# VIDEO SPEECH AT THE 3RD ANNUAL ARISE CONFERENCE : INNOVATIVE FINANCIAL SERVICES FOR THE NEXT GENERATION

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Excellencies, Ladies and Gentlemen,

I am honored to be part of this important event and I applaud the efforts of Arise and others to expand financial services throughout Africa. I cannot join you in person, but I am pleased to be able to participate in the event via video.

Your theme this year—extending financial inclusion to the young people of Generation Z— is timely and urgent. In the coming years, their energy and creativity will be essential to reducing poverty, improving health, and promoting equality. It is vital that they receive the support and tools they need to make an impact.

We already know that financial exclusion is disproportionately high among young people. According to data from the Global Findex, 30 percent of unbanked adults worldwide are between 15 and 24 years old.  Even in countries with relatively high rates of financial inclusion overall, such as Brazil, India, and Kenya, about 4 in 10 unbanked adults are within this age range. How can we improve the situation, to help the next generation build a brighter future? There have been initiatives going on targeting youth.

For example, in Nigeria, Diamond Bank, in partnership with Women's World Banking, developed three different products in 2012 that are aimed at kids, teens and young adults to ensure that youth have appropriate products for each stage of their life. The products have been well received in the market, with nearly 780,000 Diamond Youth accounts opened as of October 2017. Similarly, in Tanzania, National Microfinance Bank (NMB) recently launched *WAJIBU*, a youth savings account paired with a financial capability program. This offers three different products to serve youth in different stages of their lives. However there is a great need for more creative ideas to bring more young people into the formal financial system.

We can start by tapping into new technologies, designing customer-centric products, and providing robust financial education. Generation Z may provide fertile testing ground for some of the most innovative solutions aimed at expanding access and boosting usage—including those that don't come from the banking industry, such as internet-based platforms and use of big data. In Nigeria, by leveraging big data, a fintech provides credit within 48 hours to businesses that cannot get credit from traditional financial institutions. In China, Alipay and Tencent grew into the largest platforms for online transactions.

Globally, we have already seen the positive effect of technological innovations such as digital ID and use of big data for building credit histories. We are expecting many more changes that will shape the future of financial services such as blockchain, Artificial Intelligence and smart machines. For today's emerging adults, who are the most tech-savvy generation yet, these advances have the potential to make financial services easier and more enticing to use.

Nevertheless, technology by itself is not sufficient. In Africa, although mobile money represents one of the best opportunities to expand access, usage remains an issue. According to GSMA, there were 338 million registered mobile money accounts in Sub-Saharan Africa in 2017, but nearly two-thirds of them, about 216 million, were considered inactive. When technology is customer-centric, it can create miracles. For example, in China, the option for customers to make payments through digital platforms is increasing rates of account use. 57% of account owners in the country are using online tools to make purchases or pay bills in 2017—roughly twice as many as in 2014.

In the Netherlands, Qredits, which blends traditional banking with a low-cost digital support system, is helping entrepreneurs who are unable to obtain credit from traditional lenders. Therefore, along with harnessing technology, it is very important to understand the needs and challenges of financially excluded people to design products that they will use. While doing that, it's not enough simply to ask a few customers what they want.

It is essential for companies to collect quantitative data, engage in dialogue with customers to understand their changing needs and behaviors, and systematically analyze this information. That way, they can make decisions based on evidence rather than perceptions. For example, Capital One, through interviews, learned that customers expect digital tools to allow them to bank wherever they are. But they also expect to have a person to talk to when they need it. The bank partnered with a coffee shop chain and created the first "coffee-shop bank" in 2011. The locations are designed as cafés first and foremost - but the difference is that customers can learn about things like mortgage applications from Capital One employees over a cup of coffee and a pastry.

My last point relates to building financial capacity. It is essential to educate and empower young people so that they feel comfortable using financial tools and services. This is particularly critical as newer, more complex financial products are developed. Timing is key. For many young people, the best time to start learning about finances is right around the time they open their first account. With the rise of mobile money, there may even be an opportunity to educate customers when they buy their first phone. Education in schools is also critical. According to a recent study, financial education in schools is quite successful in increasing knowledge among students. At home in the Netherlands, the Money Wise Platform facilitates financial education with the involvement of government, the private sector, non-profits and schools. Clearly, more of these efforts are needed around the world.

In closing, today's children and youth represent the future client base for financial institutions and the next generation of economic drivers for national governments.

I'd like to wish Arise continued success in fueling economic growth in Sub-Saharan Africa and boosting the prosperity of all its people, for generations to come.

Thank you.