



CLOSING THE DIVIDE THROUGH WOMEN'S ACCESS TO FINANCE





DIGITALIZATION & FINANCIAL INCLUSION

Financial inclusion access to useful and affordable financial products and services that meet the needs of households and businesses– transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.

Digital financial inclusion deployment of cost-saving digital means to reach currently financially excluded and underserved populations with a range of formal financial services suited to their needs that are responsibly delivered at a cost affordable to customers and sustainable for providers (e.g. e-wallets)

Source: World Bank

ENABLERS

**Financial &
Digital
Literacy**

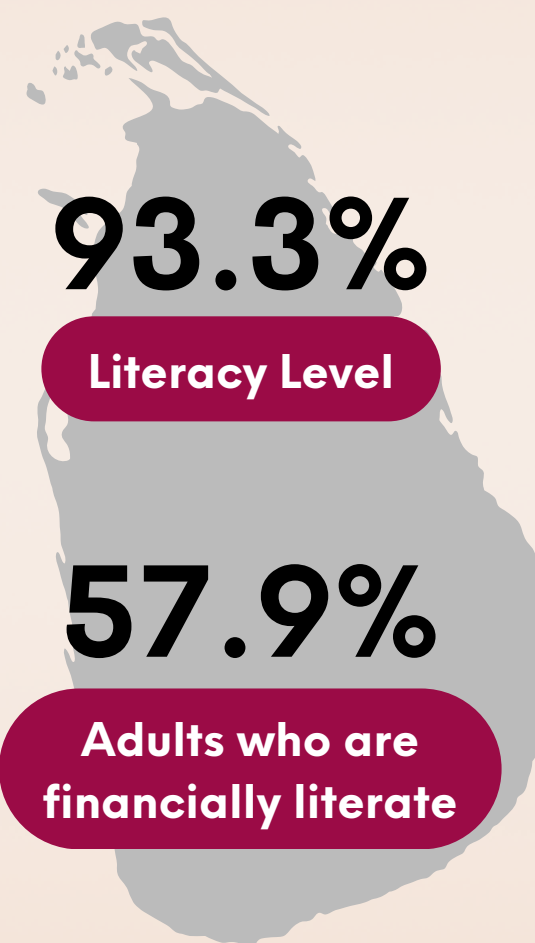
**Digital
Infrastructure**

**Enabling
Environment**

Financial Inclusion - Cross Country Comparison

	Sri Lanka	Malaysia	India	Bangladesh	Indonesia
Have an account (%)	89	88	78	53	52
Saved at financial institution (%)	34	49	14	7	20
Borrowed from a formal FI (%)	21	13	12	14	13
Received government transfer: into a FI account (%)	5	38	6	–	11
Has a mobile money account	3	28	10	29	9
Made or received a digital payment (%)	55	79	35	45	37

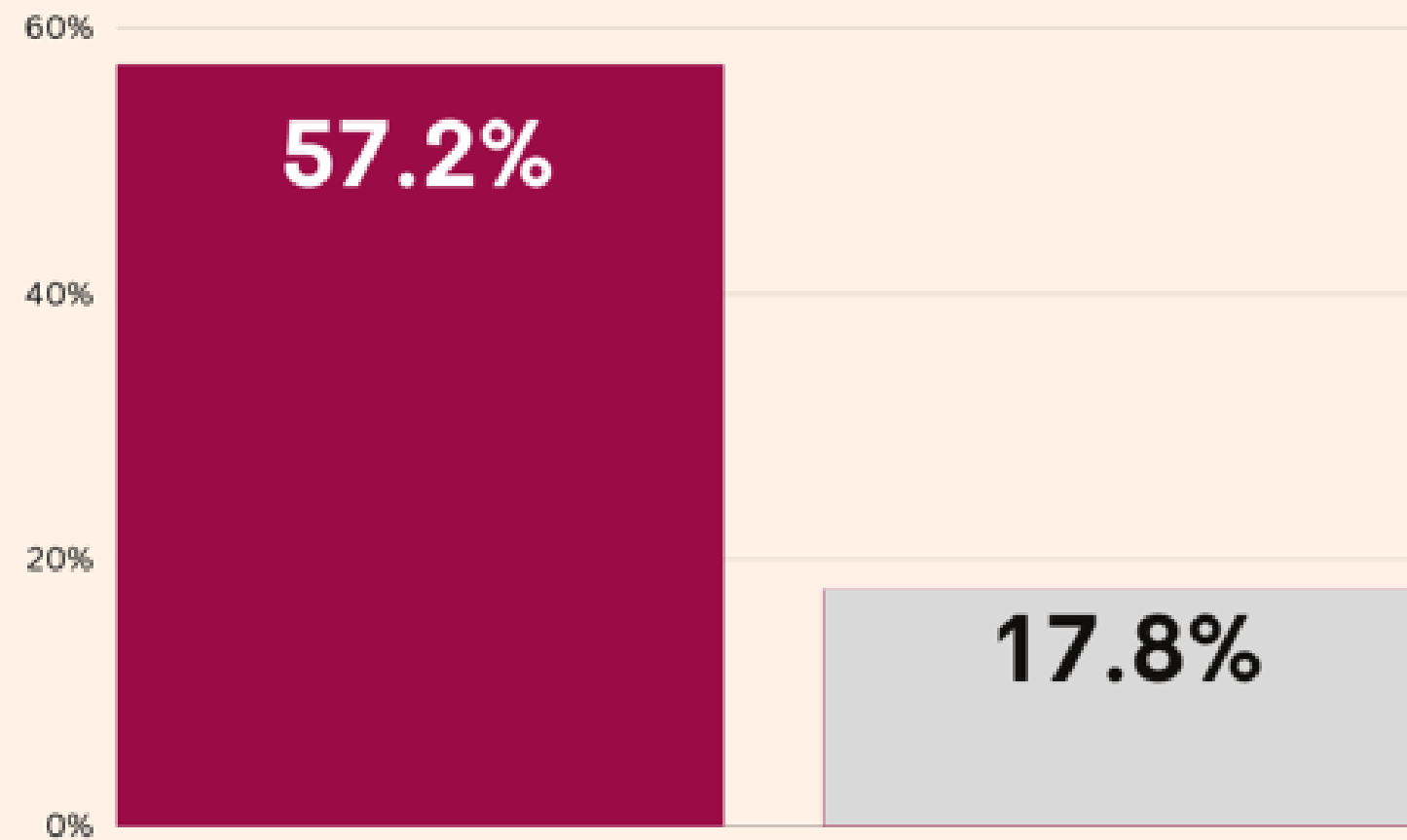
**Literacy Score and
Financial Literacy Score
Sri Lanka**



**Source: Financial Literacy Survey
Sri Lanka 2021, Labour Force
Survey, 2021**

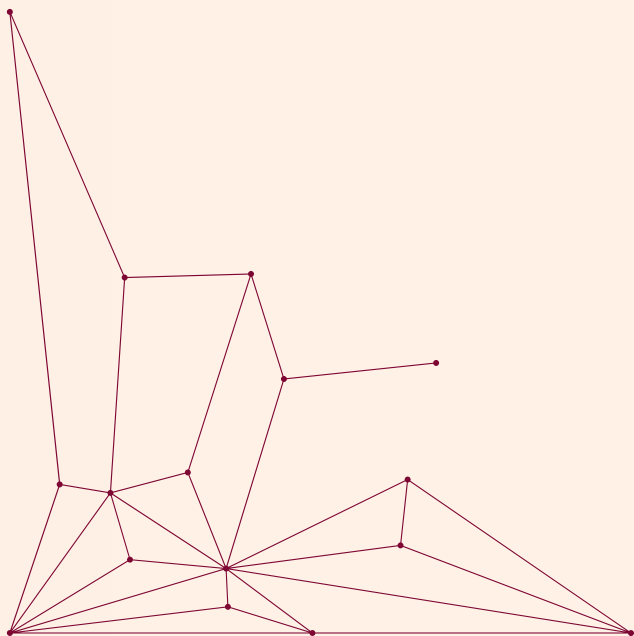
Source: Global Financial Development Database, World Bank, 2021

INACCURATE REFLECTION OF DIGITAL & COMPUTER LITERACY IN SRI LANKA



**DIGITAL LITERACY IS 57.2%,
BUT ONLY 17.8% USE INTERNET AND EMAIL. (LFS, 2021)**

**THE DEFINITION OF DIGITAL LITERACY DOES NOT MEET
GLOBAL STANDARD**





DIGITAL INFRASTRUCTURE

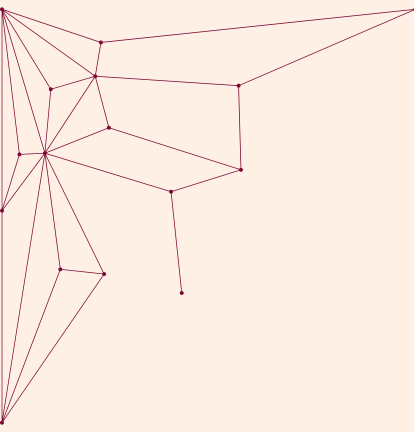
**ICT
infrastructure**

**Applied Payments
Interface**

Digital ID

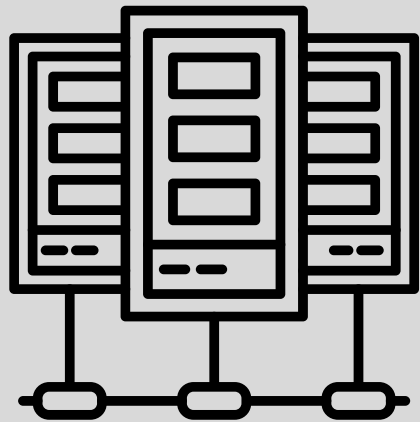
**Data sharing
platform**





ACCESS & AFFORDABILITY

Barriers



Insufficient or substandard digital infrastructure

- Lack of coverage
- Lack of adequate download speed

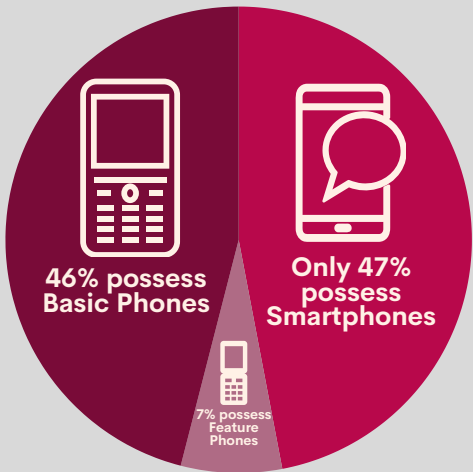
- Digital devices are expensive
- Internet cost is high - tax of 23%

Impact

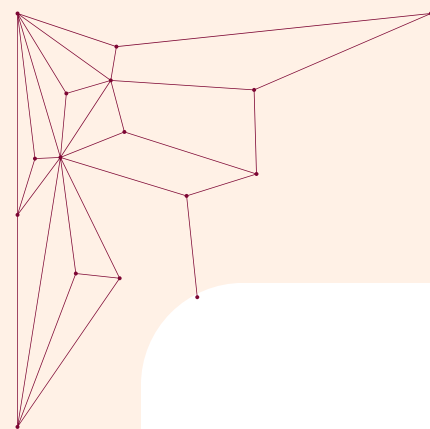


Around 2,000 locations in Sri Lanka suffer weak signals (2020) - referred to as "dark spots."

Smartphone ownership

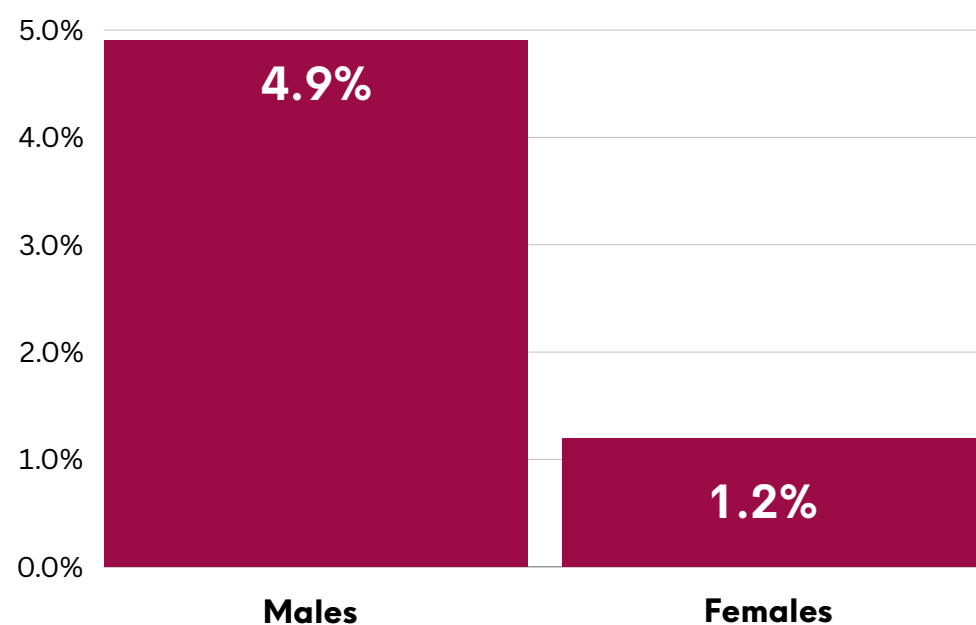


60% of the population- mobile data services are unaffordable due to high taxes (LIRNEasia)

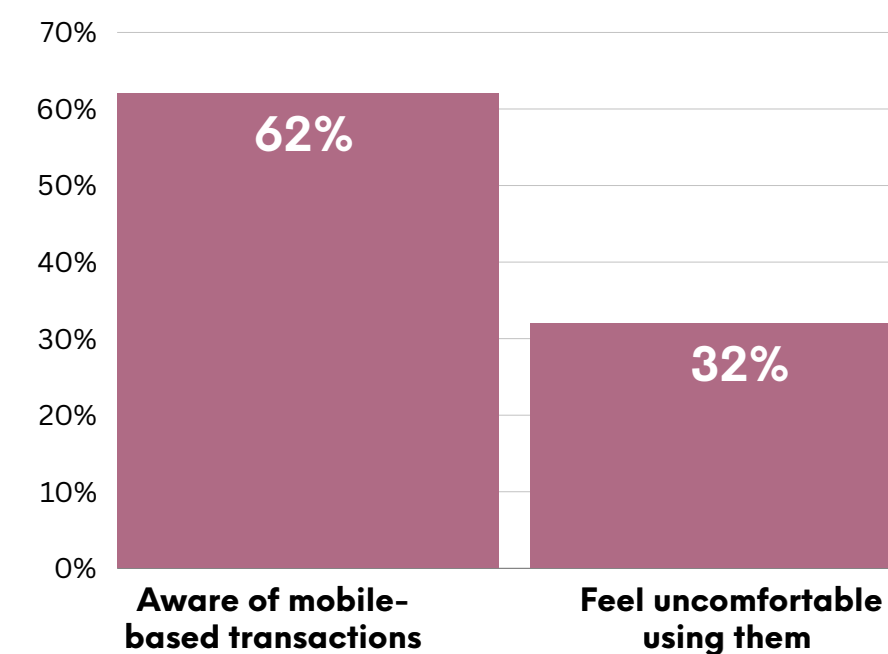


DIGITAL PAYMENT SYSTEMS

Mobile money account usage in Sri Lanka

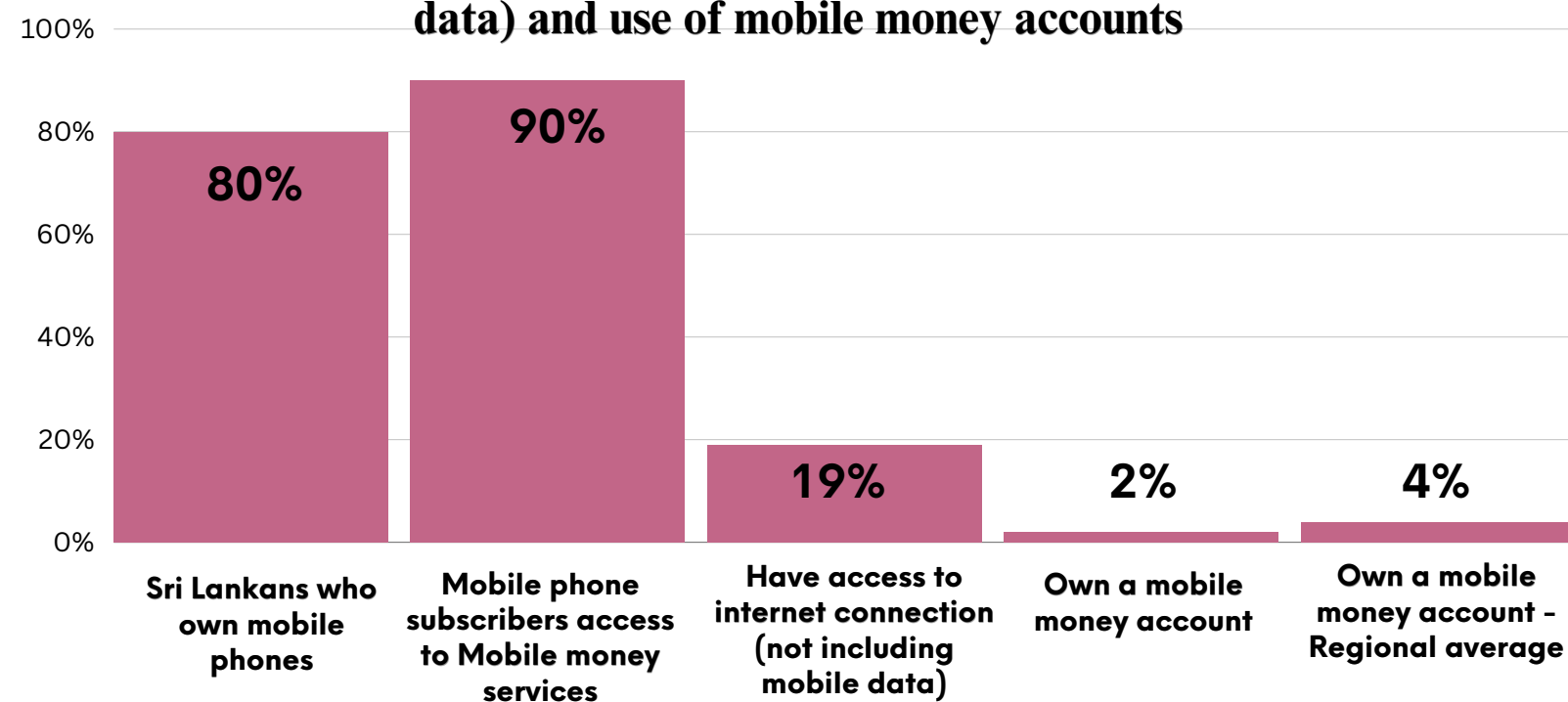


Use of Mobile-based transactions - Women

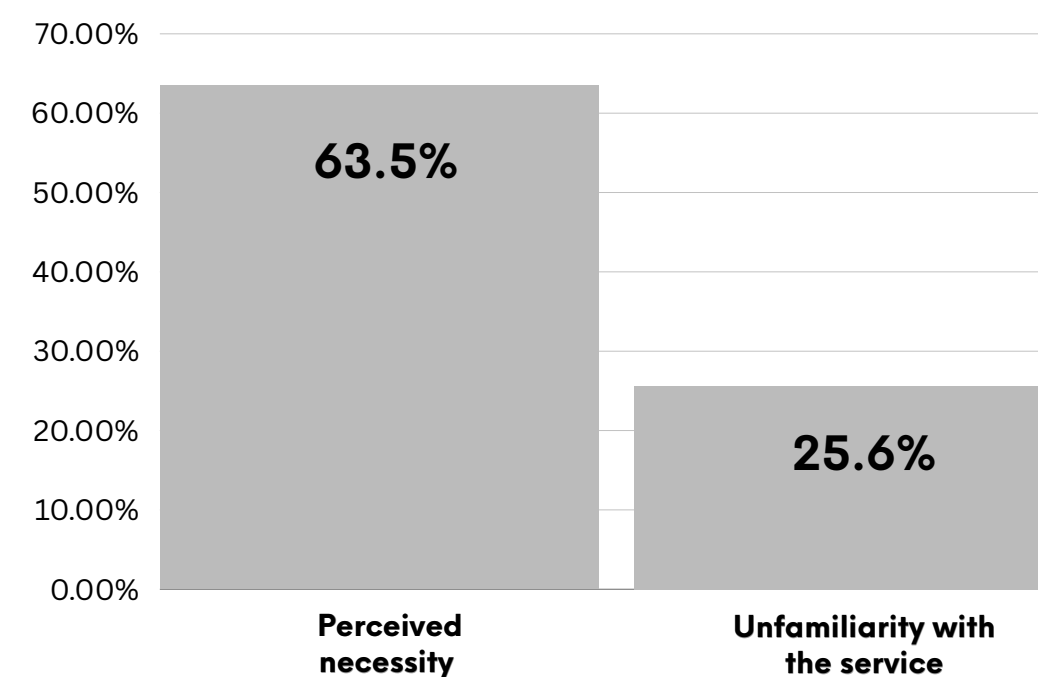


Source: Women Matter! Findings from Sri Lanka's National Financial Inclusion Survey 2018/2019

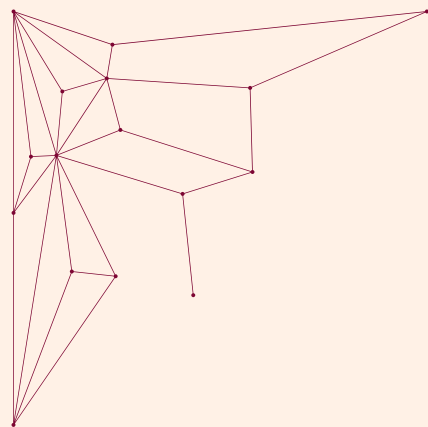
Ownership of mobile phones, access to internet connection (not including mobile data) and use of mobile money accounts



Reasons for limited regular utilization of mobile money accounts



Source: National Financial Inclusion Strategy for Sri Lanka (2021-2024)



DIGITAL PAYMENT SYSTEMS

62%

Number of LankaQR transactions by quarter

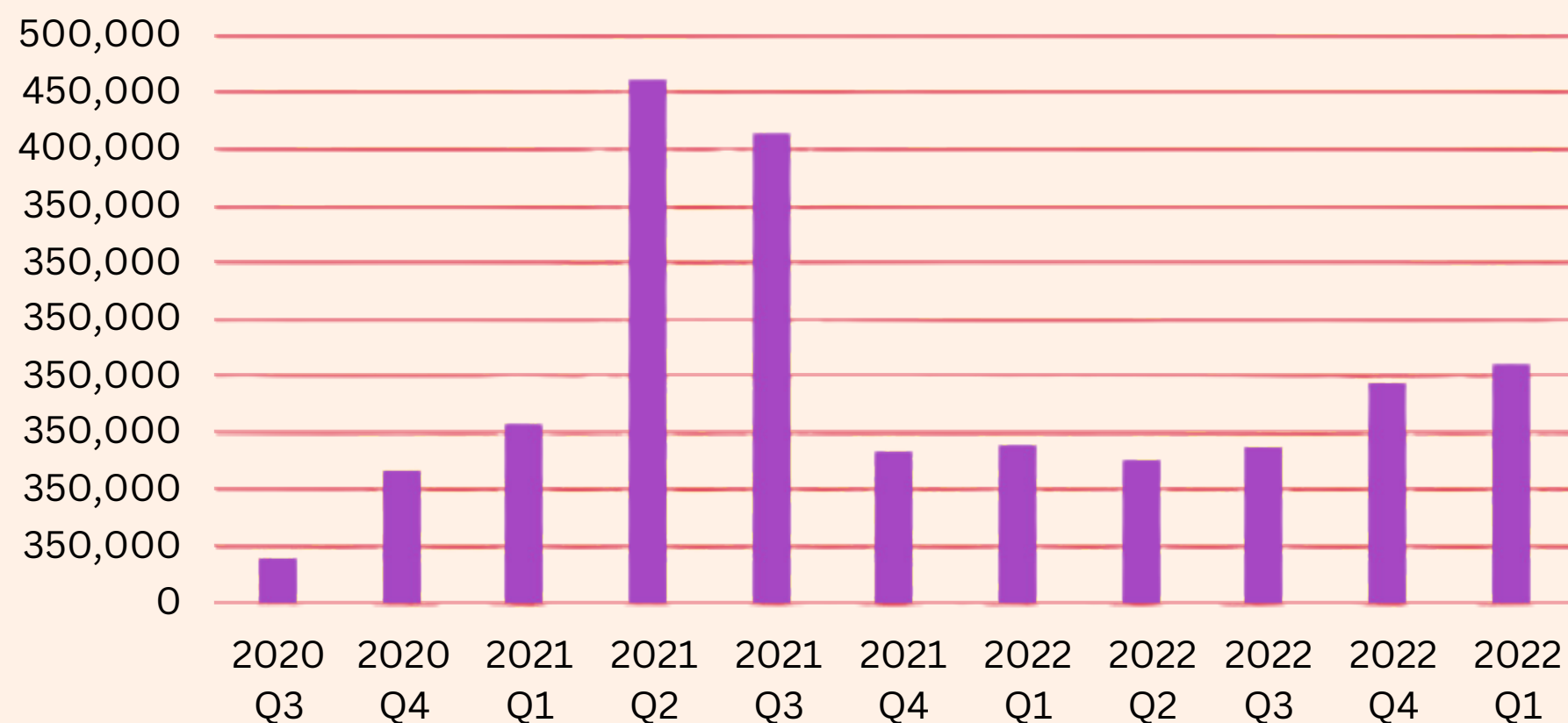


Figure 1: Number of LankaQR transactions by quarter
(Source: Payments Bulletins, Central Bank of Sri Lanka)

Number of merchants having LankaQR codes by quarter

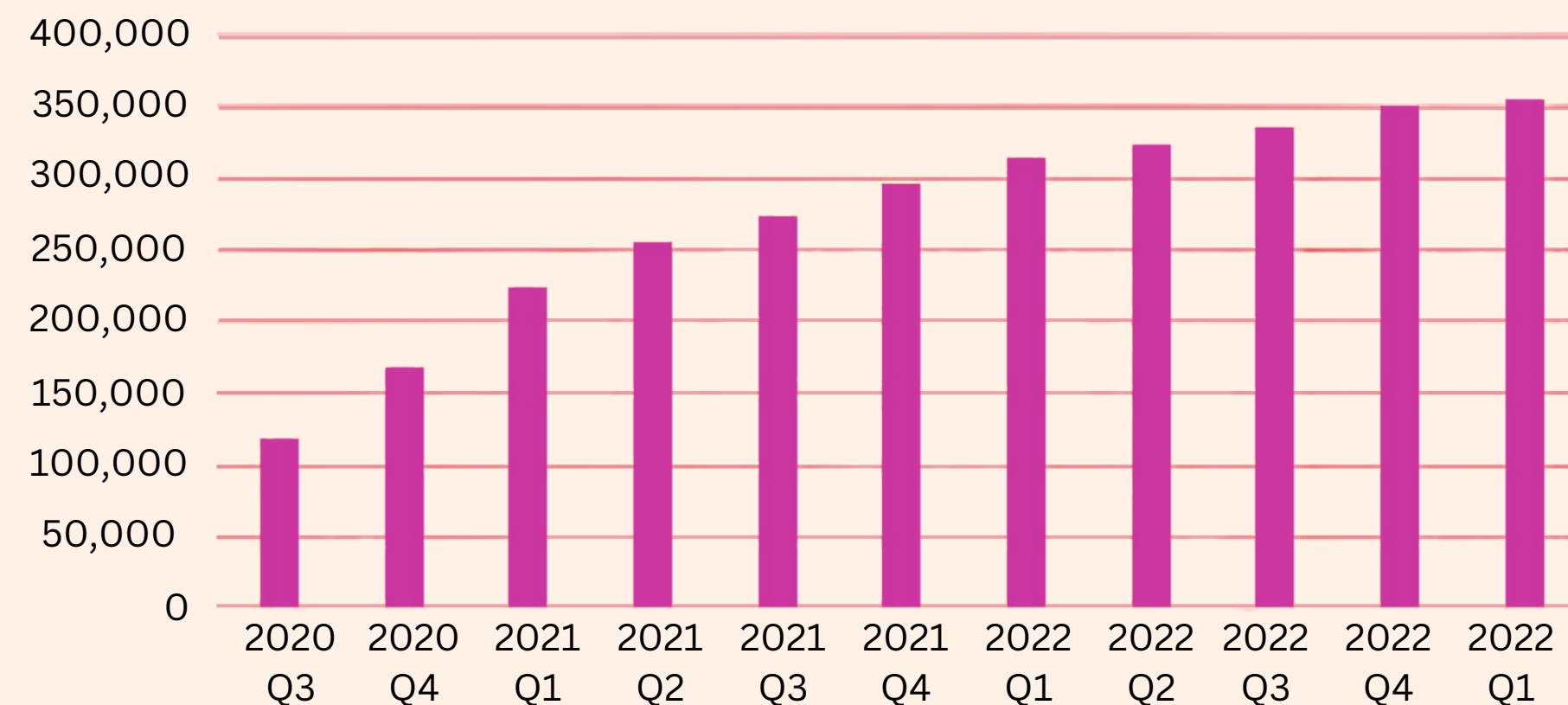
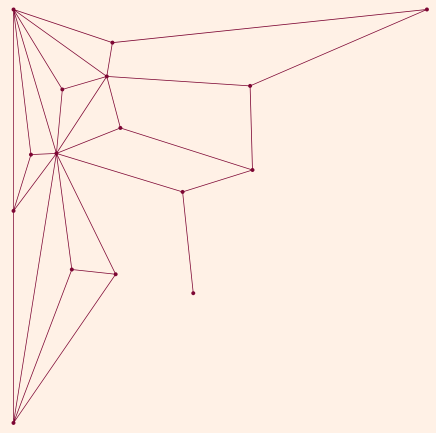


Figure 2: Number of merchants having LankaQR codes by quarter
(Source: Payments Bulletins, Central Bank of Sri Lanka)



INDIA'S EXPERIENCE

Digital ID

- **1.3 billion Aadhaar Generated 63.6 billion Authentications Done**
- **10.4 billion eKYC Done**

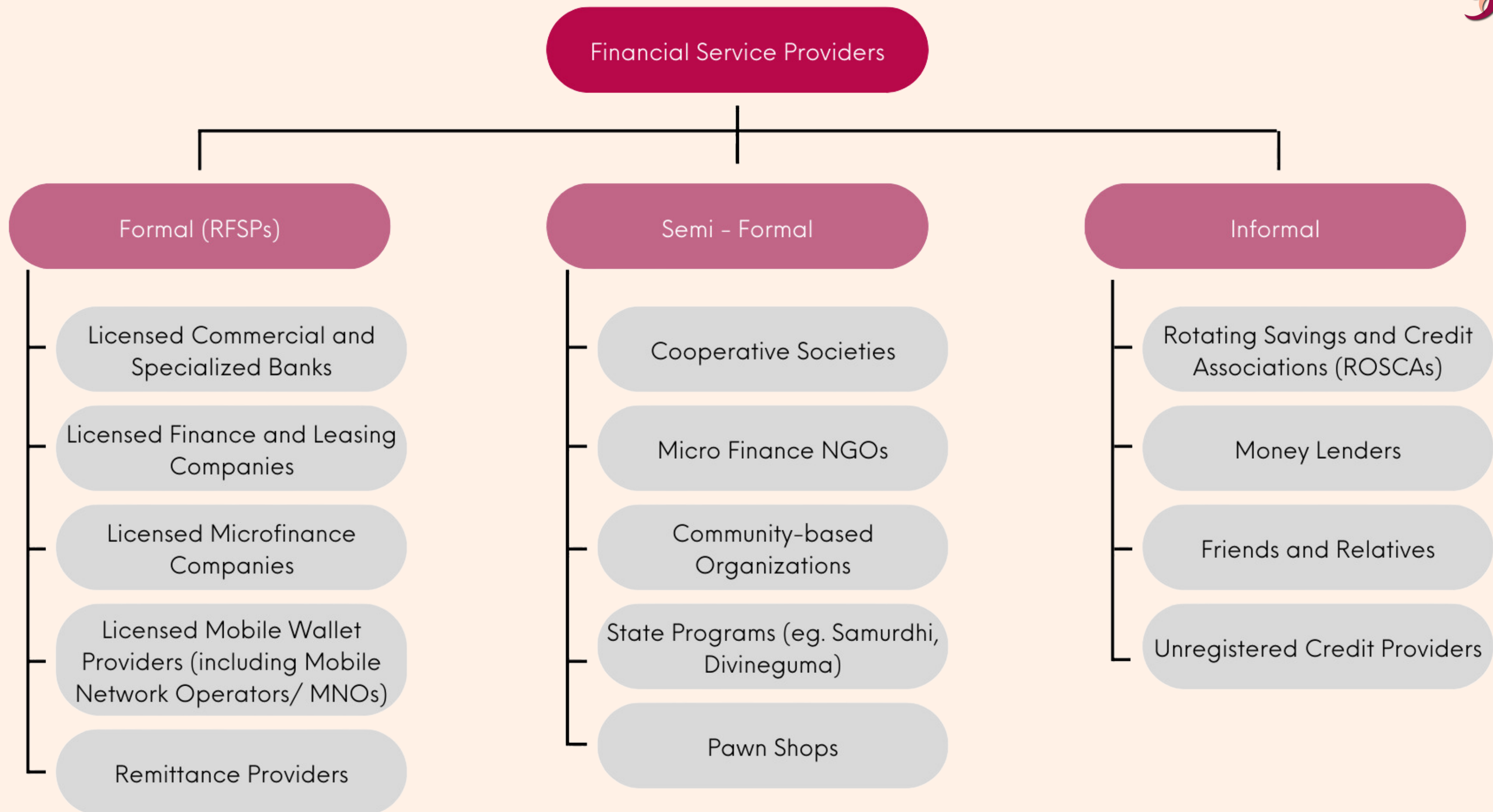
UPI

- **274 Banks live on UPI 4 bn volume of payments**

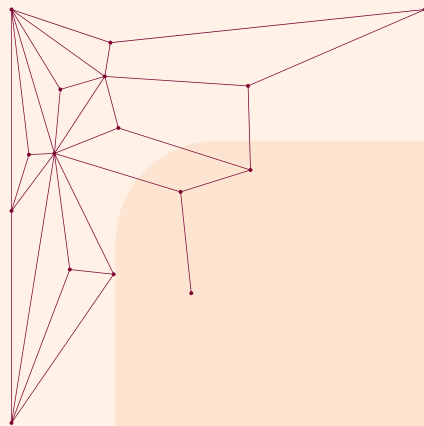
Data - Accounts Aggregator

- **1.1 billion AA-enabled accounts**
- **2.05 million users voluntarily sharing financial data with banks and financial institutions**
- **All major public sector and private sector banks in the AA network**
- **SEBI joined the platform**

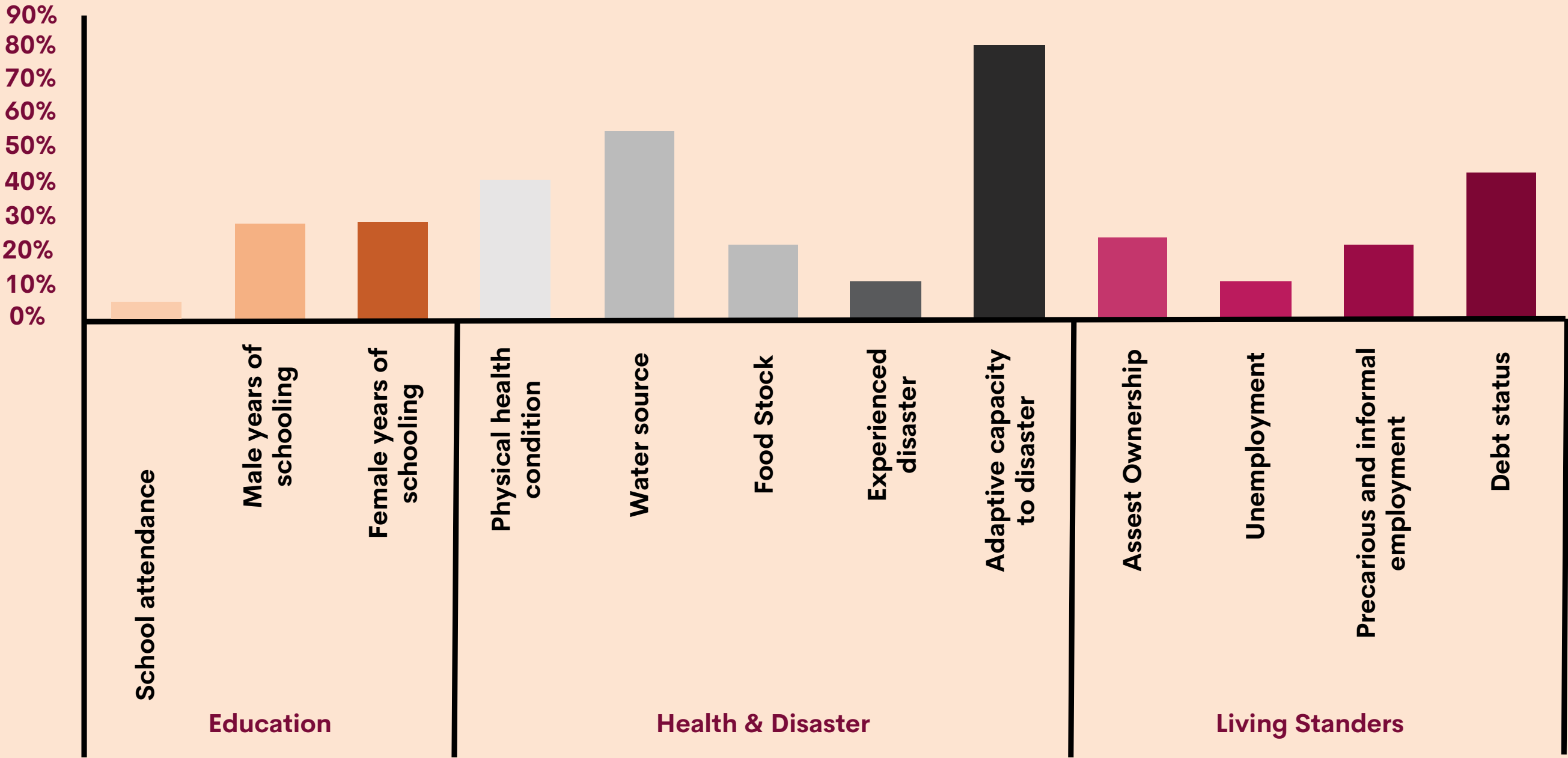
Figure 1: Classification of Financial Service Providers in Sri Lanka Based on Regulatory Intervention



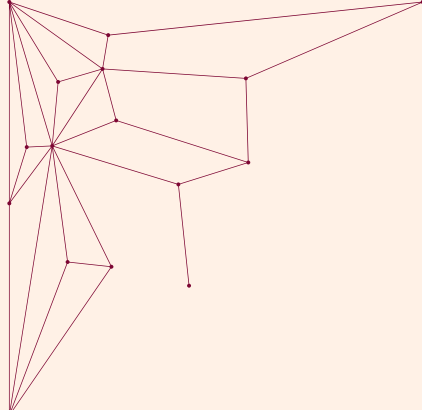
Source: National Financial Inclusion Strategy for Sri Lanka (2021-2024)



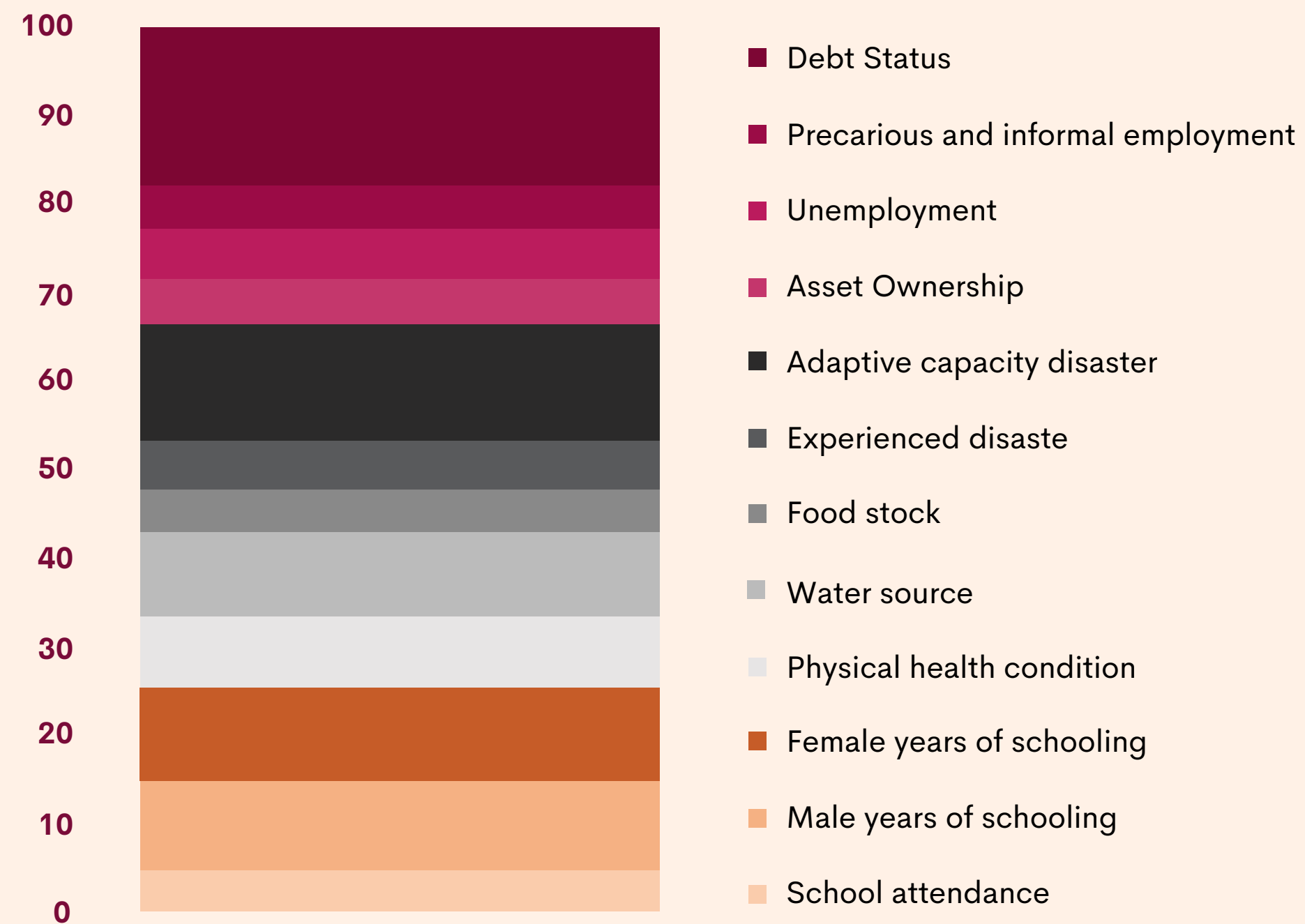
MVI - DEBT VULNERABILITY



Source: Calculations based on data using the National Citizen Survey 2022-23

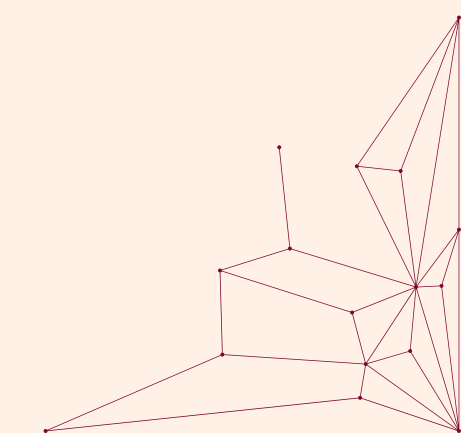


MVI – DEBT VULNERABILITY



Source: Calculations based on data using the National Citizen Survey 2022–2023

Source: Understanding Multidimensional Vulnerabilities: Impact on the people of Sri Lanka, UNDP 2023



REGULATION

Barriers	Impact	Policy Recommendations
<ul style="list-style-type: none">• Most microfinance institutions are unregulated• Unregulated microfinance institutions operate in densely populated areas and resort to unethical and exploitative practices	<ul style="list-style-type: none">• Lack of governance leads to financial distress, high interest rates (up to 70%), and severe debt, causing reduced savings, stress, and asset pawning.• Erosion of confidence in the financial sector, perpetuating poverty cycles and impacting the country's financial stability	<ul style="list-style-type: none">• Regulation should cover all entities in the microfinance sector to ensure legal recognition and protection for customers.

FINANCIAL CONSUMER PROTECTION

Barriers

Impact

Customers lack awareness of proper complaint procedures against financial entities.

Deficiency in a transparent and comprehensive complaint redress framework for financial consumers.

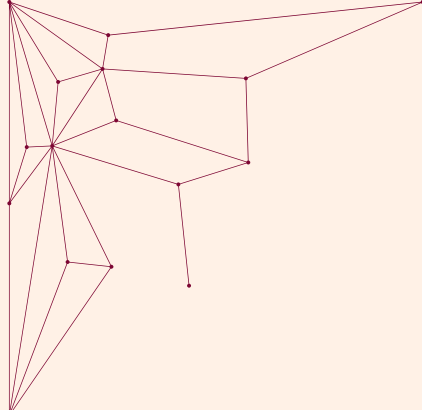
Lack of comprehension of risks linked to digital products

Despite the fact that there is a comprehensive framework introduced by CBSL there has been no follow up regarding it's implementation.

Delayed complaint resolutions, negatively affecting the reputations of both individual financial entities and regulators.

Exposure to online scams and loan sharks.

As there has been no follow up on the implementation of the CBSL framework, there is no direct benefit to consumers.



POLICY RECOMMENDATIONS

Financial and Digital Literacy

Financial literacy courses should be integrated into school curricula, covering global and local financial innovations.

Restructure IT syllabus in school

Implement programmes to teach basic IT skills and how to access digital financial services

Digital Infrastructure

Introduce UPI and data sharing platforms

Introduce a Digital ID system

Create data sharing platforms

Enabling environment

Introduction of a comprehensive regulatory policy to govern the microfinance sector

Developing the skills of financial institution employees

A strong consumer protection framework, along with extensive financial inclusion and education initiatives

Providing customers with relevant and updated information



POLICY RECOMENDATIONS

Government's Responsibility

Create a unique digital ID

Promote a Unified Payments Interface

Establish a platform for data sharing

Drive financial and digital literacy programs

Establish a strong consumer protection framework

Comprehensive regulations for microfinance sector.

Corporate Sector's Role

Drive innovation and investment in technology

Foster partnerships among financial institutions, technology companies, and startups

Collaborate with other institutions to avoid redundancy in financial literacy and entrepreneurship training programs.

Society's Engagement

Awareness and education

Adoption advocacy

Feedback mechanisms

THANK YOU