

# **HOW DIGITAL FINANCIAL SERVICES CAN HELP GOVERNMENTS DURING THE PANDEMIC**

**COVID 19 SUPPORT INITIATIVES**

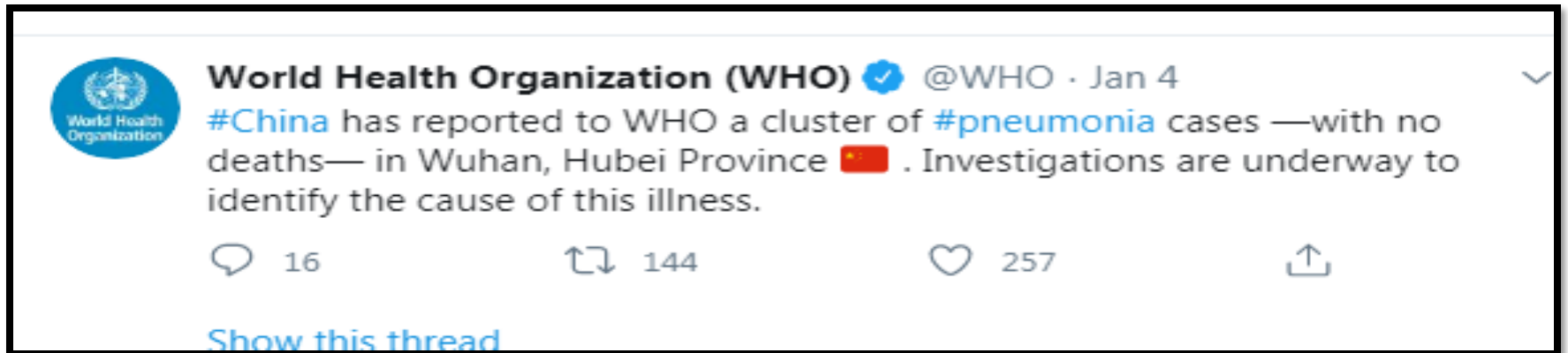
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# Introduction

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The coronavirus (COVID-19) crisis is first and foremost a **public health crisis**, but it is also threatening many people's financial security.

Whilst the bulk of the effort has been towards the Health Sector/ Health System, there has been a spirited effort to cushion the financial services sector.



# Cash as a transmission Agent ??

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*'WHO did NOT say banknotes would transmit COVID-19, nor have we issued any warnings or statements about this.'*


— WHO spokeswoman Fadela Chaib

WHO did NOT say banknotes would transmit COVID-19, nor have we issued any warnings or statements about this,” Chaib said in an email. “We were asked if we thought banknotes could transmit COVID-19 and we said you should wash your hands after handling money, especially if handling or eating food.” Doing so is “good hygiene practice,” she added.

**ACTION TAKEN:** People’s Bank of China has ordered all banknotes collected by hospitals, wet markets, and buses to be destroyed “to ensure the safety of cash transactions.”

All other banknotes processed in high-risk zones are being disinfected with high temperatures or UV lights, and then quarantined for two weeks at the central bank before re-entering circulation.

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# Cash is still resilient

There has been **mixed reaction** on the concern whether cash is a transmission agent

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- ❖ In **Germany**, Deutsche Bundesbank statement, René Gottschalk, Head of the Frankfurt am Main Health Office, says that **there is minimal risk of transmitting the novel coronavirus via banknotes**. The physical properties of banknotes do not lend themselves to transmitting pathogens, he pointed out. “Coronavirus is mainly spread by infected droplets transmitted by coughing, sneezing or also talking,”
- ❖ The **Bank of Canada**: “The risks posed from handling Canadian bank notes are no greater than those posed by touching other common surfaces such as doorknobs, kitchen counters and handrails. Canadians handling cash should follow the public health guidelines on COVID-19 and wash their hands as they would do for other activities.”
- ❖ The **Bank of England**: “Like any other surface that large numbers of people come into contact with, notes can carry bacteria or viruses. However, the risk posed by handling a polymer note is **no greater than** touching any other common surfaces such as handrails, doorknobs or credit cards

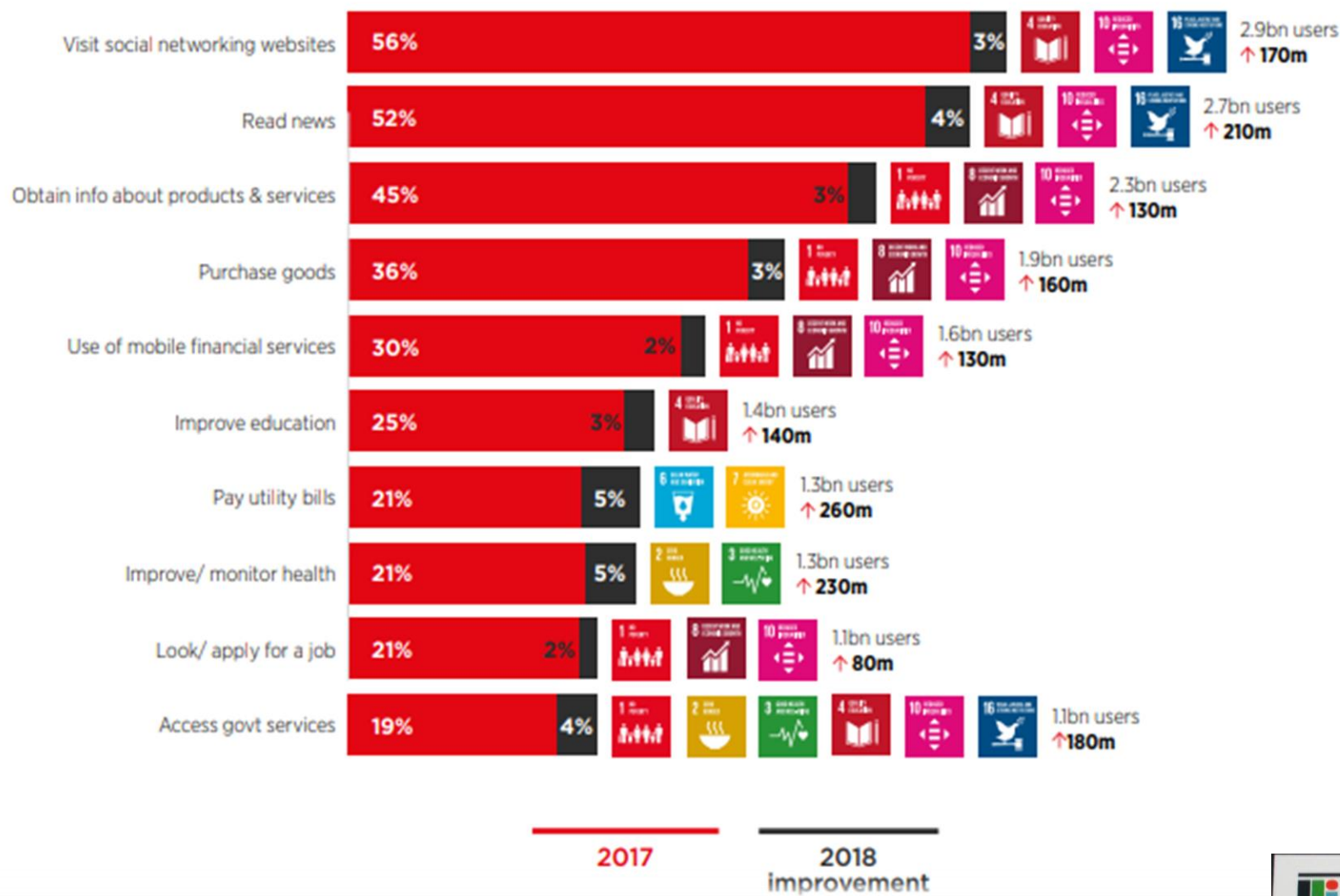


Figure 9

Source: GSMA Intelligence

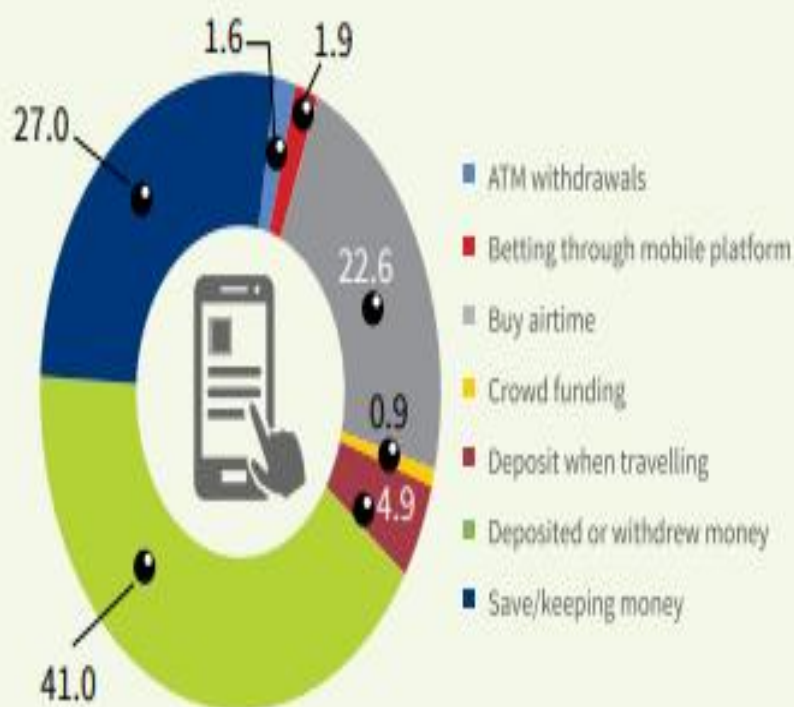
## Mobile usage by activity

Activity, % of respondents



Mobile money was mainly used for deposits and withdrawals and safe keeping (Figure 3.33). Safekeeping money and purchase of airtime followed.

Figure 3.33: Purpose having mobile money (%)



Fraud and system downtime were reported as the main challenges that face users (Figure 3.34).

Figure 3.34: Challenges in use of mobile money



# Kenya initiatives

- ❖ There will be no charge for mobile money transactions up to Ksh.1,000 ( USD 10.)
- ❖ The transaction limit for mobile money is increased to Ksh.150,000.
- ❖ The daily limit for mobile money transactions is increased to Ksh.300,000. ( USD 3,000)
- ❖ The mobile money wallet limit is increased to Ksh.300,000.
- ❖ The monthly total limit for mobile money transactions is eliminated.
- ❖ The current tariff for mobile money transactions for Ksh.70,000 will apply for transactions up to Ksh.150,000
- ❖ PSPs and commercial banks will **eliminate charges for transfers** between mobile money wallets and bank accounts.

## OTHER COUNTRIES

- ❖ Specific Relief facility for SMEs ( Malaysia- Automation and Digitalization Facility)
- ❖ Discarding the requirement for a minimum account balance ( UAE)
- ❖ Liquidity support and Ease of loan repayment conditions to borrowers
- ❖ Use of a Mobile Money for Resilience Challenge to increase digitization: Jordan

## SPECIFIC USE CASES

- ❖ Reduced usage of cards owing to a fear of contracting the virus through contact.
- ❖ Increase in the use of **e-commerce channels** ( home delivery)
- ❖ Demand for **digital health technology** solutions has risen ( Tele-medicine)
- ❖ **Digital ID solutions/** facial recognition ( India/ Singapore)
- ❖ Sterilizing or quarantining banknotes for 14 days ( South Korea)



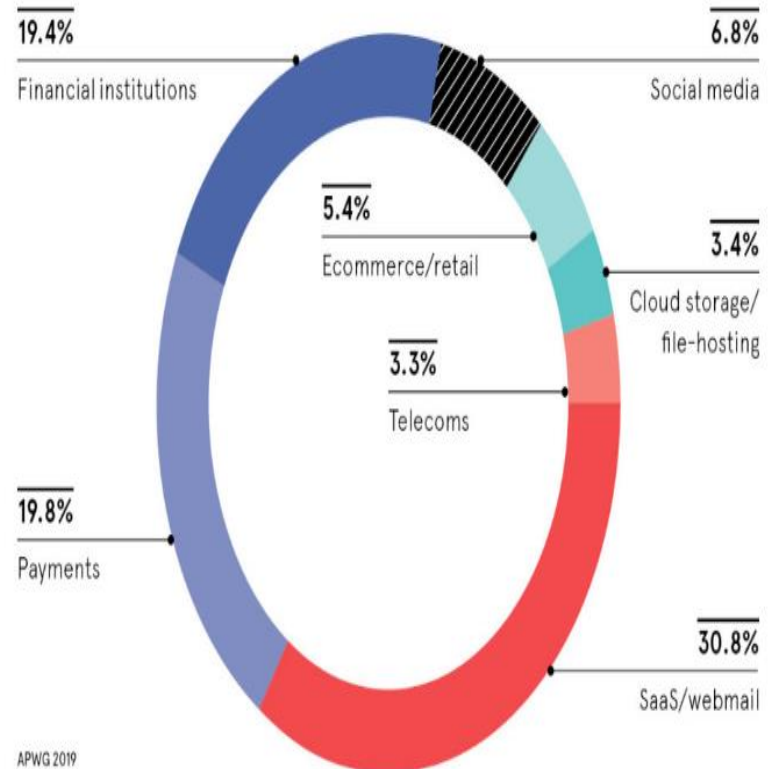
# IMPACT & FRAUD

The impact is yet to be fully understood; however indications point to a radical change to business models

- ▶ **Cash In Cash Out** : CICO agents in Kenya and Uganda also report low footfall due to social distancing and lockdown. Should they be classified as “Essential Services”.
- ▶ Likely to be **increased usage of crypto-currencies/ CBK own digitized currencies**; as it is viewed as contactless despite its shortcomings

## MOST TARGETED SECTORS BY PHISHING ATTACKS

Share of total phishing attacks directed to the following sectors/industries



# Conclusion

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Former US President Barack Obama reminding us of our responsibility to protect ourselves and our communities from Covid-19

*“Wash your hands, stay home when sick and listen to the...health authorities. Let’s stay calm, listen to the experts, and **follow the science.**”*