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Session on Financial Inclusion Strategies at the “Financial Inclusion: From Principles to Action” seminar held at the Spring Meetings of the International Monetary Fund and the World Bank, Washington D.C.

**Prepared remarks by Alfred Hannig, Executive Director, Alliance for Financial Inclusion**

Firstly, before I talk directly about the Maya Declaration, let me say a few words about the growing interest in financial inclusion (FI) strategy amongst the AFI network of developing and emerging country policymakers.

**Evidence of the importance of FI strategy to policymakers**

Data from a poll taken by around 60 developing and emerging country representatives at the AFI 2011 GPF shows that 96% of poll respondents indicated they would like to have a national strategy.

The polling data also showed that only 25% of these countries actually had a national strategy for financial inclusion in place. Forty one percent of the countries did not have national strategies, while 34% had only partial strategies. This suggests that there is strong demand for a strategic approach to financial inclusion. However, although strategy is recognized as important, there may be significant barriers to developing and implementing strategies effectively.

The growing importance attached to strategies has also been emphasized by the work of the G20 GPF. Last year the GPF completed 11 country case studies showing how each of the G20 Principles for Innovative FI has been applied in different country contexts. The GPF Forum on 1 October, 2011 also featured a plenary discussion with four of the countries (with the UK represented by Brian Pomeroy, who I am pleased to see again today on this panel, and Russia, Indonesia and Nigeria).

These case studies and discussions highlighted the importance of national strategies as frameworks for implementing the G20 Principles and the forum participants concluded that the GPF “should continue to support countries in formulating or improving strategic frameworks based on their local conditions”.

In order to examine in greater detail both the best practices that exist and some of the challenges that countries face in developing a financial inclusion strategy, AFI recently launched an online discussion group amongst the AFI membership focusing specifically on national strategies for financial inclusion. Within just a few weeks, almost 100 policymakers have joined this online discussion group. We hope to use this and other platforms to facilitate peer-to-peer reviews of financial inclusion strategies, as well as to foster broader discussion on some of the key issues we are hearing about in today’s session.

## Diverse forms of financial inclusion strategy in the network

Although financial inclusion strategies are widely recognized within the network, it is important to note that we do not see any single prevalent model or blueprint, either in the form of a strategy document or in the mechanisms that are put in place to implement it.

This development of financial inclusion strategy has taken several forms:

- Stand-alone national financial inclusion strategies - examples include Liberia, Malawi, and the Solomon Islands. Amongst developed countries, the UK provides an early example of a stand-alone financial inclusion strategy (published in 2004) followed up with detailed 3-year action plans. Nigeria and Indonesia also have national financial inclusion strategies in development to be finalized this year;
- Secondly, there are countries that have situated financial inclusion within the context of an overall financial sector strategy or development plan. For example, the Philippines set out its vision for financial inclusion as part of the Philippines Development Plan, and Zambia considers financial inclusion as a key element of the Financial Sector Development Plan; and
- Finally, there are countries that have developed strategies within particular sub components of financial inclusion - such as frameworks for microfinance in Pakistan, or strategies for the development of mobile financial services. This approach offers the advantage of in-depth analysis of a particular sector, but may need to be balanced by establishing overall goals for financial inclusion within the particular country context.

## Role of Maya Declaration in supporting strategy

### 1) What is the Maya Declaration?

The Maya Declaration is the first global and measureable commitment on Financial Inclusion. Under the overall Declaration, which broadly underlines some of the key aspects of financial inclusion, such as data and measurement, creating an enabling environment for technology-enabled financial services, consumer protection and empowerment, and the proportionate regulatory framework that balances inclusion, integrity and stability of financial systems, countries make their specific commitments on financial inclusion based on their own circumstances. And they are accountable for their commitments.

These four broad areas reflect the 9 G20 Principles for Innovative Financial Inclusion.

The Maya Declaration is not a one-off commitment but an ongoing, longer-term process of making and renewing commitments, engaging in peer learning and reviews among countries, implementing solutions for success, monitoring progress, and reporting back to the network on a regular basis.

## 2) Progress to date

Since the endorsement of the Maya Declaration by member countries at the last AFI GPF in Riviera Maya, Mexico, a growing number of countries are already acting on the declaration. As of today, 22 countries have made a Maya commitment, and we expect at least 30 countries to have made commitments, as well as make progress towards their commitments, by this September at the next GPF in South Africa.

Brazil and Mexico are among the 22, and others will announce their updates at the 4<sup>th</sup> Annual G24/AFI Roundtable over lunch, which I hope many of you will be able to attend. Some of the countries that have made individual commitments will discuss why they chose to make commitments, and the progress they have made in implementation.

## 3) What can we learn from countries that have already committed under the Maya Declaration?

Countries are making commitments based on their national circumstances and priorities, and are backed by national financial inclusion action plans or strategies. Commitments can be quantitative (Ethiopia's commitments, for example) or qualitative (Peru). In some cases countries also commit to designing a national financial inclusion strategy or to building a consultative mechanism (Brazil).

These commitments reflect developing countries' strong sense of self determination in designing their individual financial inclusion strategies and policy solutions sets.

Knowledge sharing, peer learning and peer review are becoming key parts of a new cooperation model among developing and emerging countries and form the basis for policy solutions, and concrete solutions are being shared by these countries to cope with development challenges.

## 4) Next steps for the Maya Declaration commitments

AFI has put an implementation process in place:

- Strengthened peer learning services in this area - through both online and physical discussion forums (e.g. the South Africa GPF) and through knowledge exchanges among countries;
- Established a peer review mechanism to help countries achieve their commitments with support from the AFI Working Groups;
- Provides *advocacy tools and support* to enable institutions within countries to win the support of other key institutions needed to adopt and implement the Maya Declaration;
- Supports countries with development of their *monitoring and evaluation* systems to measure their progress in achieving their commitments;
- Ensures that the progress achieved by countries that made financial inclusion strategy commitments under the Maya Declaration is shared and widely disseminated;
- *Facilitates meetings and conferences with innovative potential partners* using and leveraging new forms of international cooperation, including the private sector, in order to challenge thinking and lay the foundations for the next breakthroughs in financial inclusion - and to create a new model for cooperation;



*Check Against Delivery*

- Los Cabos Summit in June 2012: Countries can showcase commitments and report on progress made; and
- The AFI GPF in September 2012 will provide an opportunity to renew and make further commitments.

Finally, the GPF and the proposed G20 Peer Learning Program can also have a prominent role here by stimulating further commitments to national strategies and implementing mechanisms from countries, in documenting best practice in its various forms, and in analyzing some of the barriers and challenges that countries face. The second GPF forum in South Africa this year, following the AFI 2012 GPF, could be a good opportunity to focus on some of these issues in depth.