



# More Good Jobs and Economic Growth through DIGITAL FINANCIAL INCLUSION

**470 million new jobs are needed by 2030 to meet SDG 8<sup>1</sup>**

## THE OPPORTUNITY

Digital financial services fuel low-cost business models with the potential to create 95 million new jobs and add 6% to global GDP by 2025.<sup>2</sup>

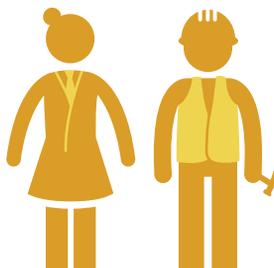


### CHALLENGES\*

280 million adults still **receive private sector wages and salaries in cash**, excluding them from the many benefits of digital financial services.<sup>3</sup>

Micro, small & medium enterprises (MSMEs) cannot scale without access to credit. Despite their growth potential, there was over **\$5 trillion** worth of unmet demand for credit in 2015, partly due to **lack of a credit history** or collateral.<sup>4</sup>

**More than half of the payments made by MSMEs in 2015 were in cash or check**,<sup>5</sup> which increased costs.



### SOLUTIONS\*

By **digitizing salary and trade payments**, businesses can offer their employees and business partners a direct channel to financial inclusion – increasing economic opportunities and resilience.

When MSMEs digitize payments, they start **generating data** that can be used for **credit scoring**, which can then be used to make decisions on **access to financing**.<sup>6</sup>

Digital financial services allow MSMEs to **reduce the cost of handling cash and increase access to consumer financing**.<sup>7</sup>



“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”

**AFGHANISTAN** Workers at one firm increased their savings after choosing to have a portion of their salaries automatically deposited into mobile phone savings accounts. During the first six months, the **average worker saved** approximately **37% of their salary.**<sup>8</sup>

**CHINA** Ant Financial and MYbank have used **digital payment transaction data to underwrite more than \$70 billion** in cumulative loans to 5 million small businesses, microenterprises, and entrepreneurs since 2015.<sup>10</sup>

**BANGLADESH** Digitizing wages of factory workers in the garment sector could save up to **85% of transaction costs of the factory** within two years.<sup>11</sup>

**ETHIOPIA, INDIA, AND NIGERIA** could add **10–12% to their GDP** by 2025 if digital finance is widely adopted.<sup>12</sup>

**INDONESIA** Go-Jek successfully used cashless payments to solve two key challenges for Indonesians, namely logistics and payments, building an entire suite of services in its mobile app. The company distributes over **\$700 million** in earnings to its drivers and partner MSMEs annually.<sup>9</sup>



\* These represent only a few of the many important challenges and solutions. They should not be read as an exhaustive list.

1 UN, 2016

2 McKinsey, 2016

3 Deming-Kunt et al., 2015

4 IFC, 2017

5 World Bank, 2016

6 Zetterli and Pillai, 2017; Klaper & Singer, 2014

7 Klaper & Singer, 2014; McKinsey, 2013

8 Blumenstock et al., 2017

9 Jakarta Post, March 22 2018

10 Ant Financial, 2018

11 Better Than Cash Alliance, 2017

12 McKinsey, 2016



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