



Big Data and Financial Inclusion

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Multiple aspects leading to opportunity

High volume of data

- Every 30 minutes the amount of new digital data generated equals all written works in human history

Centralized, electronic, interconnected

- 3 Bn people connected to internet globally
- 1 B Facebook users
- \$1.5 Tn eCommerce Global sales (B2C)
- 7 BN mobile phones

High processing power

- At constant price, computing power has roughly doubled every 18 months (“Moore’s Law”)

Three complementary streams of data

Digitized financial service data

Client Data
collected in course of financial service provision

- Examples:
- Personal info
 - Transactional profile
 - Assets, income, liabilities

Digital Footprints

Markers
people leave as they transact or move in the digital world

- Mobile phone records
- Purchases
- Social media

Open Data

Public Data
in aggregate form provided publicly usually by governments

- Weather
- Satellite imagery
- Demographics

Source:

Proprietary



Public

Type:

Individual



Aggregate

1 Rapid Customer Segmentation/Customization

Analytics

- **Data mining of social signals** from customers and prospects, i.e, key life events
- **Individualized reach campaigning**
- **Tailor customer service & increase efforts to cross sell**

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- **Example:** US insurer field pilot empowering reps to use social media
 - **Impact**
 - 22% increase in productivity
 - Reduced time for content distribution by 75%.
 - Thousands of new leads generated monthly

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Speed client acquisition through automation

DemystData

U.S.

1. Making data available

- Scrapes internet to gather application data
- Verifies identity
- Reduction of ~15% “false negatives”

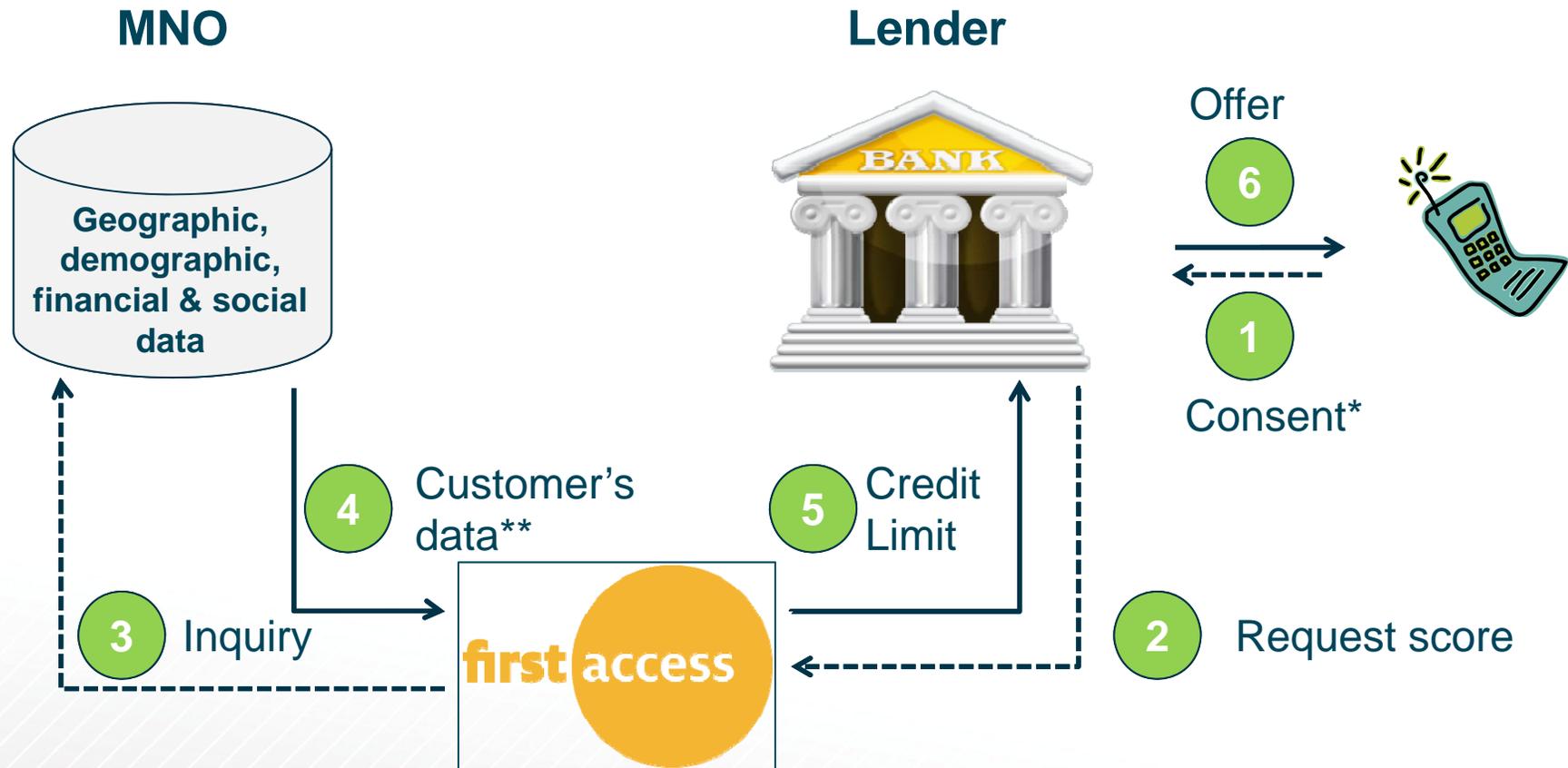
Agora Advisory

India

2. Auto-completing information analysis

- Auto-populates “ability to repay” farmer data
- Leaves bank staff to focus on “willingness to repay” judgments

3 Reducing risk through predictive analytics

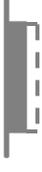


* Customer consents to sharing mobile usage data

** Usage for given period shared one-time

This impacts existing offering while opening door for new kinds of products

Existing

	Specific product description	Baseline delivery costs U.S. \$	Savings from analytics, U.S. \$	Savings % from analytics
Lending Product 	Microloan – one year loan of ~\$180 with interest rate of 30-80% p.a.			20–30%
Insurance Product 	Mobile insurance – 30 day coverage with ~\$1 monthly premiums			15–25%

NEW offering

Liquidity Product 	Credit facility on mobile wallet – credit line of \$1 – 50 tied to mobile money account		*New offering – no existing baseline for reference	
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Big Data aligns most powerfully with digital channels

Big Data aligns most powerfully against digital financial services

- Large volume of rapid interactions with clients
- No-physical presence needed

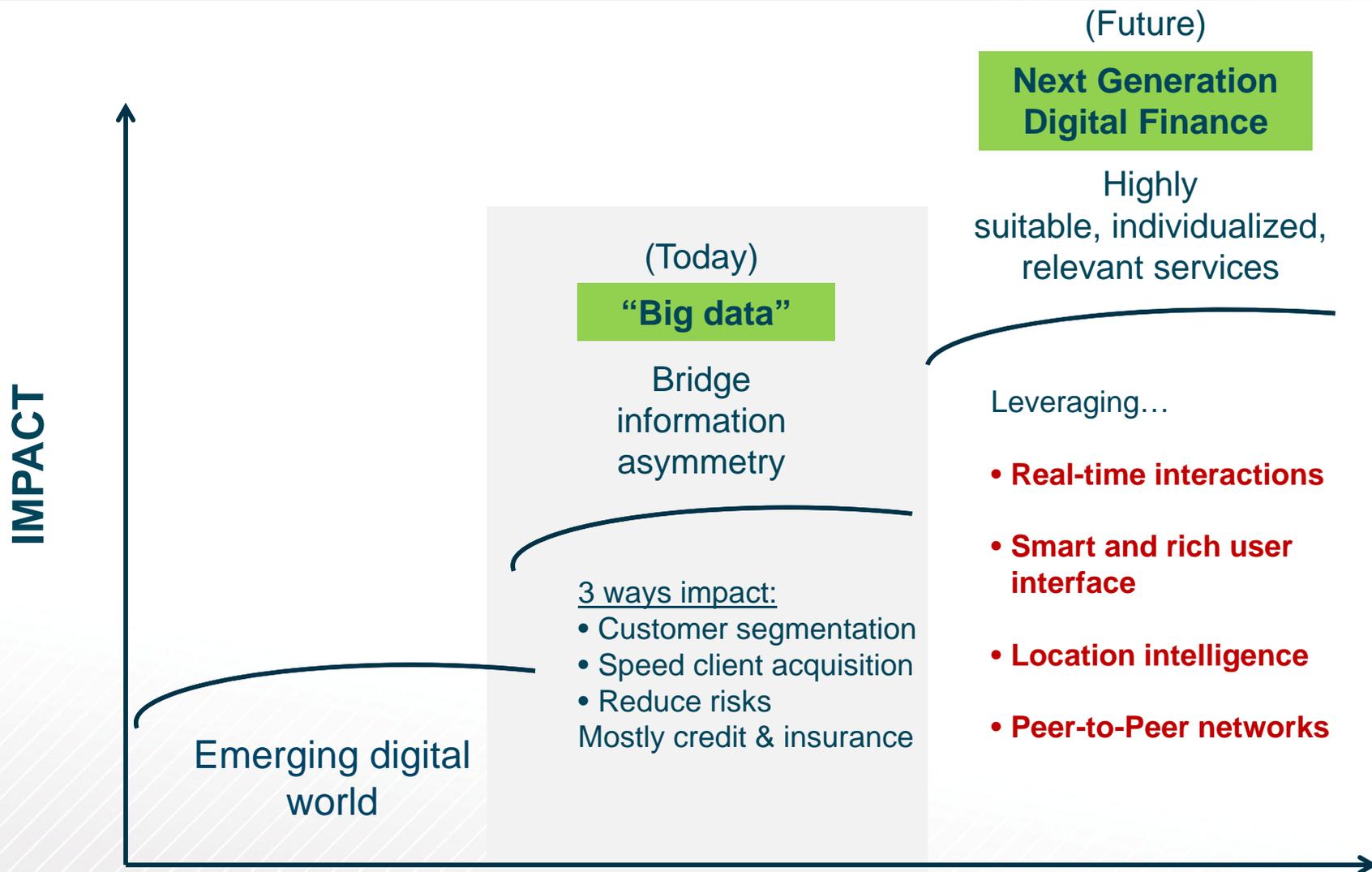


Significant potential to move the needle:

60 M +

Active customers globally

... only a step in the way to next generation services



What does this mean for Youth?

- 1. Facilitate targetting youth segment**
- 2. Meaningful products / tailored offering**
- 3. Adequately assess risk**
- 4. Economic empowerment**



Advancing financial inclusion to improve the lives of the poor



Foreign Affairs, Trade and Development Canada
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BILL & MELINDA GATES foundation



www.cgap.org