

**Artur Turemka**  
General Manager  
Balkan Countries

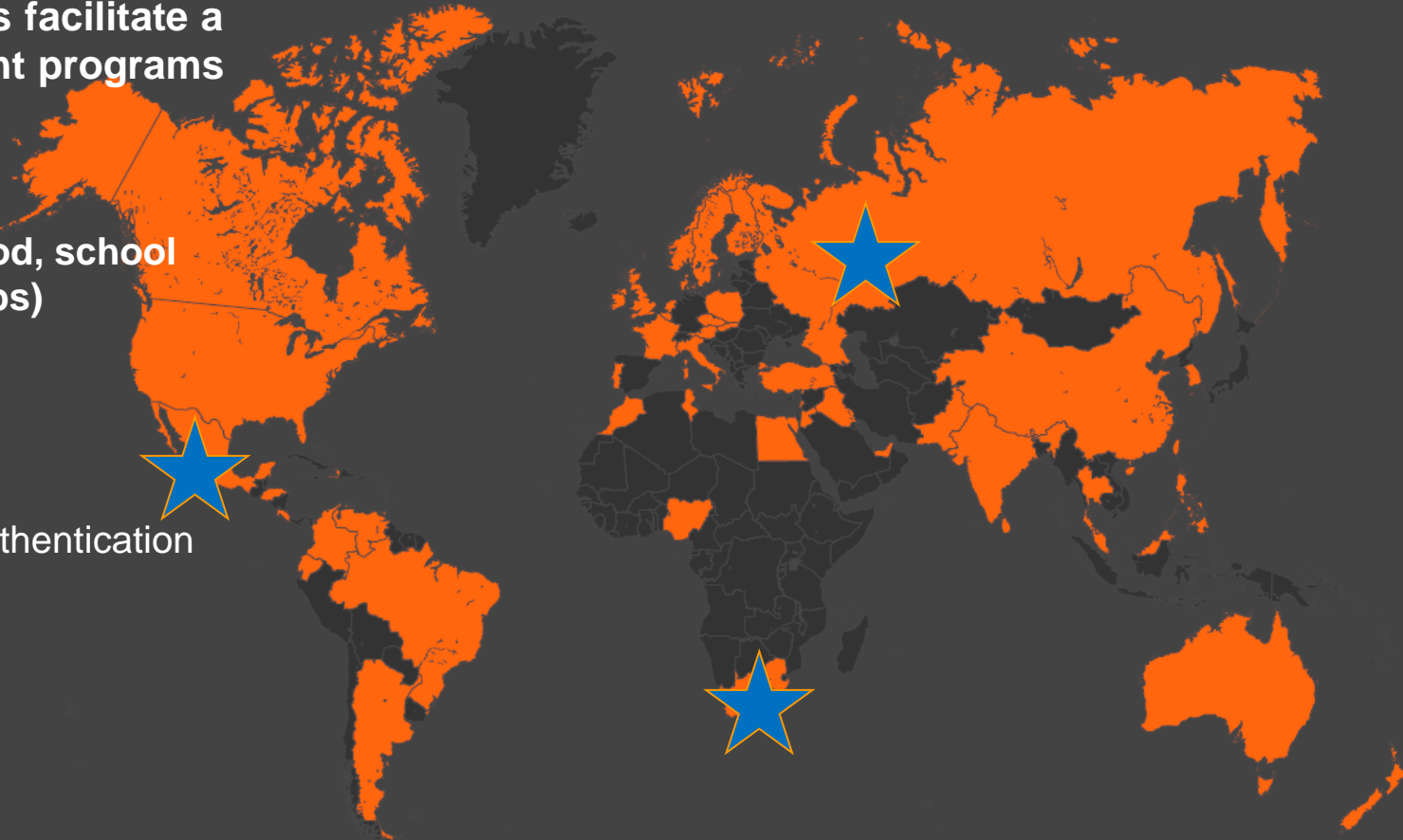


# Financial Capability & Inclusion – Challenges & Solutions

# MasterCard has Government payment programs in over 50 countries ...

## Electronic payments facilitate a range of Government programs

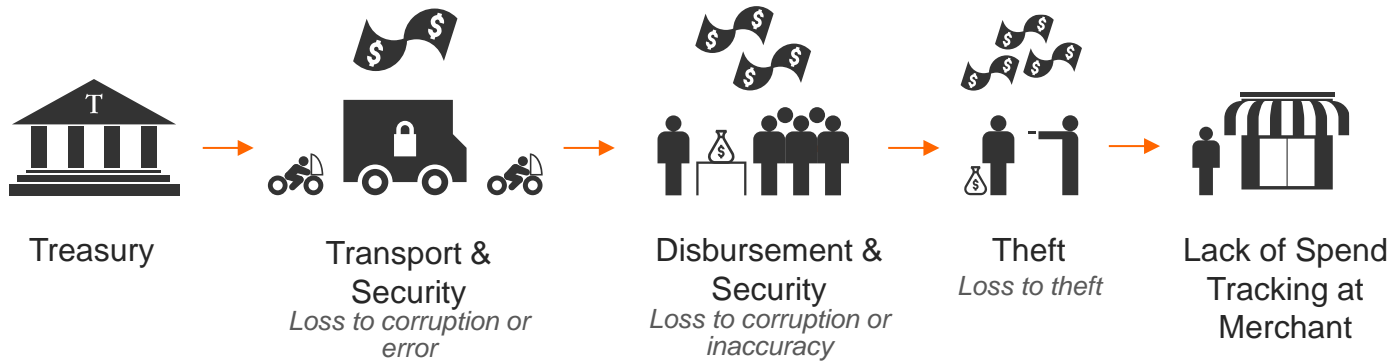
- Social benefits
- Subsidies (e.g., food, school books, scholarships)
- Payroll (e.g., police)
- Insurance
- Home loans
- National ID card, authentication
- Refugee assistance
- Transit
- Procurement
- Travel Cards
- Purchasing Cards



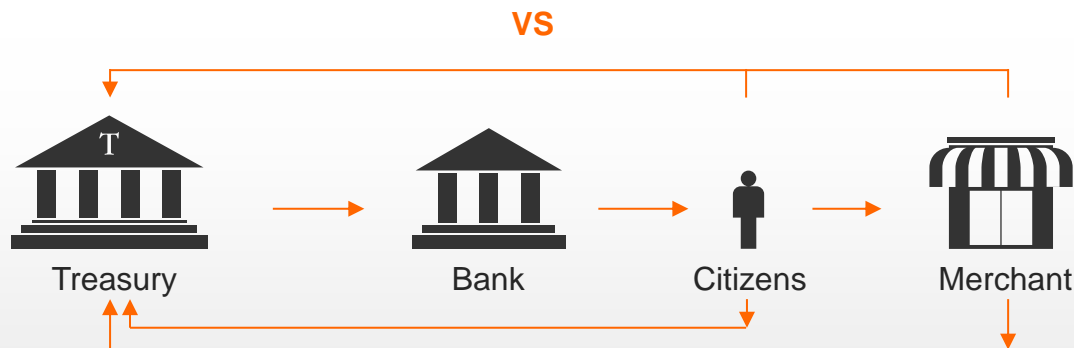
# Financial Inclusion Challenges and Solutions

- Understanding the Opportunity
- Building the Ecosystem
- Forming Public Private Partnerships
- Innovating with Digital Technology
- Solving for Responsible Youth Access & Education

# Modernizing payments can have a dramatic impact on all of these challenges



**COST OF COMPLEXITY: ~1.5% OF GDP**



We help create a streamlined payments ecosystem that drives economic growth

# Payments Ecosystem Development



## Organising for multi-stakeholder collaboration:

- Relevant product – e.g. prepaid/debit for youth
- Relevant partners/stakeholders
- Relevant financial education
- Relevant infrastructure

Critical to Realizing Inclusion

# Mexico: EcoSystem Building Through Social Payments



## The Program: Prosera (formerly Oportunidades)

- Mexican Government incentive payments for families in poverty who ensure children attend school, visit doctors and receive proper nutrition
  - \$5b distributed to 6.5mm families (20mm beneficiaries)

## Government Objectives

- Drive Financial Inclusion
- Realize “Cost of Cash” opportunity

## Primary Challenge

- Lack of payments ecosystem prohibited most recipients from using debit cards for financial transactions
  - 80% cards used for identification only

## MasterCard Solution

- Lead ecosystem development by leveraging MasterCard technology and partnerships

# Harnessing Technology & Public Private Partnerships

When public and private partnership  
is directed and well-organized,  
it is possible for government and citizens  
to realize impressive gains and savings.

# South African Social Security Agency



SASSA LAC conference.wmv



# South Africa: Leveraging Digital Technology



- Portable Electronic Enrollment
- Biometric Technology
- Instant Issuance
- Recipient Education

- Pmts. Ecosystem Development
- Enabled small “Spazza” shops
- Partnered with non-traditional players
- Enabled Cash at Point of Sale



# South Africa: Results

“The new biometric-based payment system for social grant beneficiaries has already paid off just a year after implementation.”

— Social Development Minister Bathabile Dlamini in a speech to Parliament, 5/8/2013

## Key Results

**1/3**

OF ADULTS

20+ million enrolled with 150,000 cards issued per day at the peak

**7**

SOCIAL PROGRAMS

Consolidated onto one card to streamline the entire grant distribution process

**\$700+**

MILLION IN SAVINGS

\$300mm+ saved in improper grants & \$375mm savings in operational costs

**850M**

GRANTS CANCELLED

Grants were not considered appropriate

## School Identity / Payment Cards: Value beyond traditional payment products

A tailored multi-function card delivers value beyond traditional payments when youth have education and inclusion while governments reduce the costs of cash.

# Prepaid cards are child friendly and parents view them as a good way to teach children about money & money management



**70%**

of parents think that prepaid cards are a good way to teach their children about money management



**67%**

of parents think prepaid is a good tool to monitor how their children are spending money



**67%**

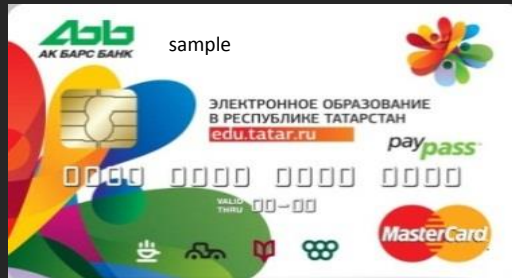
of parents think that through prepaid they can control their children's spending

Base: Non-users (Netherlands n=200, Belgium n=200, Spain n=200, Poland n=200, Turkey n=200, Hungary n=400)  
Q45. Prepaid card advantages  
August 2014

# Tatarstan Republic (Russia): Combining financial education & access for youth empowerment



MasterCard



## The Program: Taterstan School Bank

- Govt. program to streamline payments & reduce cash handling
- School ID to improve security & access information (e.g. library)
- Attendance tracking
  - 20% savings covered all hardware cost over 6mths

## Government Objectives

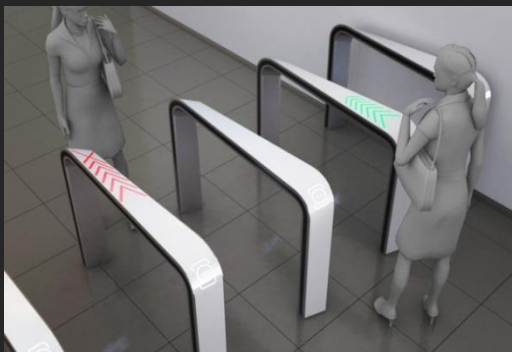
- Streamlining existing processes
- Savings for govt. agencies managing municipal schools

## Primary Challenge

- Technology investment – setting up ecosystem in schools

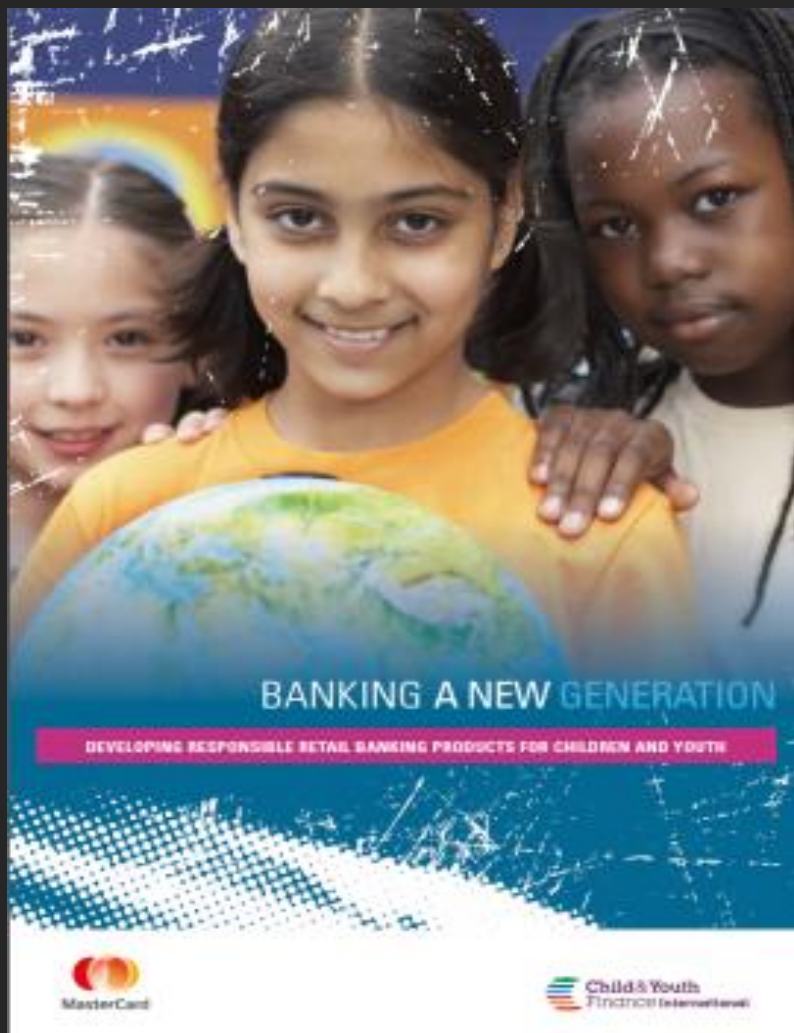
## MasterCard Solution

- Lead ecosystem development , leveraging MasterCard technology, partnerships & streamlining existing processes to deliver savings
- Contactless card for 12-16 yr olds, wristband for 7-11 yr. olds
- Responsible product – no cash withdrawals or internet txs.
- Certain merchant categories blocked, preset limits on amount loaded & transactions per month




# Defining Responsible Financial Access & Education for Children & Youth

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Available at:

<http://newsroom.mastercard.com/press-releases/new-resource-available-to-help-banks-create-products-for-children-and-youth/>



“Every child and youth has a right to safe, accessible financial services, and we need to empower them to grow into productive economic citizens”

**Ajay Banga**  
**Banking A New Generation**

March, 2014