

## AFI Webinar - Advancing Fair Competition for Inclusive Digital Finance: Insights from Emerging Markets

Thursday, 27 November 2025, 21:00 UTC +8



Opening Remarks
Dr. Alfred Hannig
Chief Executive
Officer, Alliance
for Financial
Inclusion

Sha'ista Goga Acacia Economics Anthea Paelo
Alliance for
Financial Inclusion

Beatriz Marquez OECD

Amira Abdel Ghaffar Central Bank of Egypt Kennedy Komba Bank of Tanzania

### **Emcee**



Ali Ghiyazuddin Head, Policy Management, Alliance for Financial Inclusion



### HOUSEKEEPING NOTES



We encourage active participation and mutual respect throughout the conversation. Please keep comments constructive and inclusive — every perspective adds value to our shared learning as part of the AFI community.



Use this function if you would like to share, ask, or request support from the host or panelists. Our moderators will acknowledge you and invite you to speak.



This is your space to engage and connect. Feel welcome to share your experiences, insights, and questions in the chat - it's a platform for open exchange among AFI network members.



Please keep your microphone muted unless you are speaking. Unmute only when you wish to ask a question or contribute to the discussion — this helps ensure clear audio for everyone.



If you have questions for panelists, please type them in the Q&A section. They will be addressed during the session or at the designated discussion time toward the end.



Click the "Interpretation" button at the bottom of your Zoom screen to select your preferred language (e.g., French or Spanish)



### LET'S TAKE A PHOTO

Kindly turn on your camera so we can capture a group photo to commemorate this session.



### **AGENDA**

Time	Activity
21:00 - 21:15 (UTC+8)	Opening Remarks Dr. Alfred Hannig, Ceo, Alliance for Financial Inclusion
21:15 - 21:35 (UTC+8)	Introduction of Report and Presenter Anthea Paelo, Alliance for Financial Inclusion Presentation of the Overview of the Report Sha'ista Goga, Acacia Economics
21:35 - 22:55 (UTC+8)	Panel Discussion: Advancing Competition in DFS Speakers:  • Amira Abdel Ghaffar, Central Bank of Egypt • Sha'ista Goga, Acacia Economics • Beatriz Marquez, OECD • Kennedy Komba, Bank of Tanzania • Moderator: Anthea Paelo, AFI
22:55 - 23:00 (UTC+8)	Closing and Evaluation Ali Ghiyazuddin Mohammad, Alliance for Financial Inclusion



### **Opening Remarks**



DR. ALFRED HANNIG

Chief Executive Officer,

Alliance for Financial Inclusion



### **Emcee**



Ali Ghiyazuddin Head, Policy Management, Alliance for Financial Inclusion



## Background & Context



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE









BRINGING SMART POLICIES TO LIFE







BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE





BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

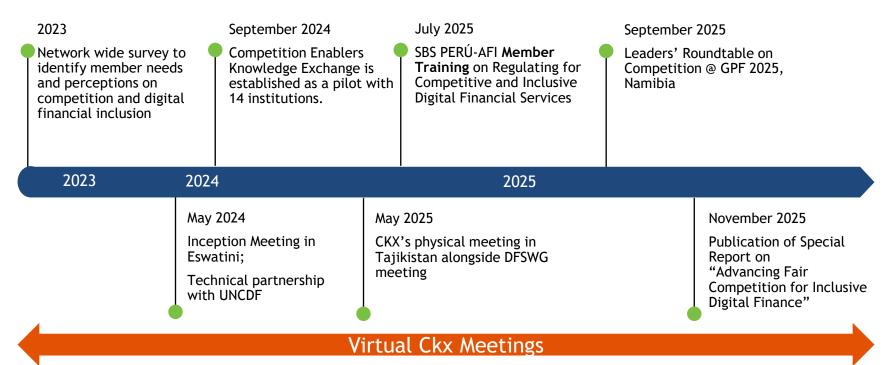


BRINGING SMART POLICIES TO LIFE





## Competition Enablers Knowledge Exchange (CKX) Implementation Timeline





<mark>#afiGlobal</mark> www.afi-global.org

## Advancing Fair Competition for Inclusive Digital Finance



Download using the QR Code

Or the link below

https://tinyurl.com/y8t 8awbe





### Presentation of the Overview of the Report

#### **Facilitator:**



Anthea Paelo
Policy Expert, Competition & Financial Inclusion,
AFI

#### Speaker:



Sha'ista Goga Director, Acacia Economics



### Advancing Fair Competition for Inclusive Digital Finance:

Insights from Emerging Markets

November 2025





### **Contents**

Background and context Impact of DFS on competitive environment Competition concerns in DFS Regulatory responses to competition Conclusions & next steps



### Why a special report on competition?

- Rapid growth of digital financial services (DFS) has expanded access and boosted inclusion.
- But this growth has also led to market concentration, with dominant players in some jurisdictions.
- Abuse of dominance can limit innovation and harm consumers, while premature regulation can stifle market development.
- Developed with supervision and guidance from the CKX, the report supports regulators in understanding competition risks and opportunities.
- The goal: help AFI members promote fair, competitive, and inclusive digital financial markets.





### Context

Advances in technology and digitalisation has led to an evolution in the following:

The type of institutions that can provide financial products

The data available to promote and provide financial services

The physical location of services

Rails and infrastructure that support it

The cost associated with provision

Impact on competition in the market



### Mapping digital financial services

The evolution of digital financial services varies across countries

The extent to which consumers had access to financial products

The reach and sophistication of the underlying infrastructure

The regulatory and legislative framework for entry and operations

Consumer ease of use and familiarity with technology.

Use case

Customer target

Channels through which it is accessed

The underlying infrastructure and inputs required

Types of company providing service



### Evolution of DFS & business models

#### Telco led

- SIM cards, mobile airtime, agents, USSD and SMS used for financial transactions
- Large impacts on inclusion

### Bank-led/Neo banks led:

- Incumbents going digital
- Digital only
- Hybrid
- Can include agent banking

#### Platform led

 Integrate apps into broader digital ecosystem Companies that provide DFS services may interact with each other in various ways:

Eg. as competitors, as suppliers or customers in a vertical relationship and as counterparts to transactions.

Inputs required

Technical platforms: for example, switches

Identity and KYC data

Transaction and customer data

Device-related access and technical facilities

In practice there is often a web of relationships between companies



### Impact of DFS on Competitive **Environment**



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

















BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES

















BRINGING SMART POLICIES TO LIFE









**BRINGING** SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE





www.afi-global.org

### Competition enhancing effects of DFS



More competitive prices



Improved quality and customer experience



Enhanced access



Gains to merchants

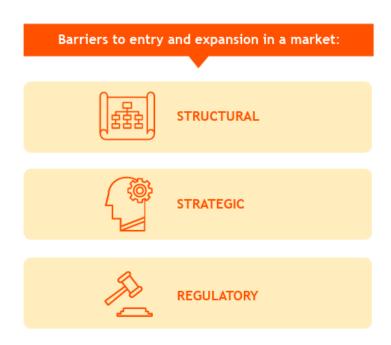


Financial innovation and deepening



### Where competition fails

- Competition can be limited or imperfect where there is market power- ability to price above the competitive level
- Firms may have the ability to raise prices above a competitive level, lower quality or not be sufficiently incentivised to innovate, with adverse consequences for consumers
- Often results where there is market failure and barriers to entry and expansion in the market
- In looking at competition enablers we start by looking at the value chain and enablers and inhibitors





### Barriers to entry and expansion: Structural

Economies of scale

Economies of scope

Network effects

Sunk costs

Switching costs

Information asymmetry



### Examples of structural barriers

#### Network effects:

- MNOs that are first to launch. Network effects where there is a lack of interoperability and
  if there is interoperability, by differences in on-net/off-net pricing
- Cards. Visa and Mastercard accepted widely by merchants and internationally (including e-commerce) -> customers want to acquire them-> harder for competitors to get merchants to accept where customers have Visa and Mastercard

#### Switching costs:

- Payment contacts etc take time to load- switching has costs. Potential for lock-in where historical data can be used to provide better tailored products as provider has enough data to manage risks
- Psychological and behavioural factors such as trust and financial literacy



### Barriers to entry and expansion: Regulatory

### Licensing barriers

•If regulatory regimes make it difficult for new entrants to get licensed are registered to provide services this can reduce the potential consumer benefits. For example, in DFS, in many countries historically, only banks were allowed to offer payments or e-money, excluding certain agile non-bank innovators.

## Barriers to accessing infrastructure and facilities

•Regulatory and legal requirements may limit which firms are able to access certain facilities and platforms which could hinder entry.

## Disproportionate compliance burdens

•Risk-insensitive or duplicative compliance regimes can create high fixed costs and uncertainty for new entrants



### Examples of regulatory barriers

- Licensing requirements often limit the types of companies that are able to compete in the market.
  - Eg. Only banks allowed to operate e-money platforms
  - Eg. EMIs and non-banks need to partner with a licensed bank (barriers where banks do not want to partner with a competitor)
- KYC requirements can limit the ability to offer products to underserved customers



## Barriers to entry and expansion: Strategic and behavioural

<b>Predatory pricing</b> or pricing below costs	Done with the intent to raise prices once competitors exit the market.
Margin squeeze	Occurs when a company charges a higher level for a wholesale service to a wholesale customer, and simultaneously charges lower prices on retail products in which they compete with the same customer, providing insufficient margins for the downstream competitor to survive.
Tying or bundling products and services:	Can be done in a manner that excludes entry in a more competitive segment.
Exclusive dealing:	Preventing suppliers or customers from dealing with competitors, thereby limiting their ability to compete.
Refusal to supply	Not supplying goods or services to competitors that compete in a different market segment.
Pricing	Exploitation of market power through excessive pricing in markets in which a company is dominant.
Collusion	Agreements between competitors to maintain higher margins and less competition in a market. This can include agreements that allow them to set prices, limit quantities, not supply potential competitors etc



### Competition concerns in DFS



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE









BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE





BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE





www.afi-global.org

### Exploitative pricing

### Pricing of interchange and merchant discount rates

- Interchange "the process whereby banks, through their devices, systems and procedures, facilitate the acceptance, collection, exchange, clearance and settlement of payment instruments utilised by their customers" while the merchant discount rate is the amount that a merchant pays for payment processing.
- Since interchange fees are paid by the banks and are unseen by customers, payment providers have the ability to charge higher (often excessive prices).
- The prices charged for interchange has subsequently been scrutinised by competition authorities in jurisdictions such as the European Union and in the UK and in many jurisdictions it is regulated.

#### Pricing of wholesale inputs

- USSD channels and mobile network access for fintech services.
- In many developing markets, fintechs or banks rely on USSD (simple text message menus) to reach customers without smartphone and SMS to confirm transactions. However, the mobile operators control USSD gateways.
- Challenges with price of USSD in certain countries eg, inquiry in Kenya

### Exclusionary behaviour

### Preventing access to platforms that can be used as technical infrastructure

- •Google Pay/Competition Commission of India
- Apple Pay- Access to NFC

#### Exclusive dealing

 Agent networks (e.g. Safaricom in Kenya)

### Refusal to interoperate and self-preferencing

•Alipay/WeChat-SAMR

#### Exclusion from switches

•Competition Commission South Africa Banking Inquiry

### Price discrimination/Margin squeeze

- Off-net/on-net pricing
- •Margin squeeze- USSD Kenya and other countries

#### Other

•Eg. Complaints over API access



### Platform power and user data

- Access to user data can create a barrier or reinforce dominance for larger companies
- Data can create competitive advantage and can be used for
  - Customer risk reduction through better profiling
  - Fraud detection
  - Personalisation of offers and value added services
- Limiting access to customer data can reinforce dominance



### Leveraging dominance from adjacent industries

 Another concern relates to the extent to which dominance from one industry can be leveraged into another

#### Examples:

- Vertical integration between telecommunications companies and mobile money providers in countries such as Kenya.
- Leveraging dominance in e-commerce to payments in China.
- Leveraging dominance in devices to payments by Apple.
- Leveraging dominance in operating systems to payment processing by Google in India.



MARKET STRUCTURE, DOMINANCE, AND POTENTIAL **COMPETITION CHALLENGES** Licence to hold funds Savings Access to bank accounts **Escrow account** Connectivity Distribution Onboarding to access channel KYC/identity service requirements Agents/shops Different Switching that distribute Access to data Internet or Data such as products requirements Apps mobile transaction data network ATM networks Suitable Loans device Access to data Credit bureau data **Existing banks** Access to Mobile market Potential Access to payment payment and agents/distribu Markets in which **Payments** settlement tors switch, clearing, there may be Device market settlement infrastructure dominance e.g. Apple Access to data Data to assess risk Insurance · Access and Agent Competition challenges pricingfor exclusivity that have occured USSD, SMS · Access to etc. app store Access to Policy and regulatory national · License to barriers databases operate · Data porting #afiGlobal www.afi-global.org

# Regulatory responses to competition



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE





BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE





BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE





#afiGlobal www.afi-global.org

### Regulatory responses

Interventions to promote entry (eg. sandboxes, new licenses, tiered KYC),

Interventions to prevent abuse (competition law, codes of conduct for dominant players, conduct supervision),

Interventions to ensure openness (interoperability, data portability, agent sharing), and

Interventions to protect consumers in a competitive market (transparency requirements, caps on excessive fees or interest). Interventions to monitor and assess competition (e.g., development of indicators, market dashboards, data sharing mandates, regular market studies).



### Interventions to promote entry

Tiered and flexible licensing

Regulatory sandboxes

Simplified regulatory requirements for customers

- Legacy regulation often developed for concentrated banking sector
- Response is tiered or new categories of licenses
  - Eg. e-money issuers, digital banks, agency banking etc
- Could allow for lower capital requirements, reporting requirements, KYC etc
- Important that it is risk-based
- Allowing multiple services under one licence
- Sandboxes allow entrants to test products while relaxing regulations
- Can increase innovation and pipeline of market entry
- Can support entry where regulations and process is complex
- Depends on specifics- which regulations are suspended? When and for how long? Who is eligible? What support is given to applicants during the process?
- Tiered or proportionate requirements
- Often risk based, lower KYC for smaller transactions



### Interventions to promote openness (I)

Open finance and data sharing initiatives

Depends on the shape of the intervention

- Standardise and open data exchange to build on top of bank infrastructure and relationships (open banking and open finance)
- Can allow for switching
- Mandatory or voluntary
- What data is open (transactions, credit records)
- Data protection regimes
- Technical structure including standards for data and system architecture
- Consumer protection requirements
- Treatment of risk and liability incl governance structures
- Ecosystem and types of companies able to utilise



### Interventions to promote openness (II)

Digital public infrastructure

Interoperability

mandates

- Governments have invested in infrastructure to enable competition
- Eg. Real time payment systems that are open access (e.g. Brazil Pix and India UPI)
- Questions around design- is participation mandatory or voluntary and for who? How is pricing worked out? What input do different players have into decisions?
- Different systems being able to work together reduces network effects
- Wallet to wallet etc
- Depends on design of system
  - Ownership
  - Decisions on governance and entry
- Decisions on pricing
- Participation rates (including mandatory vs optional)



### Interventions to prevent abuses

- Mandating access to required inputs (Prohibiting exclusivity)
  - Regulators have intervened in agent and channel exclusivity
  - Monitoring behaviour of banks towards fintechs (derisking of competitors)
- Interchange and pricing regulations
- Scrutiny of mergers and acquisitions
- Vertical separation of platforms e.g. Telco and mobile money



## Approaches focused on monitoring and assessing competition

- Market studies
  - Detailed and allows for nuance, particularly if focused on a subsector
  - Takes into account qualitative factors
- Monitoring competition (screening indices)
  - Concentration indices (eg HHI), static and over time
  - Entry and exit
  - Price patterns (including over time)
  - Switching behaviour
  - Penetration and intensity of use
- Identify market misconduct and consumer protection concerns



## Conclusions & Next Steps



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



afi











BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE





BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE

BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE



BRINGING SMART POLICIES TO LIFE





#afiGlobal www.afi-global.org

### Conclusions

- Competition is a key driver of innovation and inclusion, but its impact depends on market structure, firm conduct, and regulatory design.
- Evolution of market and challenges depend on context
- Need to assess the market based on country specifics and not implement tick box approach to regulatory intervention
- Regulators should consider monitoring digital markets, ensuring fair entry and act early when risks arise.
- A balanced regulatory approach is critical, combining ex ante enabling measures (e.g., interoperability, open access) with strong ex post enforcement.
- Collaboration with other regulators for regulation, supervision (including enforcement) is important for market development











## Panel Discussion: Advancing Competition in Digital Financial Services



Moderator
Anthea Paelo
Alliance for
Financial Inclusion



Sha'ista Goga Acacia Economics



Beatriz Marquez OECD



Speakers





**Kennedy Komba**Bank of Tanzania

### **CLOSING REMARKS**



Ali Ghiyazuddin Head, Policy Management, Alliance for Financial Inclusion



## Advancing Fair Competition for Inclusive Digital Finance



Download using the QR Code

Or the link below

https://tinyurl.com/y8t 8awbe





### **Evaluation of Webinar**

## Please share your feedback

https://www.surveymonkey.com/r/2 02511-CKX





