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Digital innovations for financial inclusiveness

Digital innovation is often seen as something that does not happen in developing regions, because, so it is argued, radical innovations require advanced resources, considerable finance and the right infrastructure, which can only be managed by large organisations that are absent in developing regions. However, digital innovations for financial inclusiveness in developing countries have the potential to change this perspective.

Collaborative entrepreneurship financing is one of the areas where technological advancements in ICTs, social capital and economic capital can be combined to bridge inequalities in the global digital economy. [Safaricom's M-Pesa](#) in Kenya for example offers peer-to-peer transfer options comparable to what banks in developed countries have traditionally done. [BKash](#) in Bangladesh is similar, allowing users to transfer money or make payments using their mobile wallets or agent shops. Such solutions do not try to replicate what already exists in developed countries, but they build on what is available in emerging economies: a high level of mobile penetration without many smart devices, strong social capital links and local cultures.

The traditional model in developed countries where payments are effected using a debit card, a credit card, a PayPal account or mobile payment apps all connected to a bank account does not work in cash-based emerging economies. In these regions only 3% of the population uses digital payment options according to a report on 'Digital Finance for All – Powering Inclusive Growth in Emerging Economies' by [McKinsey Global Institute \(2016\)](#). Yet, from the same report referring to the World Bank's Financial Inclusion Index (Findex), digital transactions between developed and developing regions are expected to be balanced by 2025 thanks to the use of low-cost mobile technologies for financial inclusion, expecting 91% of adults in emerging economies to have access to some form of financial account compared to around 55% today.



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Differences in digital innovations for entrepreneurship financing and inclusiveness in emerging economies deserve more attention from researchers. Those looking at crowdfunding, for example, need to explore hybrid models between, for example, the [Village Fund by the Government of Thailand](#) matching locally-sourced donations, and mobile wallet solutions. Research on platforms such as [Kickstarter](#) for reward-based crowdfunding in the USA, or [Kiva](#), a US-based charity for micro-finance for development might be a good starting point, but they do not explain why similar platforms in emerging regions such as [Idea.me](#) in Latin America, [DemoHour](#) in China or [Zoomal](#) in Arab countries do not have the same popularity despite serving larger regions. Does “culture” matter in these circumstances?

Today we live in an increasingly cashless society. Transactions are becoming streams of information transferred and secured via digital devices and big data analytics is putting increasingly more value on information produced in networks. Exploring synergies using existing ICT infrastructures, embracing differences between developed and developing countries without necessarily trying to change them, promoting open and inclusive innovation and redefining financial inclusiveness beyond money could all really bridge gaps in the global digital economy.

Background and collaboration opportunities

Since 2014 I have been researching on crowdfunding platforms for entrepreneurship in an international context, publishing with Prof Paul Robson in Entrepreneurship and Regional Development on ‘[Social identity and signalling success factors in online crowdfunding](#)’, and presenting comparative studies in international conferences like eChallenges 2015 or LAEMOS 2016. To understand and address current changes, closer collaboration between multidisciplinary researchers, businesses and policy-makers working on ICTs for development is necessary. I am currently exploring a research project proposal on digital innovations and ICT solutions for entrepreneurship in emerging economies, which builds on the UNESCO Chair in ICT4D’s network of organisational partners such as ITU, UNCTAD, and the British Council, as well as connections with researchers and practitioners in Central Africa, North Africa, Latin America and South-East Asia. I would welcome collaboration with researchers and practitioners working on digital innovations for financial inclusiveness and entrepreneurship in developing countries. It would be good to explore this topic together as well as the broader scope of our work at the UNESCO Chair in ICT for Development at Royal Holloway University of London.

