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Key Messages

EMnet Working Group on Digital Transformation in Emerging Markets 2022

The future of digital transformation in emerging markets

What next for Digital Transformation in Emerging Markets?

The COVID-19 pandemic has forced businesses, governments and societies across emerging markets to accelerate their adoption of digital technologies to carry out their activities. Developing countries have been asking for more: (i) technology guidance on regulatory and digital transformation policies for COVID-19 recovery; (ii) digital solutions such as digital platforms to inform pandemic response, digital financing to support vulnerable populations or provision of remote services including e-justice and distance learning; (iii) basic digital infrastructure and capacity building. The United Nations Development Programme (UNDP) alone received requests from more than 100 countries. From a business perspective, across 13 African countries, more than 1 in 5 firms either started using or expanded their use of digital technology in response to the COVID-19 shock. The uptake in e-commerce drastically increased, for example retail e-commerce in Latin America grew by almost 40% in 2021. Technologies that were advancing rapidly such as Artificial Intelligence (AI) across sectors from health care, to agriculture, to financial markets, showed their potential to transform business models, government systems and policy making with greater adoption across the private and public sector. This acceleration can impact global value chains participation for regions such as Africa, reducing costs to trade and shipping and customs processing time. Digital transformation can also support better integration of SMEs, as a number of digital innovations are offering new opportunities for smaller and informal producers by improving the efficiency of logistics, customs and finance access. Use of technologies such as robotics, AI and Internet of Things (IoT) could substantially accelerate the transition of many emerging countries from suppliers of raw materials to further processer of goods.

Digital acceleration has been underpinned by progress in global connectivity, which needs to be furthered to achieve its potential. In Africa, 72% of the population uses mobile phones regularly and the continent operates a total of 300 million mobile money accounts, the world's highest number. In Asia, estimates show that in just a year, from 2019 to 2020, the number of e-commerce users increased by 37 million in ASEAN, 71 million in China and 50 million in India. The region is at the forefront of digital innovation accounting for 50% of all global internet users, 60% of all online retail sales, and over 40% of all unicorn startups. By 2025, Asia will account for almost half of all new mobile subscribers added worldwide and over half of all cashless transactions. In Latin America, smartphone usage continues to grow rapidly with smartphones accounting for 72% of total mobile connections in the region in 2020, expected to reach 80% by 2025. However, with 60% of global GDP estimated to rely on digital communications technologies in 2022, major challenges still need to be addressed: lack of finance for infrastructure, gaps in skills and limited broadband coverage, as highlighted in our Business Insights on Emerging Markets 2022.

As the next wave of digital transformation powered by the technologies of the future takes shape, **emerging markets must be mindful of both its development potential and the risk that this digital transformation could exacerbate existing inequalities.** In 2022, around one-third of the world's population, approximately 2.7 billion people, is still not connected to the Internet according to the International Telecommunication Union, pointing to a slower growth in the number of Internet users. In Africa, 70% of young people live in rural areas, yet only 26% of African rural dwellers have access to the Internet. The comparable figures for the rural populations in Asia and Latin America and the Caribbean (LAC) are 35% and 40%, respectively. Bridging the gap in connectivity infrastructure would require USD 428 billion. According to the ITU, unlocking such amounts will require unprecedented efforts from the public and private sector, thus emerging markets will require an enabling environment and new public policy approach that can attract investments.

The digital transformation of SMEs in emerging markets remains a challenge. Many SMEs risk missing the benefits digitalisation can offer. At the firm level, digital gaps are strongly associated with gaps in productivity, scaling up, innovation and growth. These gaps contribute to inequalities among firms, and, in turn, people and places. Research shows that closing the SME digital gap not only increases a country's productivity performance but can also contribute to decreasing place-based inequalities. The D4SME Global Initiative aims at contributing to the international policy discussion on how to enable all SMEs to benefit from the digital transition. One of the main brakes is that smaller firms lack a digital culture, particularly at the management level. SMEs are also less likely to have the resources to train employees compared to larger firms, thus the emphasis on upskilling and reskilling workers in emerging markets.

Leading an efficient and responsible digital transformation in emerging markets can have spillovers in most areas to reach the Sustainable Development Goals (SDGs). Indeed, building digital governments can be a step to support open government models with public-private collaboration playing a role in up and re-skilling population and creating the enabling environment for an inclusive transformation. In the context of the energy transition, cross-sectoral collaboration has the potential to accelerate the reduction of emissions and adoption of cleaner technologies. Finally, digital tools can bridge gaps, particularly in access to finance, education or health, provided access to digital technologies is addressed by ensuring ensuring availability of affordable and good quality connectivity and building skills to foster digital adoption.

Digital Transformation and Open Government

Digital transformation can provide the necessary tools to move towards more open government. Open government strategies and initiatives are based on the principles of transparency, integrity, accountability and stakeholder participation. There is potential for digital government to help support this process while facilitating collaboration between the public and private sector. In 2014, the OECD published its Recommendation on Digital Government Strategies which aims to support the development and implementation of digital government strategies that bring governments closer to citizens and businesses. Following those guidelines, the OECD Digital Government Index (DGI) benchmarks the comprehensiveness of digital government strategies and initiatives. The assessment is based on the six dimensions of the OECD Digital Government Policy Framework: 1) digital by design, 2) data-driven public sector, 3) government as a platform, 4) open by default, 5) user-driven, and 6) proactiveness. Finally, to accompany policymakers in their journey to adopting a digital strategy, the OECD Going Digital Project aims to help understand the digital transformation that is underway and to develop appropriate policies with targeted policy advice for labour markets, trade, or finance.

Digital government strategies, and open government data in particular, can drive innovation and efficiencies in the public sector and beyond. The UN has called for a "Roadmap for digital cooperation" to promote people-centered services, trust in public institutions with enhanced digital cooperation with the private sector and other stakeholders. The OECD E-Leaders Handbook on the Governance of Digital Government provides a practical and easy-to-use toolbox to help policy makers evaluate their administrations' digital maturity, assess strengths and weaknesses, and chart a path to progress, taking into account national contexts, institutional models and the policy levers at disposal (project management tools, regulations, standards, financial mechanisms). Similarly, the Open Government Partnership (OGP), is a multilateral initiative, launched in 2011, with the aim of supporting public policies that encourage participation and transparency to fight corruption and promote the use of technologies by governments. The OECD Observatory of Public Sector Innovation (OPSI) references all the toolkits available for governments to adopt the tools and methods to become a digital government with a "whole-organisation approach". The OPSI highlights the major technical challenges that will arise around migrating from legacy systems, involving critical data, but also addressing emerging technologies such as blockchain and artificial intelligence.

Public-private partnerships are part of the strategy to achieving digital government reforms and overcoming challenges, including budget issues, ageing population, the preference of many millennials for private sector employment and the need to upskill the workforce in the public sector particularly in areas such as health care and social services. Thus, the public sector has a role to play in promoting more public-private innovation ecosystem and shaping the market for engaging the private sector on public innovation. This collaboration, which can also include the civil society, has been successful to bridge digital divides when led during the design and production phases of e-services. However, partnerships are not often conducted: of the 193 countries surveyed by the UN E-Government Surveys, 42 co-created education e-services (the highest number among the six sectors assessed), and only 22 countries have engaged in the collaborative development of justice-related e-services (the lowest number). However, companies are engaging in support of public authorities, for example, the "Digital Tools for Rule of Law & Recovery" (DT4RR) agenda, developed by Walmart in partnership with actors including the Organisation of American States and the Americas Business Dialogue, supports the introduction of key digital tools into government to enhance regulatory systems such as tax administration, customs, procurement, and licensing/permitting. Finally, the private sector can support governments to address a number of growing issues such as cybercrime, risks in data exploitation, disinformation as highlighted by the World Bank. The topic is growing and some countries are showing progress on these topics, such as Mexico, which developed cybersecurity knowledge, training and skills, working with companies in the country.

Digital governments can underpin progress on enabling environment and rule of law that could in turn support private sector investment and increased competitiveness. These strategies can unlock some of the investments needed to bridge the large ICT infrastructure gap - 161 billion up by 2025 in Latin America alone – through the creation of enabling conditions such as the digitalisation of key regulatory systems, increased trust, transparency and efficiency for bankable projects. As highlighted by the OECD, governments should develop clear business cases to sustain the funding and success of digital technologies projects as well as review legal and regulatory frameworks to allow digital opportunities to be seized.

Digital Transformation and Green Economy

Digitalisation can unlock important environmental gains. Recent estimates from the World Economic Forum and Accenture suggest that digital technologies could deliver up to one-fifth of all the reductions needed to achieve the 2050 net-zero goals in energy, materials and mobility. In electricity systems, digital technologies can help integrate more and more energy coming from renewables through machine learning, smart meters and other digital technologies and improve the reliability of grids. They can also help match supply and demand from decentralised sources such as electric vehicles (EVs) and connected appliances. Recent developments show that investments have increased globally: for example, grid-related investment in digital technologies has grown by over 50% since 2015, reaching 18% of total grid investment in 2021. Challenges to the wider adoption of digital tools in the energy sector in emerging markets include: access to more granular data, advanced analytics capability, and the scale of investment needed to transform legacy business models in the energy-service sector to adapt their equipment and infrastructure. There is potential for digital business models to create new business opportunities and revenue streams for energy service providers, while helping consumers to better understand their energy use and lower their bills. Digitalisation can also play a major role in the adoption of circular business models in the private sector, and address some important market failures that prevent scaling up circular activities. For example, digital technologies increase the availability and flow of information through data collection within and across value chains to unlock opportunities for circular economy.

Greater public private collaboration can accelerate the adoption of digital tools across the energy sector. A number of initiatives led by the IEA aim to accelerate the deployment of digitalisation within the energy sector in emerging markets. The IEA Digital Demand Driven Electricity Networks (3DEN) initiative is developing analysis and policy guidance for emerging economies on digitalisation for power

system decarbonisation and resilience. On the policy side, IEA Technology Collaboration Programmes (TCPs) are informing policymaking related to digitalisation to accelerate clean, efficient and secure energy transitions, including on smart grids, user-centred energy systems, electronic devices and networks, industry and buildings. Finally, The Energy Efficiency Hub's Digitalisation Working Group is collecting best practices on policies and measures. Governments are also incorporating digital technologies and innovation policies into their energy plans: India has a scheme to improve the quality and reliability of power supply by supporting the deployment of digital technologies, capacity building and training. Finally, fintechs are integrating climate-related features, supported by networks such as the Green Digital Finance Alliance, launched by Ant Financial Services and UNEP, leveraging digital technologies & innovations to enhance financing for sustainable development. An initiative in pilot phase backed by the Alliance looks at the aggregation of small amounts of cash from millions of digital wallets in Bangladesh to create a mega-fund to finance low-carbon infrastructures. To ensure digital tools can work for the green transition, both public and private sectors need to work on building ICT skills (upskilling, reskilling), to avoid labour bottlenecks.

The digitalisation of specific sectors of the economy is also an opportunity to further the energy transition, for example in the agriculture sector. Digitalising 15%-25% of global agriculture in this way could increase global production by 300 million metric tonnes by 2030 and reduce water consumption by up to 150 billion cubic metres every year. For "hard to abate" industrial sectors, the First Movers Coalition was launched as a global initiative of 50+ companies harnessing the purchasing power of companies to decarbonise seven sectors that currently account for 30% of global emissions: Aluminum, Aviation, Chemicals, Concrete, Shipping, Steel, and Trucking; along with innovative Carbon Removal technologies. These companies commit to purchasing zero-carbon technologies to support speedy deployment. Digitalising cities to make them greener and more livable through public-private partnerships (PPPs), can bring both needed investments and expertise in the design and planning phases, such as the ongoing Urban Futurability project in Vila Olimpia, Sao Paulo, where various companies are working together to develop the first digital and sustainable neighborhood in the city. These partnerships for building digital green cities can further ensure greater efficiencies around implementation and maintenance of innovative urban projects. The digital transformation of these sectors will be driven through incremental digital innovation and it is critical that public policies as well as PPPs set the foundation for greater adoption. Finally, the digital sector itself can work on the reduction of emissions. With more data transferred across mobile networks, demand for energy is increasing each year threatening operator energy efficiency and carbon reduction targets.

Digital Transformation and Social Inclusion

Universal connectivity by 2030 will require a significant increase in infrastructure investment. The expansion of infrastructure roll-out and the quality of services have improved in recent years thanks to investments made, with greenfield foreign direct investments (FDIs) in the ICT and Internet industries doubling between 2015 and 2021 in Africa and mobile network operators (MNOs) expected to invest USD 73 billion in LAC between 2020 and 2025. Given the scale of the investment required across emerging markets, the growth in digital infrastructure cannot be undertaken by the public sector alone. Attracting private sector, long-term participation is critical to boosting infrastructure investment and financing across emerging markets. In regions such as LAC, telecommunications depend almost exclusively on private investment. Engaging the private sector to cover the cost of closing the digital divide requires a solid business case, which may include financial incentives for investors. Currently, telecommunications investment in LAC has been falling in per capita terms since 2010, including in the pandemic years. Working with stakeholders in coalition can help governments learn from successful examples of digital inclusion, as highlighted by the EDISON Alliance led by the World Economic forum and UNDP.

A key challenge for social inclusion in emerging markets is affordable and reliable connectivity. In order to ensure equal access for all users, the OECD published in 2021 its Recommendation on Broadband Connectivity, providing a policy and regulation roadmap of principles to extend

connectivity and enhance the quality of broadband networks with guidance on fostering competition, investment and innovation in broadband development and measures to eliminate digital divides and reduce barriers to broadband deployment. An effective management of spectrum, as a key enabler for communications services, is essential for digitalisation. In 2022 the OECD published the Developments in spectrum management for communication services that outlines the main aspects for effective stewardship of this essential asset within the context of wireless communication services, presents trends in policy, and discusses future considerations for its management. A model for extending service to rural areas is the one developed by Internet para Todos (IPT) in Peru. The IPT model is based on the development of a wholesale single mobile network in rural areas that is available for all MNOs under non-discriminatory conditions. This model has been very successful in terms of extending 4G mobile services to rural areas in Peru. Models that have worked in the past include public-private partnerships for infrastructure consolidation, electrification, community and locally managed networks, and the creation of public sector partnerships with international co-operation. On another hand, the Alliance for Affordable Internet, which brings together governments, the private sector and the civil society works on driving down the cost of internet access in low- and middle-income countries through policy and regulatory reforms. The Alliance pointed out the high costs of access also driven by taxes to access Internet and social media platforms, as observed in some African countries. Average costs of data services on the continent remains the most expensive in the world.

Beyond cost, important social barriers remain. Access can be hindered due to the lack of relevant content and digital literacy resources in relevant languages. In rural areas in particular, some populations may not be sufficiently confident in their proficiency in the main languages used nationally, and providing services that are readily understood can increase access to, and use of, digital technologies. The gender gap in mobile internet has stalled. In 2021, the gender gap in mobile internet stood at 16%, not moving much from 2020 where it reached 15%. GSMA indicates it is the first time since 2017 that this type of negative trend has been observed as only 59 million women came online in 2021 compared to 110 million in 2020. Affordability issues appear significant again, as women often have less access to financial resources and spend their money on their most immediate needs, such as food or energy, rather than spending it on phones or Internet connection. Finally, the importance of digital literacy, as well as financial literacy when it comes to fintechs, is increasing. The ITU points out the importance of measuring the impacts and benefits of digital transformation for vulnerable groups, particularly tracking evidence of how those newly connected to the Internet are using and leveraging digital platforms, allowing for more complete better case studies and examples to inform other actors.

Private Sector Insights

Following the COVID-19 crisis, businesses across emerging markets have accelerated their adoption of digital technologies. EMnet participants recognise their potential in addressing current challenges including overcoming supply chain and trade disruptions. However, further investments in connectivity and access are essential to unleash the full potential of digital tools and make it beneficial to the whole society. In this context, ensuring the bridging of digital divides is a policy priority. According to participants, digital transformation, if led responsibly and in co-operation with public authorities and multilateral institutions, has enormous development potential across emerging markets. Based on their experience, participants note digital tools can support open government reforms, the acceleration of the green energy transition, and social and financial inclusion efforts. EMnet participants identified several dimensions where a multistakeholder approach can be leveraged: (i) capacity building addressing the current lack of digital skills; (ii) enabling conditions and frameworks, promoting a larger use of innovative tools; (iii) making the digital transformation more affordable.

Companies emphasise the importance of the digital transformation to recover from the recent global crises. For example, EMnet participants note that digital tools can help create flexibility in global value chains. The adoption of these new technologies requires reliable and quality digital infrastructure, which ensures sufficient connectivity for companies to operate. Moreover, developing digital solutions such as e-platforms for local SMEs in emerging markets could allow them to better engage with larger firms and integrate global supply chains. According to EMnet participants, e-platforms could also bring flexibility to larger companies in times of tension in supply chains and shortages, by providing them with a better overview of alternative partners available within a region. Public authorities can play a crucial role in supporting SMEs in their adoption of digital technologies. Multilateral development banks are also essential in supporting both the private sector and governments in finding specific measures for emerging markets. Potential solutions to narrow the existing gaps for connectivity and access include models that allow sharing available infrastructure, lowering burdens to infrastructure development and working on sustainable business models which encourage the private sector to contribute to efforts for digital inclusion and co-operation.

To unlock further investment in digital connectivity, participants restated the need for both public and private sectors to work together. On the public side, EMnet firms point out a lack of clarity regarding who is responsible for the digital transformation across multiple government institutions. The multiplication of actors, including various ministries, regulators and electricity authorities, makes it difficult for private investors to invest in digital infrastructure and engage in business activities involving innovative digital technologies in emerging markets. Participants agree that the OECD and other multilateral organisations can play a role in promoting guidelines and best practices for public authorities, to facilitate their interaction with the private sector and include fundamental topics such as investing for connectivity in rural areas. Finally, EMnet participants stress the opportunities arising from sustainable, green and social bonds, to support the digital transformation. Discussions are ongoing regarding the creation of a specific fund among development banks, which would develop new financial instruments, such as digital bonds, to support private sector investment in connectivity.

Open Government

Stakeholder engagement is crucial to create from the outset shared ownership of policy and promote digital and open governments in emerging economies. While governments report that they do engage with stakeholders as part of the design process of national digital government strategies, only half of the governments studied in the Digital Government Index 2019 foresee the participation of at least two different groups of actors – the private sector, academia and/or civil society – in consultation bodies for ICT projects.

Working on open government is a way to unlock regulatory simplification, facilitate transparency and expand access. Particularly in emerging markets, there is a momentum to push the open government agenda, as countries have the opportunity to leapfrog on a number of aspects. Digital governments can help increase effectiveness and efficiency across licensing, permitting and tax systems, improve customs administration, harmonise rules and regulations and reduce bureaucratic bottlenecks. The private sector can play a role in supporting the introduction of digital technologies on a wide range of public services, such as in the public health and animal health sectors for example, where companies can support disease prevention as well as the identification, early diagnosis, and monitoring of illness. Currently, regulatory frameworks in some emerging markets and the lack of harmonised requirements and procedures do not fully enable the private sector to work with governments on national health strategies and limit the possibilities for "access for all" when it comes to medication for the general public and animals.

Public-private co-operation can also help address the formalisation of employment in many emerging economies. Multinational companies can act as a bridge between small merchants, SMEs and governments, thanks to compliance systems facilitating the move from businesses from the informal to the formal sector. Likewise, governments working on digital invoicing systems will facilitate

relations between local firms and micro, small and medium enterprises. Participants highlight trust as a key aspect to this digital environment, which can be brought through greater consultations and collaboration in policy design and implementation, avoiding digital protectionism and lowering barriers to digital trade.

Green Economy

Digital technologies can accelerate the transition towards a greener economy; however, emerging markets need to overcome several policy barriers to enable a "twin transition" to a sustainable and digital economy. EMnet participants reaffirm that green and digital transformations go hand-in-hand, and that technology can play a key role helping reduce global emissions between 15 and 35% by 2030. The energy sector can benefit from digital transformation, notably through investment in a full range of technologies such as virtual reality, digital twins but also drones and robotics. Particularly in the agriculture sector, participants point to the important opportunities brought by data science and application technologies to answer the pressing challenge of feeding everyone while preserving our resources. For example, by using digital farming tools, farmers can work smarter, combining their expertise and knowledge of the land with digitally enabled tools that collect and make sense of data, providing them with actionable insights that allow for better decision-making. It provides opportunities for agri-food systems to monitor and manage global soil, climatic and genetic resources and address information asymmetries among the stakeholders along the agri-food value chains. It can serve as a foundation for more efficient, equitable, and environmentally sustainable economic development. Yet the use of digital innovation in emerging markets depends on the availability of good data collection systems, robust data infrastructure and harmonised rules on data.

Indeed, firms note several barriers, which increase the risk of losing an important number of jobs currently occupied in the "brown sector" without compensation in the green sector. There is potential to create employment, as the IEA in its Net-Zero Emissions by 2050 scenario estimates that 14 million new jobs will be created in energy supply by 2030, while 5 million positions would be lost in fossil fuel production. The agency stresses that these job losses would be most pronounced in economies that are heavily dependent on fossil energy production, mainly in emerging markets, with an impact on local communities that can be significant. The first barrier to the use of digital technologies identified by EMnet participants remains the lack of enabling conditions across emerging markets. A lack of transparency around issues such as data ownership and privacy, for instance, can slow down the adoption of digital tools by small players. Companies point out that long-term, clear frameworks which include intermediary goals for the reduction of emissions would help them in designing their own transition to green energy. Firms also raise the need to work on the public awareness and understanding of key energy technologies. The benefits of the digital and green transitions need to be visible and understood by populations by raising awareness on climate change and its impact and increasing the knowledge of renewable energy technologies. Third, the lack of digital skills is currently slowing down the transition. There is a need to increase the rate of students in STEM and address gender imbalances.

The move to a more digitalised economy is also accelerating the demand of energy. For this reason, adhering to climate targets will require that companies in the digital sector work to reduce their carbon footprint. Millicom as a telecom operator is exploring ways to rely on innovative energy sourcing models and market instruments, using Power Purchase Agreements (PPA) in Panama or renewable energy certificates in Colombia, to become more energy-efficient, and gradually decarbonise its electricity consumption.

Social Inclusion

Investment to address barriers to connectivity must be complemented with measures to reduce digital gaps. According to EMnet participants, traditional models to attract investments in connectivity are ultimately not sufficient to achieve universal coverage. A new approach to close the digital gap is urgently needed. Furthermore, firms reflected on the importance of applying a gender-lens to their

initiatives, by working around social norms as these can impact women and their ability to, for example, own hard and digital assets or open a bank account. The Social Institutions and Gender Index highlights the structural barriers to bank account ownership for example in Africa, where only 26% of women have a formal bank account, compared to 38% of men. Moreover, to address the gap in digital literacy, capacity-building programmes must be anchored in the reality of the regions, taking into account digital maturity across countries, sectors of the economy which could benefit from digital expansion, and target populations that could enter the labour markets thanks to higher literacy. AT&T and the Education Authorities in Mexico City launched a digital citizenship programme that is part of the school curriculum for children in Mexico City. Intel, through its various Artificial Intelligence programmes (AI for Youth, AI for Citizens, AI for Future Workforce, AI for Current Workforce and Digital Readiness for Leaders), aims to demystify the use of digital technologies in various settings and industries. The goal is to help governments on their strategies and national action plans to reduce gaps in digital access, but also explore how the public sector can more effectively use digital tools to deliver its services. Intel aims to train 30 million people around the world by 2030.

Finally, all stakeholders should work on affordability of connectivity. Participants stressed the existing efforts to reduce the cost of digital devices as there is now a wide range of commercial offers dedicated to low-income populations. However, they noted how the income of rural citizens is remaining too low to fully benefit from access to internet. Through its Internet Para Todos initiative in Peru, Telefonica in partnership with Meta, CAF (Development Bank of Latin America) and IDB Invest have tested a new business model focused on rural areas both from a technical point of view but also from a commercial and business perspective. Members highlighted the importance of anchoring these projects on sustainable financial models, which can't rely solely on subsidies, given that they can't guarantee enough incentives to evolve to new generations of technologies and keep up the pace of innovation. EMnet participants agree that the private sector can bring a more comprehensive view and commercial solutions to the table in a co-operation with the public sector.

The Fintech sector can help governments in their digital inclusion efforts, particularly in times of crisis. EMnet members note the multiplication of platforms for banking over the past years, increasing the pool of choice for consumers and citizens. However, while efforts were made on receiving the income in a digitised way, there is still a lack of use in the payment side. In certain regions, communities still rely heavily on cash despite efforts to digitise transactions, thus limiting access to financial services, which calls for increased partnerships with Fintech and their innovative and new solutions. For example, in Colombia, MOVII, an e-wallet platform, helped distribute the government assistance "Ingreso solidario" during the COVID-19 pandemic online using digital banking, but also in-person helping people to open their account by visiting their homes. Another example in Chile is Caja los Héroes, a pre-paid card for retirees, which provides services to beneficiaries of Chile's Social Security Institute and pensioners with private retirement funds, but also social services, thus participating in the financial inclusion of the elderly often left out. However, a sound regulatory environment needs to be in place to unleash the potential of digital technologies for financial inclusion. These initiatives were made possible because there was already a trust environment between the government and Fintech companies. It could not have happened, for example, in contexts lacking non-lending deposit-taking institutions, which are necessary for Fintech companies to operate. Similarly, governments need to have in place a regulatory framework around e-signature and digital identity. Finally, to increase access of small businesses to open banking and smart lending solutions, EMnet participants point at the importance of payment aggregators, using technology that needs less connectivity and data usage.

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