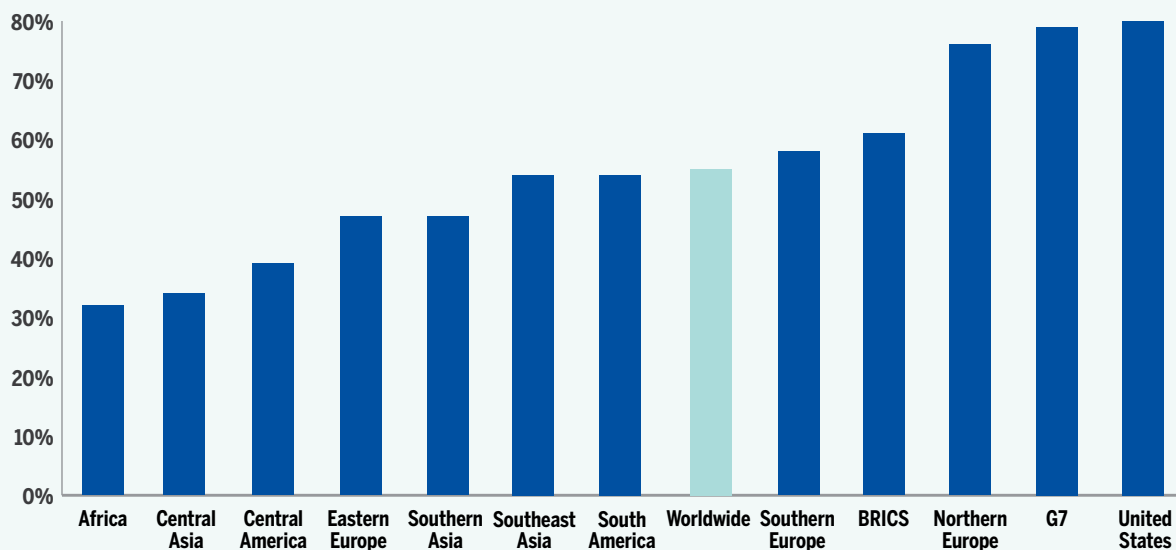


Growth Gateway

Over the past decade, more than a billion people around the world have joined the financial system.¹ We believe that one of the key gateways for this trend towards financial inclusion is through digital payments. As digital payment usage increases throughout the world, what could this mean for the investors and the global economy going forward?

Digital Payment User Penetration



Source: Statista. Data as of 2022. G7 countries include United States, Canada, United Kingdom, France, Germany, Italy, Japan. BRIC countries are Brazil, Russia, India, and China.

- As shown in the chart above, many emerging market regions have lower digital payment penetration than developed regions. In emerging market countries, digital payments are primarily driven by smartphone ownership with internet access, resulting in accelerated digital payment adoption.
- Digital payments spur economic growth by streamlining commerce and reducing transaction risk. We find that the digitalization of financial services, such as mobile payments, often facilitates additional access to related services, such as savings, lending, and investments. Moreover, we believe the broader economic impact from the potential reduction of corruption and increased processing efficiencies could accelerate transactions across the economy. Taken together, we believe these are critical elements in the development of economies.
- For investors, we believe strong digital payment adoption may be a precursor to accelerating economic growth, given how important financial inclusion is to economic development over time. Find a country with increasing digital payment penetration and you may have identified an attractive economy for potential growth, in our view. Moreover, the increased adoption in digital payments may provide direct opportunities with respect to payment processors, payment platform solutions, and other providers of banking services. As such, we believe there could be potential investment opportunities in these areas, particularly within emerging markets.

¹ According to the World Bank's Global Findex Database 2021, global financial services account ownership increased from 51% to 76% between 2011 and 2021.



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Statista is a German company specializing in market and consumer data. According to the company, its platform contains more than 1,000,000 statistics on more than 80,000 topics from more than 22,500 sources and 170 different industries.

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