

Cross-Country Cooperation in Digital Payment Platforms and FinTech Solutions: Key to Ensure Financial Inclusion and Inclusive Development

New Delhi, 22 July 2021

Speaking on ‘**Digital Payments Dialogue: Experiences among Developing Countries**’, the **11th webinar organised by Global Development Centre (GDC) at RIS on South-South Cooperation**, Professor D. Janakiram, the Director of the Institute for Development and Research in Banking Technology established by the RBI, said that although India still examines the pros and cons of adopting central bank digital currency for wide use, digital wallets may become a crucial part of the proposed Central Bank Digital Currency (CBDC) framework in India to help boost financial inclusion programmes as well as to prevent leakages of government subsidies, according to an expert.

The limited usage of the Aadhar-linked bank accounts opened as part of the Pradhan Mantri Jan-Dhan Yojana financial inclusion programme was burdening the banking system. He said, therefore, the way out to lessen the burden of banks is to promote digital wallets backed by technologies like blockchain to ensure security as well as to develop the next-gen infrastructure to shift transfers of government subsidies to the digital currency space to prevent leakages. Use of 5G services and digital wallets promoted through video KYC would expedite the process, he added.

Ambassador (Dr) Mohan Kumar, Chairman, RIS, said Africa and Asia - which are the emerging as the most important digital payments markets due to their young and growing population – must be ‘rule-shapers’ than ‘rule-takers’. He said governments must play the role of facilitators and enablers and help promote harmonisation of rules and share best practices.

Mr Ritesh Shukla, CEO of NPCI International Payments Limited, said P2M (person-to-merchant payments) transactions are growing in India with more merchants accepting digital payments. He said there is also a greater focus on providing digital payment solutions for people with regular phones (that are not smartphones). Mr Shukla also said experiences from the Indian digital payment ecosystem could be shared with other developing countries as part of the South-South Cooperation model. Closer regulatory cooperation and interoperability should be part of developing country discussions on digital payments, he said.

Mr Ganesh Ananthanarayanan, Chief Operating Officer (COO), Airtel Payments Bank, said the key target segment in the digital payments space in India is the 200 million underserved customers including in remote areas. Biometric-enabled digital payment solutions can help serve all the rural customers in a secure manner, he said, adding that improving customer experience is key to ensure that they stick to digital payments mode as well as to promote financial inclusion.

Mr Kennedy Kipkemboi, Regulatory Specialist, Mobile Money, Programme, GSMA, Kenya, said it is important to reduce the compliance cost including those related to initial capital requirements to promote digital payments and ensure a level-playing field.

Mr Mackay Aomu, Director, National Payment Systems, Bank of Uganda, said Uganda is looking into the gaps in regulation including those related to initial capital requirement, and has introduced a six-tier regulatory mechanism to bring in small and medium players. He said

Uganda is also addressing issues relating to interoperability and generating greater public awareness about the efficiency of digital payments.

Ms Olanike Kolawole, Head, Agency Banking, Consumer Bank, Ecobank Nigeria Ltd., spoke about the opportunities in digital payments in Nigeria. Dr Emmanuel Mungongo, Senior Principal Officer, Bank of Tanzania, said there should be greater collaboration among developing countries on improving digital payment product design and reducing barriers.

Ambassador Amar Sinha, Chairman, Advisory Committee - GDC and Distinguished Fellow, RIS, spoke about the importance of sharing the experience of the developing world including India and Africa to mainstream digital payments that boost financial inclusion in the global discourse agenda, develop innovative solutions and build an ecosystem. He said governments must keep a close watch on the sector to prevent fraudulent practices. Dr Priyadarshi Dash, Associate Professor, RIS, spoke about the exponential growth in all the aspects of digital payments and FinTech. He said regulators need to make sure an orderly growth of the sector. The session also had discussions on digital wallet insurance solutions as part of risk management strategy. (ENDS)

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