Ladies and gentlemen, I’m very pleased to join today’s discussion of financial inclusion in the digital economy.

As the UN Secretary-General’s Special Advocate for Inclusive Finance for Development since 2009, I have closely observed the evolution and impact of digital finance. It has been more than 15 years since mobile money was first launched—by Smart Money in the Philippines—and ten years since Safaricom started M-Pesa in Kenya. Today, there is widespread global agreement that digital finance holds the greatest promise for expanding financial inclusion to the two billion excluded people worldwide.

The promise of digital finance is backed up by some compelling examples of progress:

- Worldwide, registered mobile money accounts increased by 31 percent in 2015, up to 411 million, according to GSMA, being deployed by 271 services in 93 countries.

- Today, China has almost a million banking agents delivering basic digital financial services directly to rural areas where traditional banks are not available.

- There is also growing evidence that digital financial services have a positive macroeconomic impact. When financial systems become more inclusive they help broaden financial markets and make monetary policy more effective, the IMF says. A new report from McKinsey suggests that widespread use of digital finance could add up to $3.7 trillion to the collective GDP of emerging economies within the next decade.

- And in Kenya, a new study shows that having access to mobile banking lifted nearly one in ten of the poorest users out of extreme poverty, having a particularly strong effect on women.

So YES, digital finance holds much promise. But a big hurdle remains usage. So far people have not taken up digital financial services on a wide enough scale to have a consequential impact on global financial inclusion. Innovations have flourished, but we are still waiting for the real impact.

- For example 67 percent of mobile money accounts were dormant in 2015 according to GSMA—a level that has hardly changed for the last five years.

- Banking agents are not immune from dormancy either. While it is hard to find reliable estimates, experts mention rates for dormant agent activity that go as high as 80 percent.

- Traditional banks face similar problems. For example, in India close to 40 percent of bank accounts were reported as unused in 2015. Zero balance, zero activity, and zero impact on human lives.

The question we have to address is why people aren't using these services.

On the most direct level, the answer is that what is being offered isn’t what people want or need. That doesn't mean that they don't want to save money securely or send payments quickly or borrow funds at a reasonable
Inconsistent internet access is one of the most powerful barriers to effective usage of digital financial services. In Uganda 59 percent and in Kenya 52 percent of customers using digital finance have experienced downtime while trying to perform transactions. This can generate incomplete transactions and inaccessible funds—a particular burden for the poor. Try to imagine what your life would be if half the time you made a transaction with your credit card the system broke down! You will just stop using it as you don't trust the system.

Even when access is smooth, digital finance providers design services and user interfaces without a clear understanding of customer needs. A leading mobile network operator in Indonesia told me that for many years they had designed one-size-fits-all products without much attention to the end-user. This simply did not work. Many private and public financial service providers have taken this approach. And what happens as well is that some new players including mobile network operators may have limited understanding of financial services and what it takes to develop the right products. For instance, products designed for customers who are not digitally literate have to be very different than those for a digitally experienced market.

Inadequate business practices can also severely undermine trust in and usage of digital financial services. In some cases providers have under-invested in digital business models, hiring too few banking agents or training them poorly, or not providing adequate information to low-income customers. In addition, unfair contractual terms, nontransparent fees, inadequate data privacy and protection, and poor customer recourse can all take a tremendous toll on customer confidence and therefore usage.

And finally, consumers face risks from external sources such as stolen PIN numbers, scam messages, and other forms of fraud, which discourage them from using digital finance services. In Ghana, Tanzania, and the Philippines, a new survey from the International Telecommunications Union found that 12 to 17 percent of digital financial service users have lost money to a fraud or a scam.

Any one of these problems is enough to undermine user experience, shatter trust, and drive people away from digital services. If we don't understand and address this multifaceted challenge, we will never be able to turn the promise of digital finance into the reality of financial inclusion.

This won't be easy, but I strongly believe that there is a necessary ingredient that can make this happen.

That ingredient is customer-centricity—putting customers first, understanding what they want and need, communicating with them at every point, and learning from them.

For providers being customer-centric means:

- Designing services with a wide variety of customers in mind, and maintaining a continuous dialogue with those customers. For example, the Indonesian bank BTPN looked at different typologies of behaviors to create a digital savings account called Wow for low-income segments. As a result, Wow attracted 350,000 active customers in just a few months and has become one of the most successful digital finance service in Indonesia.

- Customer-centricity also means focusing on user experience and user interface so that information is presented in intuitive and understandable ways. In Myanmar, Wave Money has developed a smartphone app in close collaboration with customers, using their feedback to address details that could undercut effective product use. In the Philippines, BanKO increased usage of savings products by a reported 106 percent when it switched to voice messages after realizing that customers weren't engaging with SMS
In addition, customer-centricity calls for making digital financial systems interoperable so that people using different digital services can transact easily with each other. In Tanzania, usage of digital payments has seen impressive growth since interoperability was introduced for person-to-person mobile transactions.

But customer-centricity isn't just for providers. For regulators it means understanding the risks and behaviors of customers and acting on this knowledge.

- In Ghana, the central bank used a behavioral mapping of actual consumer complaints to develop a new policy on consumer recourse.

- Myanmar’s national financial inclusion roadmap includes detailed demand surveys based on interviews with 5,100 households. The surveys analyzed access, usage, perceptions and attitudes among target customers such as small businesspeople, farmers, and low-income households.

- And financial policymakers in countries such as the Philippines and Mexico are using consumer research methods like mystery shopping to understand the effectiveness of consumer protection policies related to digital services. By putting themselves in the shoes of customers and testing the supply, regulators can better understand the journey of low-income customers and its pain points.

Being customer-centric is therefore at the core of a successful digital financial system. Organizations that have developed a close, cooperative dialog with their customers have found that it improves consumer trust and loyalty, increases revenue and profits, expands their market share, promotes employee satisfaction, and enhances public image.

It's good for customers and it's good for business. So I hope we can expand this focus rapidly in every aspect of how we work. I would love to hear how customer-centric you already are in your own organizations. We have much to learn from each other! Thank you very much.