Special Advocate Hears of Progress, Challenges from Pakistan's Financial Inclusion Council

By Eric Duflos and David Symington

A year ago last February, the UN Secretary-General's Special Advocate, Queen Máxima of the Netherlands, traveled to Islamabad for three days of discussion, exploration, and strategizing aimed at fostering financial inclusion in Pakistan. This month, on 7 April, she followed up on the country's progress when she joined a meeting of its National Financial Inclusion Strategy Council, this time via live video from The Hague.

We were able to join the meeting from the UN in New York and we came away with a good picture of the Council's positive and collaborative work over the last year. But participants seem to agree that much still needs to be done to improve usage of financial services, particularly among women, and to reach the country's ambitious target of 50% account ownership by 2020.

During the meeting, Minister of Finance Ishaq Dar laid out the government's full commitment to building financial inclusion as a way to improve livelihoods and economic growth. He recognized that improved macro-economic stability needs to benefit the entire population.

The Special Advocate complimented Pakistan and the Council for recent achievements such as lowering verification fees for the national biometric ID, NADRA, which makes it much easier for low-income customers to open accounts. She also praised the design of the Asaan mobile account scheme (AMA), which will enable millions of unbanked people to remotely open accounts on feature phones with any branchless banking provider over any network. Having a solid payment platform in place will be essential for AMA's success.

Queen Máxima was clearly pleased to hear from State Bank of Pakistan Governor Ashraf Wathra about the removal of a tax on cash withdrawals levied on branchless banking agents. As a result of this, the number of agents per person in Pakistan has increased by 32% since last year, an important step for expanding access points overall.

Still, Council members recognized that improving low customer usage will require new approaches. The Special Advocate agreed that addressing this should be a top priority and suggested that a customer-centric approach could significantly help. For example, she noted, providers could improve services if they further analyze the pain points customers experience with digital financial services, or if they engage with customers when they design services for them. The State Bank could also conduct research to understand customers' risks in using these services.

The Special Advocate invited Council members to pay special attention to women. While some initiatives already disaggregate data according to gender and take stock of women-specific issues, she suggested that more can be done to significantly improve their usage of services.

In this regard and many others, the Special Advocate and her partners on the ground—including CGAP, the Gates Foundation, and the World Bank—are committed to working closely with Pakistan. Advancing financial inclusion is clearly a complex task here—as it is around the world—but step by step, real progress is being made.

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