

## Report: Widespread Adoption of Mobile Financial Services Can Lead to Significant Government Savings

15 March 2012

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- Enabling widespread adoption of mobile financial services can deliver efficiencies worth billions in government savings
- Report highlights government as key enabler to unlock growth of mobile financial services
- Full report is available at [www.weforum.org/mfs](http://www.weforum.org/mfs)

**Geneva, Switzerland, 15 March 2012** – Governments throughout the developing world can use mobile financial services not only to advance financial inclusion, but also to deliver significant efficiencies and cost savings, says a new World Economic Forum report. Developed in collaboration with The Boston Consulting Group (BCG), [Galvanizing Support: The Role of Government in Advancing Adoption of Mobile Financial Services](#), follows the publication of the [Mobile Financial Services Development Report 2011](#).

Despite the broad recognition that mobile financial services can serve as a means for financial inclusion on a global basis, wide-scale adoption has yet to be achieved. One of the primary reasons is the absence of a champion that can coordinate activities across various actors and ensure an integrated approach. The report identifies governments as key enablers and highlights key steps and strategies they can undertake to enable a mobile financial services ecosystem – strategies that can help governments reduce costs, mitigate risks and begin harnessing the many benefits of connecting individuals to the formal economy.

“Mobile financial services represent a fundamentally transformational opportunity to connect billions of people to the formal economy,” said William Hoffman, Head of the Telecommunications Industry, World Economic Forum USA. “A renewed commitment by all stakeholders to not only discuss the potential of mobile financial services, but to actually use it, is needed to ensure the promise of this opportunity is realized.”

The report shows that within emerging economies government disbursements account for roughly US\$1 trillion per year. However, an estimated 20% of those funds, or US\$ 200 billion, fail to reach the intended recipients due to mismanagement, fraud and/or corruption. With its ability to act as a secure, authenticated, reliable and personalized delivery platform, mobile finance can significantly help minimize those leakages, thereby leading to significant efficiencies and cost savings for government. Redirecting just a sliver of these “lost funds” back to their intended recipients could result in billions of dollars being saved.

Across various stages of the development cycle of mobile financial services – during formative stages as an enabler and in later as a participant – government can help promote critical activities:

- As an enabler, it can facilitate the creation of a secure framework for personal data, implement a balanced regulatory framework and make adjustments while launching new initiatives and carefully manage its evolution.
- As a participant, once mobile financial services scale up, it can make use of mobile financial services for government disbursements to create efficiencies for welfare programmes, and

salaries paid to government employees who do not have bank accounts.

“Governments in the developing world have a huge opportunity on their hands. However, it needs dedicated focus from government and private sector alike,” said Neeraj Aggarwal, a New Delhi-based partner at BCG “A few countries, like India for example, have started taking steps to enable the full potential of mobile financial services, but there is still a long way to go. These first experiments can have significant learnings not only for India but also for other developing economies.”

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