



Digital Finance+

Jacob Winiecki
Energy Sector Specialist

What is CGAP?

CGAP (the Consultative Group to Assist the Poor) is a global partnership of 34 leading organizations that seek to advance financial inclusion.

Housed at the World Bank, CGAP develops innovative solutions through practical research and active engagement with financial service providers, policy makers, and funders to enable approaches at scale



We **Build Knowledge** on issues such as customer needs and business models



We **Strengthen Markets** so that promising services can thrive



We **Promote Policies and Regulations** that allow services to expand and reach unbanked populations



Digital Finance+

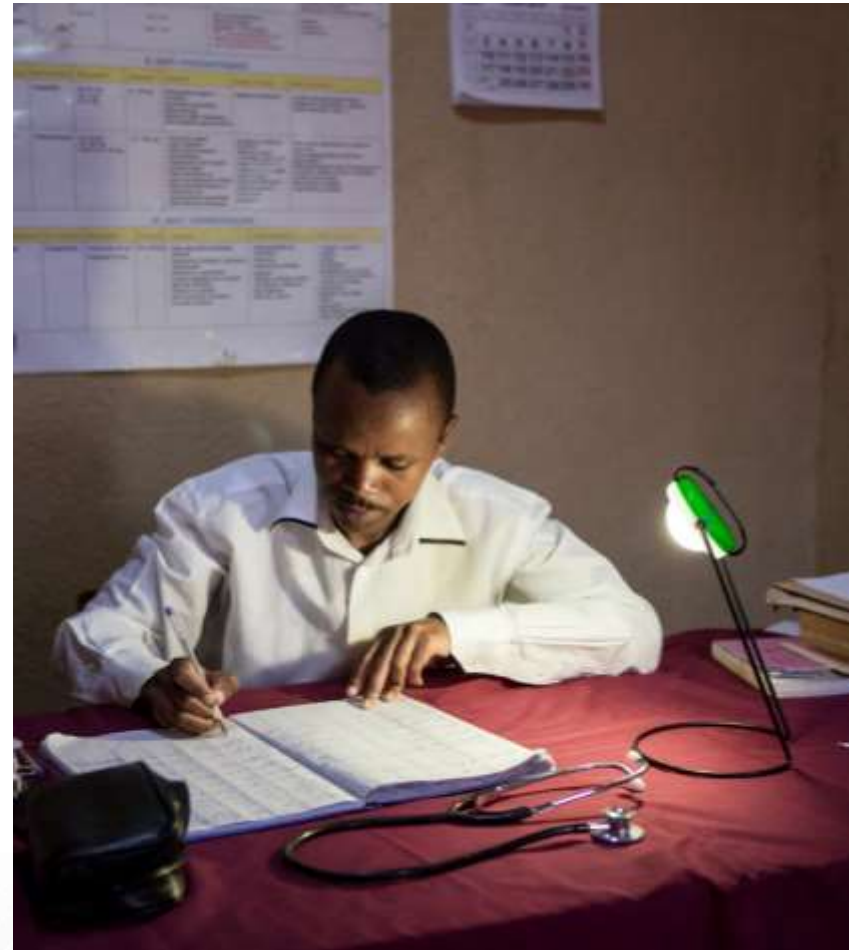
The use of branchless banking to make basic, essential services and utilities - in energy, health, education, and water - more accessible.

Finance is not an end itself but a means to help solve significant development challenges in order to improve the lives of the poor.

CGAP Digital Finance Plus Initiative

Objectives

- Improve understanding of the financing innovation needed
- Address dysfunction in the underlying ecosystem in multiple market contexts
- Develop pathways and demonstrated cases for both private and public led solutions



CGAP Digital Finance Plus



Activities

- Public good research
- Develop awareness of the potential of DF+
- Research Partnerships with DF+ Providers
- Problem Solving/Generating Solutions at “Big Think” sessions

PAYG Solar – Off-Grid:Electric



Customer signs up for "solar-as-a-service" contract

Technician installs solar system at customer's home

Customer enters code, product unlocks for prepaid time

Automatically disables service when credit expires



Customer pre-pays for energy days via mobile money

Receives unique usage code via SMS

Customer enjoys low-risk, prepaid energy services



Water ATM – Sarvajal

Customer tops up RFID card via Agent



Sarvajal Water Dispenser is connected to a water source and includes a water purification mechanism



GPRS device to connect Water ATM to cloud-based software

Digital Finance Plus – Sector Overview

- At least 100 DF+ Enterprises across energy, water, health, agriculture, education
- Over 30 PAYG Solar providers
- High concentration in East Africa
- Lot of attention and buzz, but few proven models
- Startups drive tech innovation, but need MNOs and other distribution partners
- Massive markets, limited competition, changing fast

What is missing to accelerate growth of DF+ services?

- Grants/risk capital for tech/ business model demonstration
- Increased equity investment, innovations in third-party financing and debt facility structures
- Increased awareness, engagement of MNOs in DF+ offerings
- Energy/water access and financial inclusion policies that embrace DF+ business models
- Cooperation around risk management
- Improved mobile money integration tools for startups
- Standardized metrics/language for measuring portfolio health

For more information



<http://www.cgap.org/topics/digital-finance-plus>