

Barefoot Innovation Podcast with Michael Wiegand, Director, Bill & Melinda Gates Foundation

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Jo Ann Barefoot: I have been looking forward to doing today's show for a long time because I have back on the show, Michael Wiegand, the director of the Bill & Melinda Gates Foundation program on financial services for the poor. Michael, welcome back. It's wonderful to see you.

Michael Wiegand: Thank you. It's great to be back. Long overdue.

Jo Ann Barefoot: Long overdue. And we will post in the show notes the earlier show that we did as well as another show that we did with colleague, Kosta Peric, but we're here at the Singapore FinTech Festival, it is an extravaganza, I think we've got 63,000 people here, which believe I keep saying I think this is the biggest financial conference in the world and the energy and the passion for problem solving here is just so striking to me this year.

Always, but especially this year. And who could be better to talk with about problem solving than you and the amazing work you do? Let me start by just asking you to introduce yourself a little bit. Tell the listeners who you are and what you do.

Michael Wiegand: Yeah, so I've been the director of the, I say the FSP team financial services for the core team at the foundation, coming on seven years. I can't believe it's been that long. It's gone very fast. Prior to that, I was a banker, actually based here in Singapore, with Standard Chartered Bank. Managing global products and retail banking across Southern Africa for four years and started my career in consulting. I've been in financial services for a long time.

Jo Ann Barefoot: Must feel good then to be in this world.

Michael Wiegand: It's great to be back. It's funny, even though there are 60,000 people, the number of people that I've just run into in the hallways here, it brings together an amazing group.

Jo Ann Barefoot: That's really something. So tell us about the program itself and why you do that. I mean, I think most of our listeners know that the Gates Foundation has been the leader, one of the world's leaders, and really taking on the issue of financial inclusion with the billions of people who we have not had access to and a lot of progress has been made. Tell us where we're in that journey.

Michael Wiegand: So the foundation has worked on financial inclusion for a great number of years, and it was in 2012 that we pivoted to a digital financial inclusion strategy. Also in 2011, and we were part of the early sponsors and continue to sponsor the Global Findex Survey of financial inclusion.

And so that kind of 2011 is an interesting marker in terms of measuring progress. And between then and now, two billion people globally have been added. Two billion more adults have financial accounts now than in 2011, which is really incredible.

Jo Ann Barefoot: It's an unbelievable success story enabled by the mobile phone.

Michael Wiegand: Yes.

Jo Ann Barefoot: So there was a way to distribute financial services that wasn't there before.

Michael Wiegand: That's right. But in 2011 and Pesa had reached scale, but they were the only one. And so even in Africa, I gave a speech yesterday, in 2011, less than one in four adults in Africa had an account and 10 years later that was at 55% and rapidly growing.

Jo Ann Barefoot: And what has it taken to do that other than having a mobile phone in people's hands?

Michael Wiegand: Yep. It's interesting to see how things have evolved and have evolved differently in different parts of the world. So I think in the beginning it was envisioned that mobile network operators would be a natural owner of financial services for lower income individuals because they had that network, they had their agents out to rural areas. It's been interesting to see in different parts of the world, very different models grow.

All that address the same challenges of a different economic model, much, much lower costs, ancillary income so that you're not relying just on the fees for transactions if you provide revenue, but in different parts of the world, different business structures, whether it be driven by FinTech in Indonesia or even subsidiaries of banks. When Bangladesh, you've got sort of wholly owned subsidiaries of banks, but are providing a mobile money kind of service. So you're seeing growth everywhere.

When we were together in 2018, a Findex survey that was released and over the previous three years, India had dominated the growth of the 500 million additional adults that had joined financial inclusion in that period. I think something like 400 out of the 500 were in India. And there was a real fear then that we had plateaued. India had quite a unique approach to bringing in a lot of number of people into financial services very quickly. And we thought, wow, now it's really going to level up.

And it's been amazing to see that that momentum has increased and geographically has expanded. So you had rapid growth since then in Latin America and in Africa and all indications are is that the growth is continuing. Naturally, you would expect as you reach higher levels of financial inclusion,

those that remain excluded are harder to reach. They're disproportionately poor, rural, more women than men.

And in many countries women face some really unique challenges. And so we've always been expecting that things will level off and the growth will slow. And we're not seeing that. We're seeing both continued momentum and bottom line number of adults that are included. But just the attention and prioritization of financial inclusion among governments, among the private sector is only increasing. And I think it was accelerated during COVID.

People really saw the value of having digital accounts... We also were proponents of digital ID systems in those countries that had high levels of inclusion and ID were able to respond so much more quickly to the pandemic in terms of getting money in people's accounts rapidly. That's coming out of the pandemic, we've seen a great increase in interest in governments to address their financial inclusion challenges.

Jo Ann Barefoot: One of the reasons that India was so successful has been their amazing digital ID program with the Aadhar system.

Michael Wiegand: Yeah. And that's been another great recent development is the interest globally in what's now called digital public infrastructure. I think initially everyone's referred to it as the India stack of ID and payment interoperability and data exchange. And this year at the G20, and I can't go to a conference or a meeting these days without DPI, as we call it, being top of mind. And we're seeing really rapid growth in the deployments of those kinds of systems.

And we think that's what's really going to make sure that the ongoing growth is inclusive. Because if you're going to reach even poorer and more rural citizens, you need the infrastructure to bring down the cost to serve so that the economics work as you get out into those more rural areas.

Jo Ann Barefoot: And as you mentioned, often women are particularly disadvantaged in the government issued ID situation.

Michael Wiegand: That's right. Globally, we did see for the first time in the... 2021 was the latest Forbes Global Index Survey and for the first time we did see a reduction in the gender gap in account ownership. It'd been hovering around 9% since 2011 and it dropped down to 6%. So that was positive. But really if you dig into the numbers, what you see is that as countries start to reach saturation, they start to reach 80% plus, we can't bring more men in so that it naturally closes.

We're still seeing, across the world, as financial inclusion starts to grow, men are still coming into the system faster than women. And it really takes a very intentional approach to make sure that the barriers that women face are addressed, that the particular needs that women have are prioritized in terms of

new functionality of payment systems and so forth. And we're still not doing enough to do that. So the gender gap is continuing in much of the world.

Jo Ann Barefoot: On the digital ID issue, are you seeing certain models emerging that are... Are there are different kinds of models in different places and what is secrets to success with that?

Michael Wiegand: Yeah. Well one of our closest partners, one of the leading experts in digital ID is the ID for D program at the World Bank. And they've identified a set of principles and standards to make ID systems truly inclusive and secure. Some of the keys... And frankly, India did a very good job with the Aadhaar system. Part of the keys is to make them really focus. An ID system should only be able to authenticate a person as a unique individual.

There's always a temptation to try to make that system from the beginning do everything. To be a passport system and a voter registration and everything else. And that both slows down the development, but also it then increases requirements for access, which limits access, particularly for women. So first and foremost, a system that has as few fields as possible and really just is about identifying an individual.

We also, and you see that with the Aadhar system, it's not necessary to have physical manifestation. You don't need a physical card. And certainly a lot of systems can go beyond a normal plastic card to a smart card. That becomes very expensive not only for the rollout of the program, but for ongoing maintenance. People lose their cards and now it's an extra step we need to do to have it replaced. So the ID for D's guidelines for inclusive identity systems, I think, are quite robust and they've been a fantastic resource for countries that want to implement systems that are truly inclusive.

But the other piece that... The other challenge that you see in some countries, they get locked into a particular vendor solution. And oftentimes it's the core software is not terribly expensive, but all of the biometric readers and so forth, that's where the real cost lies. And if you get locked into a proprietary system, that gets very expensive.

And India did a great job of dramatically lowering the cost of a lot of this technology. So if you use open source approaches, the ongoing maintenance and development costs of the system is much, much lower.

Jo Ann Barefoot: Did a show a few years ago with Sanjay Jain, who was one of the architects or that system that system in India. We'll put that in the show notes too, it's really a remarkable...

I found myself thinking that's one of the great public works and projects in the history of the world, the 1.2, 1.3 billion people. They got biometrics on and pretty short time. A couple of years, I think.

Michael Wiegand: Yeah.

Jo Ann Barefoot: It was unbelievable.

Michael Wiegand: We were an early funder of a program based in India, triple ITV called MOSIP. It's the mobile open source ID platform that leveraged the functionality of Aadhar and actually at a much more modern technology base. And that's being rolled out in a number of countries. The Philippines use the MOSIP system as their basis, again reaching, they probably passed a hundred million IDs at this point.

Morocco, Ethiopia is using the MOSIP platform. So it's been a great asset for countries. Not everyone has the resources, either financial or technology expertise that India had, but now a whole range of countries can implement that quality system at a very low cost.

Jo Ann Barefoot: Are there other things that we would put in the category of digital public goods that people should be thinking about?

Michael Wiegand: So when we think about digital public infrastructure, the three categories are ID systems, payment interoperability and data exchange. On the payment operability side, we or the originators of one open source solution, which is called Mojaloop. And again-

Jo Ann Barefoot: We've had Mojaloop On the show too.

Michael Wiegand: Yes. And that's been a fantastic resource for countries and we see the cost of these instant payment systems coming down dramatically. Some of the early systems that we helped fund cost \$20 million or more, which in an infrastructure context, it's not a lot of money, but for a central bank can be quite significant. Now we're seeing that, in some countries, they can implement for \$5 million or less. So it's really come down dramatically.

But the other thing that we've seen, and I think it's following on UPI in India or PIX in Brazil where the countries themselves designed and built and operated their systems, there's a desire for all countries now to follow that model. Rather than buying a sort of out of the box solution from a vendor, there's a real desire to have sovereignty and control on the overall development.

And that's where countries are really seeing the value of an open source code like Mojaloop that they can take in, use their own developers, their own citizens to build and operate it, but leverage the expertise and experience of countries that have gone before.

Jo Ann Barefoot: For listeners who don't know Mojaloop is the Swahili word for one, I believe. Is that right? Something like that.

Michael Wiegand: Yes, there's a second part to it. It's one... Maybe it's one loop.

Jo Ann Barefoot:

Maybe that's it. Yeah. So as you think about where we go from here, one of the things that we've talked about before and we at AIR are doing some work with support from the Gates Foundation challenge that arises when we include people in the financial system, especially people who were not included in the past.

The next wave of challenge goes around ensuring that the consumer protection laws and frameworks and capabilities are coming behind them, because anyone can be vulnerable at this day and age to financial scams and predatory activity, but particularly first time owners of a digital account. So how do you think about that? What are the challenges, what are we seeing in the world that is most worrying and how are we going to solve that?

Michael Wiegand:

Yeah, when I joined the foundation in this role seven years ago and started to meet our partners and other leaders in financial inclusion around the world, the single most consistent and strongest message that I was getting was people are... Globally, we were under investing in risk management. And banks have lots of challenges and the economic model doesn't always work for the poor, but banks have hundreds of years of culture and experience focused on risk.

That's kind of the job of a bank. As you get new kind of businesses coming in to financial services, they don't necessarily have that history and processes and so forth. Now in some ways it's good, because a lot of those processes traditionally added a lot of cost. So we need to find ways to effectively manage risk but at a much lower cost. And a lot of that responsibility sits with the financial service providers themselves and they're all striving to improve the quality and security of their systems.

But we in particular, as do you, work with regulators and we're really hearing from regulators that they need help in supervising their ecosystems. So if you have a country that started with 10 or 20% financial inclusion and is now going to 80%, the rapid growth in the number of citizens that now need to be protected, and citizens that don't have a long history of financial services may have limited literacy or numeracy, the technology that they're using, the phones that they're using don't have a lot of the built-in security that the phones that you and I use have.

And so it's a big, big challenge and these central banks don't have the resources to create mountain or create the armies of supervisors. So they need to rely on technology and that's where we and you are working to develop tools that will help them monitor their ecosystems and identify those risks as they emerge so that the providers can step in and address the problems.

But it's a big, big need. Because not only do you not want the most vulnerable people in the population to suffer financial losses because of fraud or other problems, but the perception of risk can destroy trust in the system. And once you lose that, it's going to be very difficult to get it back. So we really want to

make sure we stay ahead of that and arm regulators with the tools that they need.

Jo Ann Barefoot: Yeah. I think that's such an important point. That there's potential of the whole progress being set back if people decide it's not safe to use these services.

Michael Wiegand: Absolutely.

Jo Ann Barefoot: And we're looking at markets where the mass consumer financial services market is global first, which is not the old model. The old analog age that the banks traditionally have had. So that does create an opportunity to regulate in a different way. Supervise in a different way.

Michael Wiegand: Yes, this, it's a digital world and therefore you have access to digital data and particularly if you have a central switch, an interoperability switch, that now gives you visibility into transactions across all providers. So that's an important nexus of supervision. But there are others. The other area in much of the world, if there is a problem, whether it be a technical problem that a provider... Or scams that are happening, people talk about it on social media.

And so we have regulators and we help regulators to develop tools to scrub social media to identify those problems, because that's where they hear about it first. A lot of consumers don't feel like complaining to their provider is necessarily going to resolve the issue, but they'll talk to their friends about it or they'll post on the website or the social media page of the provider.

And that is actually a really powerful tool to identify emerging problems quite quickly. So technology is providing all sorts of new solutions in addition to providing some kind of risk

Jo Ann Barefoot: Problems and solutions at the same time. I couldn't agree more. How are you thinking about AI in the midst of all this? We all are saying 10 times a day now, AI has been around a long time, but suddenly the generative AI and a critical mass of digital data to work with. The things changing fast.

Michael Wiegand: Yeah. And like everyone, we're excited about the potential. But I would say we're also waiting to see how it develops. There is a lot of discussion about how AI should develop in non-English speaking countries and do you take English AI and translate it or do you develop your own language models on the local language? And so at this point I think we're taking a bit of a wait and see approach to see how things flesh out. Prior to this recent explosion in AI, we did recognize the huge power of being able to interact via voice.

So the voice to text technology, we provided some money to create voice data for lesser spoken languages. So voice to text obviously works very well in English and French and Spanish and so forth. But in countries like India where there are hundreds of dialects and dozens of main languages or across Africa, no one is

creating those models and the bottleneck is the data. Once you have the data, then the big tech companies can take it and process it and develop those products.

So we were already thinking about that voice to text capability, but now having technology that's real language capability, both in terms of interpreting what people are saying and talking about and processing it analytically, but also that responding in real language is really powerful. But yeah, I wouldn't say that we've got a clear vision of where that's going to take us. It's on the radar.

Jo Ann Barefoot: I think you're good company, I think anyone claiming they know where we're headed is not to be believed, but we need to be thinking about it. And one of the things that's been striking us is the unbelievable ease with which people are starting to create regulatory solutions with generative AI. We've seen a few demos that have just, frankly, boggled our minds in terms of the ability to... In the United States we talked with a tech person who... I'm smiling to myself, because he was a very young tech person, which may have given him an advantage, but he decided to create a tool for looking for unfair and deceptive practices.

And the large language model from the public agency guidance and the court cases. Set it all in there and in seconds, it can just say, "Here's a potential problem area." Or your marketing material and attorneys look solid and built it in a couple of hours, Michael. And the experts have looked at it. We've talked to all the agencies now and I've looked at it, I worked in that field for years and years. It's good. You wouldn't let it go wild without a human being reviewing it. But it's just incredible. We're seeing a lot of things like that starting to emerge that could revolutionize regulation and supervision is done.

Michael Wiegand: As I mentioned, we're just now really scaling up our work around supervision and our planning over the next couple of years to engage with some leading regulators in the global south to develop the tools that will help them better supervise and monitor what's happening in the markets.

And I think we've sort of stumbled into the perfect timing, because I think there are a whole new class of tools and technology that we can leverage that weren't available five years ago.

Jo Ann Barefoot: Exactly.

Michael Wiegand: The other area that's super early for us, but we're excited about, we haven't done much work in the lending space.

Jo Ann Barefoot: I was going to ask that. We started with payments, because everyone needed that as the foundation layer.

Michael Wiegand: And in fact, yeah, and when I came in to the FSP team actually sort of pulled us back. I thought there was a real opportunity to accelerate basic accounts and payments, but we're looking again at productive credit, particularly for micro enterprises and for women owned micro enterprises as well. The foundation actually has launched a new division to focus on gender issues plus a range of topics, including health and so forth.

But within that division there's a women's economic empowerment group and they're very focused on productive credit for women and we work very, very closely with them. The two areas that my team have focused on within productive credit, one is consumer protection and there's a whole different set of issues that need to be addressed there. But the other is focusing on the lack of data.

You and I and anyone in the developing world, if you go to take a loan, what's the first question they're going to ask you is how much money do you make? And if you're employed, you give a W-2 in the US or you give an audited financial statement. But having trusted income data is just taken for granted. But in much of the world, and especially for very small enterprises, that's just not available. And so you either, as a lender, you're either kind of lending lines and that's what we use to digital lending.

We just give a few dollar loan to everybody and see who pays you back or it's a very expensive process of interviewing the owners and monitoring the business to get an estimate. We think there's an opportunity, and it does go a bit to your question around AI and machine learning and so forth.

We think there's an opportunity to create really credible proxies or estimates of income and cashflow for the whole bottom 40% of the population. And that could be an amazing game changer if you really had a trusted view, what's the expected income of this customer? Not only what's the annual income? But how cyclical. So a dairy farmer has a very different cycle of income than a maize farmer. What does that look like? And then what's the variability year over year?

And we think, for a variety of reasons, there's more data available to feed into a model, but the technology to develop that kind of data, that we think could really unlock a much more productive, tailored credit for entrepreneurs, that's something we're very excited about. We're just starting the work and we'll explore some different options, but that's where I think technology can make that particularly valuable.

Jo Ann Barefoot: So you think maybe part of that could be that AI could figure that out?

Michael Wiegand: Yes, because you need to take a set of readily identifiable variables. So the examples I use are probably oversimplified. A dairy farmer in northern Kenya that has four cows, what is their income pattern likely to be? Now you can do some traditional statistical modeling of that, but if you bring in AI and have some

other variables, you're likely to get much more precision into that. So I think again, because we're starting this work now, I think we can leverage some tools that wouldn't have been available five or ten years ago.

Jo Ann Barefoot: I think it's another area where the world that is being done in emerging markets potentially is going to create models and tools that everyone will use eventually. We're seeing progress towards using cash flow data and using AI in underwriting in places like the US, but it comes slowly because people used doing things a certain way and...

Michael Wiegand: That's right. And the traditional approach isn't so terrible, but in much of the world that traditional approach just doesn't exist.

Jo Ann Barefoot: I sit here thinking about you and all the things that the Gates Foundation supports, including... I'm on the board of FinRegLab, they've done amazing research on issues like loan underwriting. I know you support the Cambridge Center for Alternative Finance, they're doing amazing work. So you just have your seeds planted all over the world. People experimenting and learning. I know those are just a handful of the things that you support.

Let's talk again about the regulators. So our listeners know that I don't criticize regulators. I love regulators. I was a regulator. They have a hard job. I like to say my son became regulator. So I love the regulators, but I moderated a panel here yesterday with regulatory leaders from five countries I think.

And their discussion kind of let up when I asked them what was hard for them and the answer that they came to is what is needed isn't the tech, although they need tech. It's the mindset shift. And they all joined in saying that is their biggest challenge. How do you think about that? We work on it, but what's the pathway there?

Michael Wiegand: Yeah, it is a challenge. In smaller countries, the regulators have fairly limited budgets and staff and a huge mandate. So unlike in the US or the UK, where you've got a whole array of regulators, in many of the countries in which we work, it all comes down to the central bank. And you know that today they're focused on foreign exchange reserves and inflation and so forth. So they've got a whole wide mandate beyond financial inclusion and beyond consumer protection. So, like you, I have tremendous respect for the regulators and I think they really want to do the right thing.

But this is a massive mindset shift. Historically, regulators would look to regulators in smaller countries would look to the larger countries or the VIS or others and try to model what they do on what the larger countries do. And in a traditional banking system, that was a very manual process of submitting data. I managed a business in Botswana not too long ago when we were still using floppy discs and thumb drives to submit data.

And so that's what they've done for tens of... A hundred years. And so it's a massive change to move away from a very controlled, prescribed ID data in exactly this format to being open to a wider range of data and having the capabilities to analyze a wider range of data, but then also to trust it, right? It's much easier if you kind of know you're getting these 10 pieces of data and this is how it adds up, didn't know how to interpret it. So there is a huge cultural shift in terms of what you're relying on.

And then the capabilities are different as well. It's not only about implementing technology, it's about taking a whole different kind of analytical mindset. There are a lot of skills that are required that traditionally weren't required, especially in the area of supervision. So it's a massive change, but regulators recognize that they need to change and they want the help and they're eager to engage in new solutions and sort of co-develop those solutions.

They're very eager to learn from each other. One of our earliest and dearest partners is the Alliance of Financial Inclusion, which is a coalition of regulators across the global south. So they're eager to learn from each other so they've got the right approach. We don't feel like-

Jo Ann Barefoot: [inaudible 00:34:57].

Michael Wiegand: Oh, yes. So that's the good thing, right? We're not needing to convince regulators that they need to change or that they need to focus on consumer protection or they need to be more analytical. They want to do it. And that's always half the battle. And now it's about helping build those capabilities over time and bringing new tools that can help them do that efficiently.

Jo Ann Barefoot: And they can't possibly do it by adding headcount in the old analog model.

Michael Wiegand: That's right. That's right.

Jo Ann Barefoot: We think that most regulators are going to need to move into the cloud themselves to be able to do this work and do it efficiently and effectively. And some have... A few that I know have done so and many are on that journey, but some of them are not there at all yet.

And one of the issues that you encounter in many countries is data localization concerns where they don't want to be reliant on a vendor from outside the country, have you given thought to that problem?

Michael Wiegand: Yes, and it's not my personal area of expertise, but it has been an issue that we've run into in some of the work that we've done. I would say certainly we've seen examples recently where countries are becoming more open to true cloud computing. And in parallel, big cloud providers recognized that that was a restriction and have come up with hybrid solutions where you can vocalize the data but still get some of the benefits in terms of the scale the technology used.

So my sense is it's actually becoming less of a problem over time and it's being solved from both ends. The country's being more open to a wider range of technology platforms and the platform providers giving some comfort and changing the way they work. So we're certainly hearing about it less as a hard roadblock to what we want to do.

Jo Ann Barefoot: Interesting. What haven't we talked about that we should?

Michael Wiegand: Have jumped right into the weeds and I might not have clearly expressed the excitement that we have. And the world is in a very difficult place right now for a variety... Across a variety of ways. And from a development perspective, you've got rapidly increasing needs, food insecurity. Obviously, global warming is an ever-increasing challenge. The pandemic not only directly required a lot of resources, but not a lot of countries want to be prepared for the next health crisis.

So you've got rapidly growing demands on development dollars and shrinking resources with the global economies slowing down and inflation. Countries have less money available and politically many countries are pulling back. So it's a really difficult environment and I think financial inclusion is one of the few real bright spots, right? You see some reversals in poverty levels or poverty levels going up during the pandemic, but financial inclusion is continuing to grow.

And I think from a development perspective, we talked about digital public infrastructure. For me that's... The return on investment of DPI is tremendous. They're not, in development dollar terms, they're not terribly expensive, but there's a multiplier effect. They make governments so much more efficient in delivering products and services. They will help governments increase revenues and speaking now of the developing world, but they also enable whole new business models that can scale to a greater degree within a country, reach all new consumers that weren't reachable without the DPI.

But also, if you have a consistent set of DPI across a range of countries, you can now scale these digital businesses globally in a way that just wasn't possible before. And we're seeing these DPI not only being developed domestically but regional. So in Africa, we're seeing a lot of efforts to interconnect payment systems to allow instant payments across borders.

Singapore is a real leader in driving that across [inaudible 00:40:04]. So I'm just tremendously optimistic and excited about the progress that I see continuing to be made. Even in the near term over the next five years, 10 years, I think we're going to see really tremendous progress. So I'm just excited and it's great. Here at the Singapore FinTech Festival, the last time I was here was when we were together in 2018.

Not only has it grown overall, but the representation of regulators. You spoke to a panel yesterday, huge focus. And so it's not just about the high-tech solutions

for the richest countries, but everybody realizes that financial technology is a driver for development across the world.

Jo Ann Barefoot:

I've been really struck by that as well here. I'm on the board of Elevandi which is a nonprofit that was created by the Monetary Authority of Singapore and is now running this gigantic event. And it's so striking to me that there is a stream running through the conversations here that is really about how do we collectively make the world a better place? There's just a lot of that. Public and private collaboration and thinking and creativity together. I'll say one of the things I admire so much about the Gates Foundation, and we share this passionately at AIR, is that a lot of times we look at problems that have always been. Like financial exclusion.

I mean the banking system for these virtues over the years has helped some little tiny percentage of the top of the economic pyramid. And now you can actually imagine not only improving that, but more or less solving it. We're not going to have a perfect world, we know that. But you can imagine a complete transformation.

And our listeners know that financial services matter, but I imagine you deal with this as we do. There are a lot of people who don't think about it as what... How it empowers individuals and communities and countries and the whole world. If you don't have access to financial services, you're going to struggle in your life.

Michael Wiegand:

That's right. Well, everybody deals in financial services. It's just that until recently and still in much of the world, people have to solve those financial problems locally within their family or within their community, borrowing the money from neighbors or moving cash across the country from where you're working or where your family is. And so it's... Expression that my predecessor coined, it's expensive to be poor. You can't avoid living a financial life, but a cash based system is tremendously expensive and risky.

We continue to invest. Part of the ethos of the foundation is to constantly be doing research to make sure that the real welfare benefits that you're expecting of your work are happening. And so we're constantly doing research and it continues to reinforce the value, even of just having an account and be able to make digital payments. I think it's easy for people to imagine that if you're a business person and you can get a loan, how that can enable you to grow.

But just the basic digital accounts are hugely valuable. We help support the digitization of wages of garment workers in Bangladesh who are also predominantly women. And that's also really accelerated during COVID with a mandate for the Bangladesh government. And we've done some research into the impact of giving those women digital accounts and the ability to send money back home instantly and near zero cost. And it's amazing how it's changed behaviors.

It's actually enabled the women to save more money because if there is an emergency, it can be given to their family members rapidly. But it gives them a lot more agency over their incomes, which is tremendously exciting. And we've seen all sorts of examples of the power that financial services has to help people move out of poverty, to be more resilient to shocks that naturally will come. It's really exciting.

Jo Ann Barefoot: Absolutely. I'm inspired by the conversation. Where can people get more information about the FSP program?

Michael Wiegand: So if you go to the Bill & Melinda Gates website, we've got some information there, including links to a lot of our partners, some of the other programs that we've sponsored. For example, you mentioned, we've spoken to Kosta Peric who launched the level one program, which talks about how payment systems should be designed to help the poor, our friends at ID for D that I mentioned at the World Bank in terms of ID systems. But you can start at the Gates Foundation website.

Jo Ann Barefoot: And again, we will link to all many, many of these things we've talked about at RegulationInnovation.org. Michael, I can't thank you enough for being my guest today. It's been exciting to listen to you.

Michael Wiegand: Well, it's been great to be with you and I'm very excited about the future of financial inclusion.

Jo Ann Barefoot: Me too.