 35 million customers in West Africa. They are there for the banks to use to offer loans. So, the regulator, I think today, has a strong interest in engaging stakeholders and the interoperability project that you alluded to actually has started to launch with many many many stakeholder engagement meetings leveling the playing field between the telcos, the banks, and the MFIs, the e-money issuers so that everyone knows this is a win-win situation. Everyone has a market and with the value, like Edward said, with the value, 'you will end up being profitable', but it does take time.

Gugulethu Cele:
It does take time. One other element that obviously comes up with regard to the dynamics there is the data and information on some of these customers. We heard issues being raised such as KYC as well as product development. You can only know who your customer is, what their payment trends are, if you have information on them. It sounds to me like the telcos here might actually be in a power position given that they have easy access to this data; however, it empowers banks and financial institutions.

Edward, tell me how do you respond to how best we incorporate these elements to further financial inclusion goals, in West Africa specifically? Who owns the customer, essentially?

Edward Effah:

I think the telcos own the customer when it comes to payments and when it comes to, obviously, telecommunication services because they own the platform and they want to protect their data. The banks own the customer if they are offering a savings or a lending or other product or an insurance product. So, at the end of the day, if as a bank, I'm in partnership with an insurance company selling my customers some insurance products, I would own the data up to the point where that customer has an insurance product and then the insurance company needs to know. So, I think it's fair for telcos to own the data for their business. But, telcos do not lend money. Telcos do not offer saving products, that is banking. And, once we get into that realm then banks need to have data because we can't even offer the product. The central bank will say, "you don't know your customer". But, when it comes to the payment side, I can understand while telcos can be protective over the data.

Temitope Akin-Fadeyi
I think, for me, it's complementary. Essentially, the telco provides the essential platform to run the service but the banks provide the financial services at the end of the day. They will do it with wallets. But at the back-end, their money is still sitting in a financial institution. So, on the face of it it's complementary. So, sometimes I wonder. We have telcos in the room, we have banks in the room and I wonder why the tussle. And, I think it's the question you asked, "who owns the customer?" I would like to ask it in another way. "Who is serving the customer?" Because at the end of the day, it comes down to service. We are both providing essential services. So, that data resides on the platform, right? So, the telco really, in a way, they have a position of strength but the bank is bringing something equally as strong to the table. I think that's my perspective.

Gugulethu Cele:
Very briefly before we go an ad break. Yes or no? Does customer ownership translate into a customer-centric approach? Yes or no?

Temitope Akin-Fadeyl:
No, for me.

Edward Effah:
Yes.

Maimouna Gueye:
No way.

Gugulethu Cele:
Well, the two ladies say 'no'. The gentleman's on his own. We'll continue unpack this in just a moment as there are many other themes that we look to explore with the audience and, of course, engage with you in our Q&A session.

But we'll be back. We're going to take a brief ad break. We're still coming to you live from the Mastercard Foundation Symposium on Financial Inclusion for 2017 taking a look at the financial inclusion landscape within West Africa. [*Applause*]

We'll be back with more right after this. [*Applause*]

[*Advertisement break*]

Welcome back. You're still watching the CNBC Africa special in collaboration with the Mastercard Foundation talking financial inclusion this time within the West African context.

Many moving parts and dynamics that we've touched on so far in the first half of our conversation with regard to the regulatory landscape, how banks as well as telco operators need to continue to collaborate in looking for these efforts. But, of course, as we shift at the conversation into the next gear now, we'll also explore elements with regards to more product development, technology and innovation and, of course, making sure that customer information is well-protected.

We do have audience members who are joining us here, participants at this symposium. And, we'll be taking questions from the floor with regard to some of their concerns regarding the West African financial inclusion landscape.

Question & Answer Period

Armando Sirolla, AB Bank Zambia - AccessHoldings:
I have a question for Fidelity Bank. In Ghana, Fidelity Bank has been a pioneer in terms of financial inclusion and mobile payments since 2012. However, the question, would you have done anything different since 2012 in order to reach the same level of volume of transaction, I heard 500 million?

Edward Effah:
I think we had made I would say mistakes with our technology. And, I don't know whether we could have done it differently because we did what we knew best at the time. So, when we rolled out agency banking, for example, we acquired an agency banking platform to process our transactions. Shortly after, we put on probably over 200 agents and the transactions volume grew, it became very unstable. So, we had to withdraw it and slowdown and change course. But, on the other hand, it's very difficult to say would have done it differently because whoever you speak with, whether it's Equity Bank, a commercial bank, other banks who have gone that way, everybody learns as you go along and you tweak the platform as you go along. And, everybody made mistakes and nobody got it right the first time. So, the answer is we wish we had all the answers Day 1 [*Laughs*] and would have done it the perfect way, but that is in an ideal world. I think in the real world, you'll even learn from your agents what transactions they want to do, that you are doing, so you tweak the platform.

Again, with us, we launched a SMART account in 2014. We went to the central bank and said to the central bank that we want to bank the unbanked and, therefore, give us limited KYC requirements. They hadn't had all this before. So, we designed the accounts and said for an account where the customer is transacting 10,000 cedis per transaction we don't need the full KYC. We need formal identification and we don't need to confirm your address and all the rest of it. And, they gave us the approval and we launched the SMART account.

The SMART account is an account that you can open if five minutes. We can meet you on the street, you fill out a form. We get your identification whether it's a driving license, a passport or other I.D. And, immediately, we give you a card, a proprietary debit card. And within five minutes, you get a PIN via mobile. So, the picture goes to our central processing, it generates a PIN number and with the PIN you can transact on any ATM. You can have literally a bank account, a wallet, you can pay money and get a record from. And, we're onboard at nearly half a million customers on the SMART account.

Maybe we should have started earlier, as well, because it's a long journey. So, I wish we had all the answers and we didn't have any strategic risks in some of the decisions we took. But, you make those mistakes. You'll buy a type of POS that may not be as functional and, therefore, you may change it to a more world-class POS terminal and so on and so forth. But, these are things you learn as you go along.

Gugulethu Cele:
So, roll with the punches, Armando. All the best with your endeavours too. And, thank you so much for your question.

Edmund Barwuah, Airtel Ghana:
My question probably could go to any of you.

The key challenge around financial inclusion is how do we get a lot more people who are outside their brackets to be within the space? A lot of the things that have happened and the products we have developed seems to have focused on clients within urban areas. Several attempts have been made to make sure that those within the rural areas are brought into the fold. We don't seem to have made a lot of progress on that side. What are we missing? What can we do differently? Because today, more than, if I'm not mistaken, more than 50-60% of transactions are happening essentially happening within the cities. What can we do differently to actually be able to get closer to, if I use the word, 'financial inclusion' because the people we want to reach are those outside urban areas. What are we missing? What can we do differently to be closer to their goal that we are chasing? Thank you.

Edward Effah:
I think we have made a lot of progress, like I said, over the last seven years, since about 2010, in bringing many people who are previously unbanked into the banking sector. There are challenges in banking people with very limited income in very sparse communities in rural areas. So, typically, I've personally visited a number of village savings and loan associations, VSLAs. In a small village, you've got a community of people sitting under a tree and they donate money into a savings fund and they borrow from each other. Some of them are not easily accessible. The

amount of money involved is small and for some of those communities you can bank them deliberately as a bank as a social responsibility, but it may not be profitable to do it.

We've tried to look at how we can offer the community a savings platform but, again, the nearest branch is significantly, I don't know, it could be 10-50 miles away from any sort of activity. So, as a bank, what we see is that certain levels of income may not be viable for us. I won't pretend we can bank everybody, and maybe that level is 100 dollars a month or slightly lower. And, for that to be below that, you may have other service providers. It could be NGOs, it could be susu collectors, it could be saving schemes to serve that market. And, we can provide that association with the tools we are able to provide this service. So, we'd rather bank, say a microfinance institution who will cover that community and give them the platform, the POS cards, and all the products rather than we hire a driver and a car to go into those communities.

Gugulethu Cele:
Exactly. Temi, I would like you to respond to that.

I'd also like to throw in another element into that conversation with regard to alternative sources of financial inclusion. Perhaps if you can also add your point of view there, Maimouna. Because we've also heard conversations that perhaps telcos need to come in, reduce the cost of handset devices, reduce the cost of connectivity and perhaps that's a way of including individuals who are in rural outskirts to have more affordable phones and be able to transact using the best type of technological quality that might be available for them.

Temitpe Akin-Fadeyi:
Thank you very much. I think you mentioned a bit of the points.

One area I'd like to draw your attention is in terms of how do we reach the grassroots. I think it's something we've taken onboard but collectively. What I say, "we are the many regulators across market operators", as well, is how do we formalize the informal sector? It's a discussion we've not had already, but I think there's a bigger opportunity we're leaving on the table.

Now today, when you talk about financial inclusion, sparks go off when you talk about banks-telco collaboration. But, I think beyond bank-telco collaboration, we need to have some work on financial institution collaboration with the informal sector, as well. Because over the years, those institutions, those associations, they are the grassroots. They understand the people. They sit with them, they eat with them. But the point is the services are not as structured, right? Now, we know there's a limit as to how they can scale. So, instances where you have more of those collaborations at the grassroots kind of really supports the flow of finance.

And, you touched on something just now. Sometimes for the big institutions, it's not economically viable to go set up a branch and crowd order resources into that area. But, it can finance an institution at that local area who can then do the affinity networking within that area. I think we need to have more of that.

Some of the conversations that we need to push are issues like wholesale lending, for instance. You have the same microfinance bank in the local community who is your client. You lend to the microfinance institution and it goes through the microfinance institution will understand this very well. I mean, from my background as a person from the commercial bank to the microfinance bank, you see that in business models, are very different.

Microfinance banks understand the grassroots. They can go knock on doors right around the community, but commercial banks, I mean no disrespect, they can do this as well to an extent. But, with the finance and the support they have, if the supports they find in that area they can advice more. Maybe another area to highlight, this is the area of fintech start-ups. So many innovations around micro-credits, micro-savings. We need to keep that conversation going. And, I think ultimately, the beneficiaries will be the consumers, for which we are here.

I look at my back and it says, 'Clients at the Centre'. I think we want to keep that in the middle of our conversation, we will all think a bit differently. Thank you.

Maimouna Gueye:
At the African Development Bank, we have a need-based approach. In the rural area, we do know that people outside of, people are cut off from electricity. Overall, in Africa, 645 million people don't have access to energy. So, what we do is we try to provide off-grid connections to people in the rural area. We have a target of 75 million connections.

We also try to digitize value chains. In Liberia, for example, we have supported the government in digitizing subsidies to small-scale farmers. So, this was like a digitally-based financial inclusion, also based on the needs of the farmer.

So, we all after that, we brought in the financial sector and set up a risk-sharing facility where the bank, based on the data that was derived from the behaviour of the small-scale farmer, was able to, at least, identify a potential customer and provide subsequent services such as micro-loans. And, this model is replicated in Gabon. It's also replicated in Malawi and Togo. So basically, in the rural area, you have to focus on the needs of the population and bring that service digitally.

Gugulethu Cele:
Taking it back to the customer and, of course, extending it in a purposeful manner to the individuals that we're trying to address here with regard to those in rural areas and poorer communities. I want to piggyback on some of the themes that were highlighted in the responses to the questions, and there will be opportunity for further Q&A in just a moment.

By a show of hands, are there any representatives of microfinance institutions that operate in the West African environment? And, perhaps we can get your feedback from the floor to understand exactly how YOU view the future landscape with regard to financial inclusion and some of the assistance that you might need from either commercial banks, or regulators like we have on stage, to actually aid your efforts in bolstering financial inclusion within rural communities in West Africa. I saw a lot of hands earlier when we did that gauge towards the right-hand side of the room. Any representatives from microfinance institutions in West Africa who are willing and keen to continue with their efforts?

There we go. We've got a show of hands. Sir, do you mind if we give you a microphone and let's get your perspective as to how the representatives on stage might be able to assist you in your efforts to really change the landscape so that five years from now, we are having a completely different conversation with regard to financial inclusion in West Africa where we hopefully would have achieved the goals that have been set out.

Male Audience Member:
Thank you. Good morning. Thanks for the opportunity.

I work with International Savings and Loans here in Ghana. And, I must say, very insightful learning from the Fidelity example. But, we follow them largely and the challenge is that sometimes the actors in the financial space don't see themselves as working together. The banks may see the savings and loans companies as a threat. The savings and loans companies may see the microfinance institutions as a threat. At the end of the day, the ecosystem is about the customers. So, it's very important that we see ourselves as collaborators working in the same space, either financial institutions or telcos, working together for the force of the customer and reaching out to the clients that we have not been able to reach out to.

Some savings and loans companies, some rural banks are in communities where banks will never be able to have branches and that's why there's a need for that role of partnership and engagement across the divide, and that's the dimension I want to add to the discussion in moving forward in the years ahead.

Gugulethu Cele:
It's a polite challenge to Mr. Effah to perhaps have a meeting with him in his boardroom on Monday [*Laughter*] for collaborative efforts?

Edward Effah:
No, I can't agree more. We collaborate with a lot of savings and loans, MFIs. We support them. There is no point in trying to serve every customer and reaching every customer. There are communities where there are community champions. They know everybody in the society and it would be very difficult to go into that society and try and win that person's customer. So, whenever we can we collaborate. We have a lot of partnerships. We have MFIs and saving loans that we support and they bank with us. So, we lend them money. They on-lend. Some of them, they want to do money transfers. We clear cheques for them. They want to establish a policy for their customers, we do all that for them almost like their correspondent bank. So, we're all for partnerships. We don't pretend that we can reach everybody. But I don't think all the banks have the same philosophy.

Gugulethu Cele:

That's an open, I guess, agreement and challenge and perhaps acceptance of that meeting request that might be likely to take place.

Denis Moniotte, Chief Innovation Officer, Microcred:
Hi. I'm Denis Moniotte. I work for Micocred, a microfinance institution in West Africa primarily francophone West Africa but also Nigeria. I wanted to reflect also on what my colleague said here. I think partnerships, how can we build better partnerships for me is key. And, I think it's actually very related to the regulation.

My perception today is that we have telcos, microfinance, and banks in three different boxes with sometimes rules that apply to some of them but not all of them, and generate some situation where some actors have some monopoly on some activities and forces the others to find other ways around it. And, I think a less siloed approach to regulation and a more risk-based approach to regulation would really help to say whatever your fundamental nature, to some extent, if you show that you are controlling the risk of this activity, you may start this activity rather than saying your license is this. You may not do this or you may do this. We end up in a situation today where sometimes we are not allowed to do things that some telcos are allowed to do, but we control the risk over this activity sometimes better than some telcos just because we have a different license. Yeah. Thank you.

Gugulethu Cele:
Thank you so much for your feedback. I'm not too sure if you want to respond, Maimouna, and perhaps piggyback off of the sentiments that he's alluded to specifically.

Maimouna Gueye:
Just perhaps to stress on the importance and the role of the microfinance sector in West Africa. You have approximately 700 MFIs that provide services to 12 million people. So, yes, we have digital financial services but microfinance services are still relevant nowadays. And, the challenge for AFTB is to build capacity in this sector, provide grants, technical assistance, to allow these MFIs to be stronger and to also participate in the regional payment systems along with other players.

Ruth Odera, Habitat for Humanity International:
Thank you. I come from a country where M-Pesa has revolutionized payment systems and banks and engaged with telcos and MNOs to develop payment systems and mobile banking.

My question is to the regulators. How do we ensure that the consumer is protected and the banks are also protected in their engagement? Because using the mobile wallet, there is a lot of risks, there are very high risks, the risk of default. So, how do you ensure that both parties are protected: the banks and the consumers?

Temitope Akin-Fadeyl:
Thank you very much. Consumer protection is actually central to financial inclusion. Because when we are talking about bringing people that have lived their lives in a certain way and you

want them to come in to the formal system that will better protect them. Yeah. So, if I use the example of Nigeria. We have instituted the Consumer Protection Framework which is very broad and it talks very specifically about the roles and responsibilities of a service provider in different directions. And, it also stipulates on the other side the responsibilities of the consumer. Because often, sometimes we talk about the consumer, but we're thinking only of the clients. But, the regulator is thinking of the clients and thinking of the operator as well, because the activities of the consumer that might affect the professional well-being of the institution, so it's both sides.

And, what consumer protection does is it provides that balance between the two players. It's a financial transaction and when money is involved people are very sensitive. So, what you want to do is define the rules of the game. This is the limits within which this happens. If something goes wrong, there has to be a redress mechanism. I've done a transaction. I didn't get paid. I also got charged. There has to be a redress mechanism. And, when that is communicated well enough, what you will do is to build the confidence of the consumer in that service. And, when the consumer trust is strong, you are sure of repeat patronage and then you can grow the service itself.

Gugulethu Cele:
Well, thank you so much for that question. And, I hope the response has also managed to address some of your concerns.

I was hoping to get a conversation on crypto-currencies, as well. We talk about the digital age right and the digital revolution and this new future that we're working towards. And, of course, this also plays an element. From the audience, before I actually pose this question my panelists, I'd like to get your views by shows of hands. If you believe that crypto-currencies perhaps should be incorporated as a *solution* to help drive financial inclusion, 'yes' if you believe that this is the case. Please raise your hands. Some of you are doing it, reluctantly so. Well, it seems as though we've got a few audience members agree. I take it for the rest of you with your hands down, you disagree, correct? Yeah, okay. Still not too sure. But, let's actually talk about that, especially given that we're looking at the future of how best to address financial inclusion in the West African context.

Does crypto-currency need to be a feature? And, should we be having this conversation? Is it relevant?

Maimouna Gueye:
I think crypto currencies could accelerate financial inclusion, but there are priorities before. To me, it's a matter of maybe Fourth Generation. Like, I said, in the region that I'm referring to, we're still struggling to get to Second Generation financial services. So, it would be good to focus on those; however, crypto-currencies are based on a general ledger technology that is useful to accelerate and fast-track financial inclusion. For example, it could be used for software in a switch to interconnect several players and transactions. So, in that sense, the technology behind crypto-currency is useful for financial inclusion. But, the currency, as itself, it maybe early for at least for Africa I would say.

Gugulethu Cele:
We know that central bankers have a very strong stance on that.

Edward Effah:
I think we need to distinguish between the currency like Bitcoin and the technology behind it like blockchain. Blockchain can be used for remittances and other products which banks are considering globally, and that is a technology and it can be adapted to launch different products.

In terms of Bitcoin in Ghana being used to advance financial inclusion, I don't see it. Even our online platform is used by probably less than 10% of our customer base. And, I just can't imagine that many of the rural dwellers who are struggling to buy a smartphone want to be buying and using Bitcoin to transact, it's way away from reality.

Gugulethu Cele:
I think it's fair to say we know where your stance is given that you represent a central bank, right?

Temitope Akin-Fadeyi:
So, should we be talking about it? Absolutely, yes. Should we be concerned about it? Absolutely, yes. Why do I say this? Financial inclusion is really about bringing the people into the system, right? Well, we know today the underlining fundamentals...remember when I talked about power? I think I'll throw out another theme. 'Literacy', 'financial literacy'. So, I think, for me, the underlying fundamentals that we need to address or should we talk about it? Again, I say, 'yes'. Ultimately, we are looking for whatever the technology is, whatever the innovation is, to advance financial inclusion. But, we are also aware that it is a change in landscape.

I talked about Nigeria. Five years ago, when we developed the financial inclusion strategy, there was no regulatory sandbox on the table. But, this is 2017. Now, we're talking about sandboxes. So, the market keeps changing. So, what do the regulators need to do? Upscale, lend, and adapt. I think I'll leave it there.

Gugulethu Cele:
I think you chose a very powerful point, very powerful points with regard to how regulators need to respond. But, of course, we also have a room of innovators, entrepreneurs, and individuals who are leaders within their institutions that deal with financial inclusion.

Some of the concerns that we did hear with regard to the West African environment is still around corruption, knowing your customer, as well as privacy.

Maimouna and Edward, as we come to you for your closing remarks, very briefly in less than 30 seconds, how best do we need to address financial inclusion in the West African landscape to address some of the concerns that were highlighted in today's conversation and tangible results that can be achieved in the short-term?

Edward Effah:
I'll talk about three things. I'll talk about 'regulation and leadership', 'digital financial services'. And, I'll start with those two.

As regulators and leaders, I think you need a national agenda to say that we want to take financial inclusion seriously. And, I'm happy to say that the government of Ghana has developed their own financial inclusion strategy. They have launched the national I.D. card. They've promoted interoperability amongst the telco operators. And, they've also launched the digital addressing system. And, all that feeds very well into the whole national financial inclusion strategy because it makes KYC easy. It makes it easy to identify where people live, what age they are, what income level they have, and to develop products around them. So, the central bank should also be keen to promote it and support it. So, that is sort of the national agenda, the leadership, and the regulation around it.

Then, we need to look at how we can drive products on mobile. At the end of the day, we have more mobile phones in Ghana than adult registered voters, which means everybody is accessible, whether it's a smartphone or using USSD technology. So, on that basis, we should be promoting and going past payments on mobile money to...

Gugulethu Cele:
Edward, 15 seconds unfortunately is up on your end. Maimouna, we'll give you...

Maimouna Gueye:
Quickly, perhaps, just to say that the response could be in the RRAA. What's the RRAA? The rules, rails, accounts, and apps. We've been doing a good job setting up, establishing infrastructures, rules through regulation. Now, there's a challenge with the apps and the accounts. The accounts are almost there but then the apps, the services behind, we have to build on the momentum. Like I said before, users are there, but they need services. We have to retain them in this financial system, otherwise we just lose them. So, putting together these pieces of the puzzles: the rules, the rails, accounts, and the apps would help.

Last thought. 'Identity' and not just only simple identify, financial identity. When I look at the Indian model, the Indian stack. I dream of an African stack, right, where I can financially identify my people through biometric, know about their credit history and then they can get instant loans. This is where financial inclusion starts. Not access, but also usage. It's not an old debate.

Gugulethu Cele:
Fantastic. That's how we'll wrap it up for today for our panel discussion giving us insight into the financial inclusion landscape within West Africa.

Naturally, it is a national agenda. We have various stakeholders here in the room who were set to fulfill this agenda. And, of course, it does need to trickle down not only into regional integration but, again, touching the lives of individuals whose lives we hope to change. A customer-centric approach making sure that we address all the needs that need to be fulfilled from a regulatory perspective but, of course, the end-user and customer at the end of the day.

Ladies and gentlemen, the landscape is open for innovation and, of course, lots more investment to certainly take place given that the tide is also turning for many of these West African economies.

But, that's how we wrap up the conversation for today. Taking a look at the West African financial inclusion landscape here at the Mastercard Foundation Symposium on Financial Inclusion for 2017.

A big thank you once more to my panelists for joining us in conversation. Ms. Temitope Akin-Fadeyi, Financial Inclusion Head Secretariat at the Central Bank of Nigeria; Mr. Edward Effah, Group CEO of Fidelity Bank of Ghana; and Maimouna Gueye, the Principal Financial Inclusion Officer at the African Development Bank.

A big thank you, as well, to our audience members and participants here at the Symposium for 2017 sharing their insights as well as questions with us and our panelists. To you at home, you can continue watching online at cnbcafrica.com and keep the conversation going and follow the themes and outcomes that follow through from the Symposium using the #sofi2017.

For CNBC Africa, I'm Guguletha Cele. [*Applause*]