



# NATIONAL FINANCIAL INCLUSION STRATEGIES: CURRENT STATE OF PRACTICE (2022)





# CONTENTS

EXECUTIVE SUMMARY	3
CONTEXT	6
OBJECTIVES	8
SNAPSHOT OF THE NFIS LANDSCAPE AMONG AFI MEMBER INSTITUTIONS	8
NATIONAL FINANCIAL STRATEGY LIFECYCLE	12
CURRENT STATE OF PRACTICE REGARDING THE DEVELOPMENT AND IMPLEMENTATION OF NFIS	14
PHASE I: PRE-FORMULATION	15
PHASE II: FORMULATION	25
PHASE III: IMPLEMENTATION	40
COVID-19 CRISIS IMPACT ON THE FINANCIAL ECOSYSTEM	46
KEY CHALLENGES AND LESSONS LEARNED	49
ABBREVIATIONS	54
BIBLIOGRAPHY	54
ANNEX 1: LIST OF COUNTRIES WITH AN NFIS	56

## ACKNOWLEDGMENTS

This special report is a product of the Financial Inclusion Strategy Peer Learning Group and its members.

Contributors:

AFI members: Clemente Blanco (Banco Central de Reserva de El Salvador), Javier Suarez Luengas and Marco Antonio Del Rio Chivardi (Nacional Bancaria y de Valores (CNBV), Mexico), Teresa Naínde Evaristo Pascoal (Banco Nacional de Angola), Paul Oluikpe (Central Bank of Nigeria), Janet Terblanche (South African Reserve Bank), Timoteo Pires (Banco Central de Timor-Leste), Linda Folia (Central Bank of Solomon Islands), Poasa Werekoro and Wati M. Seeto (Reserve Bank of Fiji), Xiomy Ramirez Inés Paes (Superintendencia de Bancos, República Dominicana), Teboko Nontobeko Lubisi (National Treasury South Africa), Bonokai G. B. Gould (Central Bank of Liberia), Pinaki Ranjan Sarker (Bangladesh Bank), Rajan Dev Bhattarai (Nepal Rastra Bank), Mynard Mojica Cesar Villanueva (Bangko Sentral ng Pilipinas), Mohanad Salous (Palestine Monetary Authority), Noella Nzomukunda (Banque de la République du Burundi), Tiana Harivololona Ramparany Ramanarivosoa (Direction Générale du Trésor, Ministère de l'Economie et des Finances, Madagascar), Ibtissam Elanzaoui (Bank Al -Magrib), Nangi Massawe (Bank of Tanzania), Rethabile Masenyetse (Central Bank of Lesotho), Angela Viegas Santiago (Banco Central de São Tomé e Príncipe), Dustin Santos Barahona (Comisión Nacional de Bancos y Seguros Honduras), Mackay Aomu (Bank of Uganda), Tukiya Kankasa-Mabula (Bank of Zambia), Marcella Herrera (National Commission of Banks and Insurance, Honduras) and Vanessa Sorto (Central Reserve Bank of El Salvador).

From the AFI Management Unit: Dieter De Smet (Policy Manager Financial Inclusion Strategy), Eliko Boletawa (Director Policy Programs & Implementation), Robin Newnham (Head Policy Analysis and Guidance), Adadzewa Otoo (Policy Specialist, e-Money), Diana Schvarztein (Policy Manager), Laura Ramos (Policy Manager, Inclusive Green Finance), Sulita Levoux (Policy Specialist, CEMC), Helen Walbey (Head Gender Inclusive Finance), Mariam Jemila Zahari (Policy Specialist) and Ana Jovanovic (Manager, Member Engagement & Grants).

We would like to extend a special thanks to PHB Development (Consultant) for their contributions to this guideline note.

We would like to thank AFI member institutions, partners and donors for generously contributing to the development of this publication.

## EXECUTIVE SUMMARY

As per Findex in 2017,<sup>1</sup> 1.7 billion people worldwide did not have access to formal financial services, including mobile money.<sup>2</sup> Financial inclusion is a global development priority due to its key role in enabling countries to meet their sustainable development goals. National financial inclusion strategies (NFIS) provide a sequenced roadmap to advance financial inclusion holistically.

A well-coordinated and developed NFIS with clear objectives and goals supplemented by an effective implementation plan facilitates the development of inclusive financial systems which are crucial to increasing people's access and use of financial services.

AFI and its network promote the development, implementation, monitoring and evaluation (M&E) of NFIS through their Financial Inclusion Strategy Peer Learning Group. The AFI 2018 NFIS Current State of Practice Report highlighted the trends and the importance of incorporating cross-cutting topics such as inclusive green finance (IGF), gender-inclusive finance (GIF) or microinsurance in the financial inclusion strategies.<sup>3</sup> Considering the impact of COVID-19, AFI wanted to gauge where the members were in terms of launching, adapting or evaluating their NFIS in 2022.

Furthermore, AFI wanted to assess the new key areas that were, up to that point, included more broadly in NFIS. To this end, a second version of the contemporary report on the NFIS current state of practice was developed. Data and information have been drawn from many sources, including 18 interviews conducted with AFI members, the NFIS of AFI members and multiple AFI knowledge products to assess how AFI members have approached the pre-formulation, formulation, implementation, and M&E of their NFIS.

71%

While the 2018 Current State of Practice Report noted 47 AFI members have a NFIS, the most recent count identifies 63 AFI members or 71 percent of the total number of AFI member countries.

+16

Furthermore, 16 AFI members are in the process of pre-formulating or formulating their NFIS.

While all AFI members in the Middle East and North Africa (MENA) and Eastern Europe and Central Asia (EECA) regions that have launched NFIS are on their first version, over 40 percent of countries in the Latin America and Caribbean (LAC) and Pacific (PAC) region have a second or third NFIS.

In addition, AFI members tend to reduce the duration of their NFIS as they revise. This can be explained by the desire to continuously assess the impact of the activities carried out and update the actions accordingly.

Member institutions have shown their commitment to the various AFI accords, such as the Denarau Action Plan on financial inclusion of women, the Sochi Accord on FinTech for financial inclusion, the Kigali Statement on accelerating financial inclusion for disadvantaged groups and the Sharm El Sheikh Accord on financial inclusion, climate change and green finance by integrating these topics as key policy areas in their NFIS.

Almost all AFI members that have launched an NFIS since 2018 have incorporated consumer protection, digital financial services (DFS) and financial education (FinEd) as a key policy area.<sup>4</sup> Addressing the gender financial inclusion gap, (micro), small and medium enterprise ((M)SME) finance, (micro) insurance and the financial inclusion of youth are also key priority areas for a few AFI members. Incorporating green finance and addressing the financial needs of forcibly displaced persons (FDPs) remain policy areas addressed only by a minority of these members and respond more to the particular economic, political, environmental or health-related challenges of each AFI member country.

1 Due to the disruption to Findex data gathering and analysis caused by COVID-19, Findex data from 2017 is used.

2 World Bank. 2017. 2017 Findex, Chapter 2, The Unbanked.

3 AFI. 2018. NFIS: Current State of Practice.

4 Excludes Tunisia, Russia and Uzbekistan because their NFIS were unavailable.

# 63 AFI MEMBERS OR 71 PERCENT OF ALL AFI MEMBERS HAVE A NFIS

■ AFI member countries ■ AFI members with NFIS

**MENA**

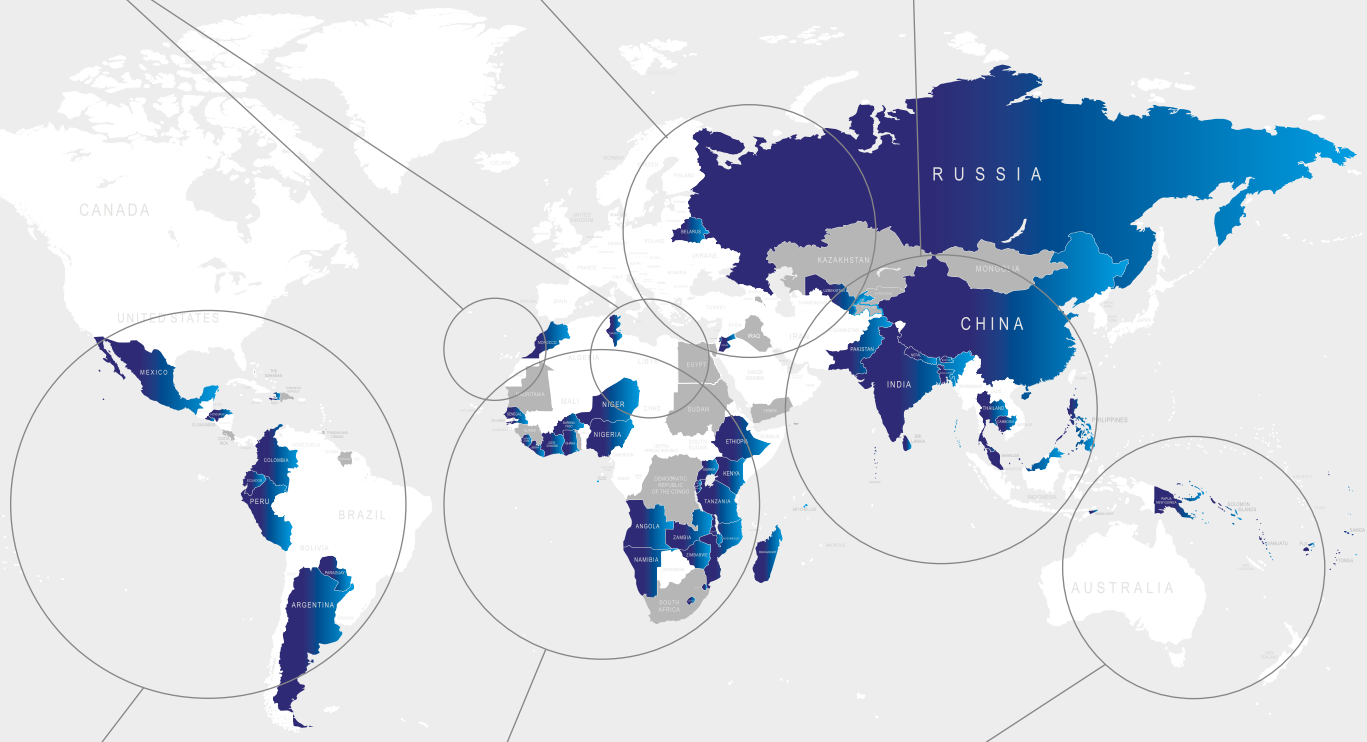
# Countries	4
% With NFIS per region	57
% Formulating per region	29
1st NFIS	100
2nd NFIS	n/a
3rd NFIS	n/a

**EECA**

# Countries	4
% With NFIS per region	57
% Formulating per region	29
1st NFIS	100
2nd NFIS	n/a
3rd NFIS	n/a

**ASIA**

# Countries	12
% With NFIS per region	92
% Formulating per region	8
1st NFIS	75
2nd NFIS	8
3rd NFIS	17



**LAC**

# Countries	9
% With NFIS per region	69
% Formulating per region	15
1st NFIS	56
2nd NFIS	44
3rd NFIS	n/a

**SSA**

# Countries	26
% With NFIS per region	87
% Formulating per region	13
1st NFIS	68
2nd NFIS	28
3rd NFIS	4

**PAC**

# Countries	7
% With NFIS per region	88
% Formulating per region	13
1st NFIS	57
2nd NFIS	29
3rd NFIS	14



Each country has its unique financial ecosystem. However, literature review and interviews with AFI members have shown common challenges, including (i) lack of skilled human resources due to the novelty of financial inclusion and NFIS (ii) lack of a specific/ or sufficient budget for NFIS (iii) the unavailability of (sex/age) disaggregated data and reliable demand- and supply-side financial inclusion data (iv) lack of awareness and buy-in from the stakeholders, especially from the private sector making it difficult to engage with stakeholders during different NFIS lifecycle phases and (v) the timing mismatch between the political agenda of the government and the NFIS objectives for some countries.

Despite the challenges, the overall findings of this research study confirm the interest and commitment of AFI member institutions to continue strengthening their financial inclusion journey through the development and implementation of a NFIS. The reason for the continued interest in NFIS lies in the fact that a NFIS provides stakeholders with the opportunity to work in a coordinated, focused and coherent manner which enables prioritization of resources and tasks around high-impact policy areas which contribute to increasing financial inclusion in a sustainable manner within the existing financial ecosystem.

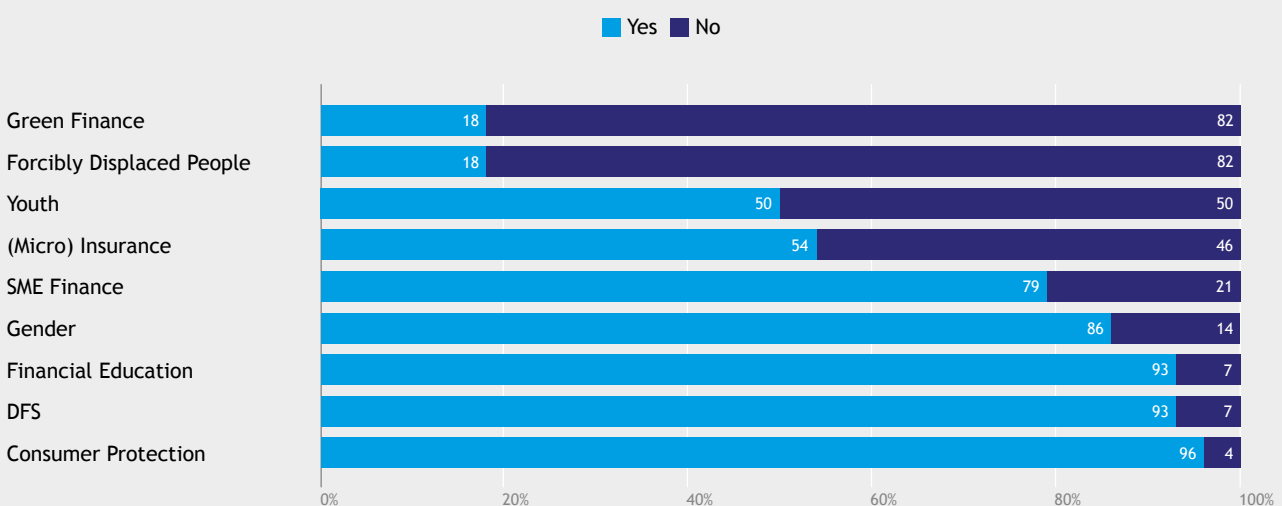
Throughout their NFIS journey, AFI members learned valuable lessons which include:

- (i) request technical assistance from development agencies to support the different phases of the NFIS lifecycle
- (ii) engaging stakeholders through a bottom-up approach from the onset of the NFIS planning helps ensure their commitment throughout the NFIS lifecycle
- (iii) strong political leadership to drive the NFIS lifecycle is critical
- (iv) ensure the NFIS is finance-secured
- (v) some countries establish specific legislation or overarching regulation underpinning the NFIS as a public policy priority to streamline and reinforce the importance of the NFIS.

AFI has launched many publications to support its members in their efforts to improve their NFIS and financial inclusion policies. These include guideline notes on how to include different vulnerable groups into NFIS, a toolkit for NFIS M&E, a policy note on how to mitigate the impact of pandemic crises on NFIS and others, which can be found on the AFI website.

> [www.afi-global.org](http://www.afi-global.org)

**FIGURE 1: KEY POLICY AREAS IN NFIS LAUNCHED BY AFI MEMBERS SINCE 2018, %**



## CONTEXT

AFI members include approximately 100 central banks and other financial regulatory institutions from nearly 90 emerging and developing economies. AFI and its network promote the development, implementation, and M&E of NFIS through its Financial Inclusion Strategy Peer Learning Group.

A NFIS is a comprehensive public document that presents a strategy developed at the national level to accelerate the level of financial inclusion systematically. It is developed through a broad consultative process involving, among others, public and private sector stakeholders engaged in financial sector development.<sup>5</sup> Typically, NFIS will include an analysis of the current status and constraints on the financial inclusion of a country, measurable financial inclusion goals, how a country proposes to reach this goal and by when and how it would measure the progress and achievement of the NFIS.

It is common for regulators or policymakers to seek support in their process of developing their NFIS, either through peer learning or with the assistance of international organizations such as AFI, the World Bank, United Nations Capital Development Fund (UNCDF) or the Inter-American Development bank. AFI<sup>6</sup> and the World Bank<sup>7</sup> have developed NFIS toolkits in 2016 and 2018, respectively, to share best practices and approaches to support countries in formulating and implementing their NFIS.

Furthermore, AFI and its partners and donors empower and inform national financial sector actors, evidenced by the multiple knowledge products and the six accords adopted over the past nine years. The AFI accords help direct and promote practical policy solutions in their specific thematic areas, such as IGF, GIF, SME finance, FinTechs, youth, and FDPs. These topics can be found at the heart of the NFIS of AFI member countries.

### 1

#### SASANA ACCORD

The Sasana Accord of 2013 aims for the development of financial inclusion policies and strategies that produce data-based evidence on access, usage and quality to financial services and products to have a measurable impact.

Access to good quality and reliable data remains a challenge for AFI members. As of June 2019, at least 50 members institutions reported using at least one AFI financial inclusion core-set Indicator.



### 2

#### MAPUTO ACCORD

The Maputo Accord launched in 2015 was updated in 2021 to reiterate the commitment of the AFI community in formalizing SME finance as a key policy pillar to increase financial inclusion.

These commitments are manifested through the definition of Maya Declaration goals that elevate national goals on SME finance. MSMEs have become a prioritized segment of the NFIS, because they are critical for the economic and social development of emerging markets. However, they remain severely unserved in terms of financial services access in emerging countries. Therefore, the AFI network has held several capacity-building events to engage in a dialogue over MSME finance and its sustainability and viability in recent years.



<sup>5</sup> Definition developed by the members of the AFI Financial Inclusion Strategy Peer Learning Group.

<sup>6</sup> AFI. 2016. NATIONAL FINANCIAL INCLUSION STRATEGIES A TOOLKIT.

<sup>7</sup> World Bank. 2018. Developing and operationalizing a NFIS.



## 3

## DENARAU ACTION PLAN

The Denarau Action Plan launched in 2016, identifies measures AFI members can take in ten different areas towards the development of an enabling environment for women's financial inclusion in terms of financial access, usage and quality. It demonstrates commitments AFI members have made to advance women's financial inclusion and bridge the financial inclusion gap through high impact policy actions.

Some member institutions from Solomon Islands, Eswatini, Honduras and Nigeria have gone ahead and formulated a standalone national women's financial inclusion policy/ plan/framework to accelerate the progress of women's financial inclusion and meet their commitments made under the 2016 Denarau Action Plan.



## 5

## SOCHI ACCORD

Given the challenges brought by the various innovations of FinTechs, AFI members are committed to leveraging DFS and FinTechs for financial inclusion through the Sochi Accord in 2018.

This commitment is all the stronger, given that several countries place a particular focus on DFS, digital identification, data protection and all related regulations. Several member institutions were already investing in digital finance and digital innovations before the COVID-19 health crisis. However, the pandemic has reinforced this race towards strengthening digital infrastructures and the digital financial inclusion of populations as evidenced by conversations with the Central Bank of Honduras, Central Bank of Liberia and the Central Bank of the Philippines, among others.



## 4

## SHARM EL SHEIKH ACCORD

The Sharm El Sheikh Accord of 2017 results from the awareness of policymakers and regulators the role inclusive financial services play in enabling people to deal with the impact of climate change.

AFI member institutions took initiatives to alleviate the stress on financial inclusion, climate change and green finance by devising and implementing policies, regulations and national strategies that build resilience and mitigate climate change. São Tomé e Príncipe's NFIS from 2021 has IGF as one of their four priority areas while Madagascar passed a new Insurance law in 2020 and launched a drought index-based pilot product shortly followed by another pilot yield index insurance supported by the World Food Program.

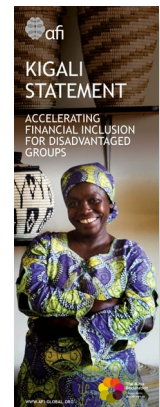


## 6

## KIGALI STATEMENT

The Kigali Statement was launched in 2019 during the AFI Global Policy Forum that took place in Kigali, Rwanda, with the objective to accelerate financial inclusion commitments to accelerate the achievements of targets made under the Maya Declaration and the five other financial inclusion accords.

AFI members from countries such as Argentina, India, Jordan, Nigeria, Nepal and Palestine have developed NFIS with a thematic focus on youth and FDPs. Activities planned under this strategy aim to recognize the need for these targets and to enhance their economic potential by including them financially in society.



## OBJECTIVES

As a follow up to the 2018 Current State of Practice Report and in line with the average NFIS duration of 4 years, AFI decided in 2022 to take stock of where AFI members are in terms of launching or adapting their NFIS.<sup>8</sup>

Throughout this endeavor attention was paid to identify new trends, new key topics or other noteworthy changes to the NFIS of AFI members, especially in light of COVID-19.

Hence, the objective of this Special Report is to cover NFIS practices throughout the different phases of the NFIS life-cycle and provide an overview of the current practices that countries have adopted and highlight recent developments linked to the evolution of the sector and the consequences of the COVID-19 crisis on NFIS policymaking. Data and information have been drawn from many sources, including 18 interviews conducted with AFI members, the NFIS of AFI members and the AFI knowledge products to assess how AFI members approached the pre-formulation, formulation, implementation and M&E of their NFIS.



Read AFI's 2018 NFIS:  
Current state of practice

[> View here](#)

## SNAPSHOT OF THE NFIS LANDSCAPE AMONG AFI MEMBER COUNTRIES

As of 2022, there are 63 AFI members (in 2018 there were 47 members) with a NFIS (either a stand-alone NFIS or a financial inclusion strategy embedded in a broader national development strategy) (Annex 1).<sup>9</sup> Sixteen AFI members are in the process of pre-formulating or formulating their NFIS.

Efforts made by the different regions to launch their NFIS are notable.

92%

The Asian region is the most advanced since 92 percent of the members have launched a NFIS (in 2018 this was 42 percent).

88%

Eighty-eight percent of PAC members have launched their NFIS.

87%

As of 2022, 87 percent of the Sub-Saharan region (SSA) have launched their NFIS (16 percent after 2018), with another four members in the process of formulating theirs.

69%

Sixty-nine percent of LAC members launched their NFIS (22 percent after 2018), with two countries in the process of formulating theirs.

Of the seven MENA members (Egypt, Iraq, Jordan, Morocco, Palestine, Tunisia, and Yemen), four launched NFIS since 2018 and two are in the formulation phase. The EECA region also has four members who launched their NFIS and two in the formulation phase.

<sup>8</sup> AFI. 2018. NFIS: Current state of practice.

<sup>9</sup> A complete list of countries with a NFIS (including non-AFI members) can be found in Annex 1.



# AFI MEMBERS (WITH A NFIS OR FORMULATING A NFIS) BY GEOGRAPHICAL REGION

## SSA

26 COUNTRIES WITH NFIS



- > Angola\*
- > Burkina Faso\*
- > Burundi
- > Côte d'Ivoire
- > Eswatini
- > Ethiopia
- > Ghana\*
- > Kenya
- > Lesotho
- > Liberia
- > Madagascar
- > Malawi
- > Mozambique
- > Namibia
- > Niger
- > Nigeria
- > Rwanda
- > São Tomé e Príncipe\*
- > Senegal
- > Sierra Leone
- > Tanzania
- > The Gambia
- > Togo
- > Uganda
- > Zambia
- > Zimbabwe

5 COUNTRIES FORMULATING NFIS

- > Democratic Republic of the Congo
- > Guinea
- > Mauritania
- > South Africa
- > Sudan

## LAC

9 COUNTRIES WITH NFIS



- > Argentina\*
- > Colombia
- > Ecuador
- > El Salvador\*
- > Haiti
- > Honduras
- > Mexico
- > Paraguay
- > Peru

2 COUNTRIES FORMULATING NFIS

- > Costa Rica
- > Dominican Republic

## ASIA

12 COUNTRIES WITH NFIS



- > Bangladesh\*
- > Bhutan\*
- > Cambodia\*
- > China
- > India
- > Malaysia
- > The Maldives\*
- > Nepal
- > Pakistan
- > The Philippines
- > Sri Lanka\*
- > Thailand

1 COUNTRY FORMULATING NFIS

- > Mongolia

## EECA

4 COUNTRIES WITH NFIS



- > Belarus
- > Russia\*
- > Tajikistan
- > Uzbekistan\*

2 COUNTRIES FORMULATING NFIS

- > Armenia
- > Kyrgyz Republic

## MENA

4 COUNTRIES WITH NFIS



- > Jordan\*
- > Morocco\*
- > Palestine\*
- > Tunisia\*

2 COUNTRIES FORMULATING NFIS

- > Egypt
- > Iraq

## PAC

7 COUNTRIES WITH NFIS



- > Fiji
- > Papua New Guinea
- > Samoa
- > Seychelles
- > Solomon Islands
- > Timor-Leste
- > Vanuatu\*

1 COUNTRY FORMULATING NFIS

- > Tonga



\* Countries that launched their first NFIS from 2018 onwards.

All AFI members in the EECA and MENA region that have launched an NFIS are still on their first version of the strategy. In other regions, such as LAC, 44 percent of the AFI members are on their second NFIS without a third version. Asia, SSA and PAC are the only ones with countries that have launched the third version of their NFIS.

AFI members have reduced the duration of their NFIS slightly as they revise: the first versions of NFIS spanned an average of 4.6 years, the second 4.4 years and the third an average of four years. This can be explained by the desire to continuously assess the impact of the activities carried out and update the actions more often. Generally, updates consider the innovations and data available, the needs of the financial service providers (FSPs), the financial inclusion landscape and the demand of the population.

Two main approaches can be distinguished in the development of NFIS. While most countries prefer to develop a standalone strategy, others integrate their financial inclusion action plan into a broader national development strategy, such as a national financial sector strategy. For example, Ghana launched a national financial inclusion and development strategy while Nepal, Kenya and Belarus have framed their strategies in a national development strategy. A standalone strategy is preferred in all regions (75 percent and above per region).

In some cases, strategies are developed as national financial inclusion plans, such as the National Plan for Financial Inclusion of Angola, the National Development Planning of Financial Inclusion of China, or frameworks like Tanzania's National Financial Inclusion Framework. Yet in others, such as Mexico, El Salvador or Lesotho, they are developed as national financial inclusion policies. For example, at the end of its first NFIS (2012-2017), Lesotho embarked on a process of formulating a financial inclusion policy. This is due to the desire of the Ministry of Finance and the Central Bank of Lesotho to respond to the need for a strong policy and regulatory framework for financial inclusion as a basis for the definition of strategic axes of their potential NFIS. In this report, all will be considered as NFIS regardless of the titles and approaches.

NFIS provide central banks and governments the capacity to implement transformative reforms, especially for vulnerable segments of the population (women, youth, or FDPs), to ensure broader availability of quality financial products and services and their sustainable usage by the population.

11

Since 2018, 11 countries in the AFI network have implemented 17 GIF-related policy changes aimed at enhancing women's financial inclusion, more than one-third of which were on the development of sex-disaggregated data (SDD) frameworks and collection.<sup>10</sup>

This demonstrates how financial regulators and policymakers, in collaboration with other government bodies, play a role in driving a gender-transformative approach to financial inclusion.



Find out more, read AFI's **Policy and regulatory reforms in the AFI networks 2020.**

[> View here](#)



FIGURE 2: NFIS UPDATES, PER REGION, %

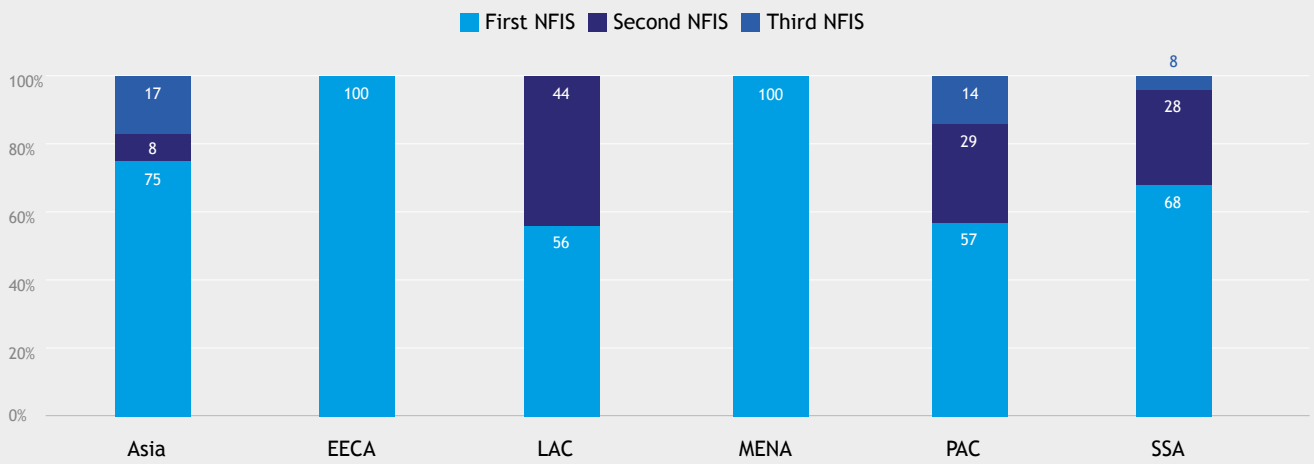


FIGURE 3: THE AVERAGE DURATION OF A NFIS

As updates are made, the average NFIS duration decreases.

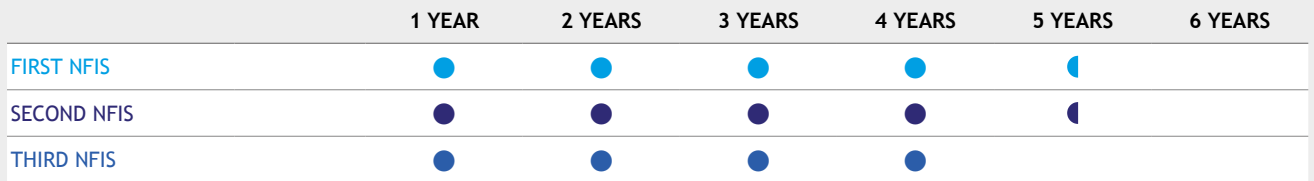
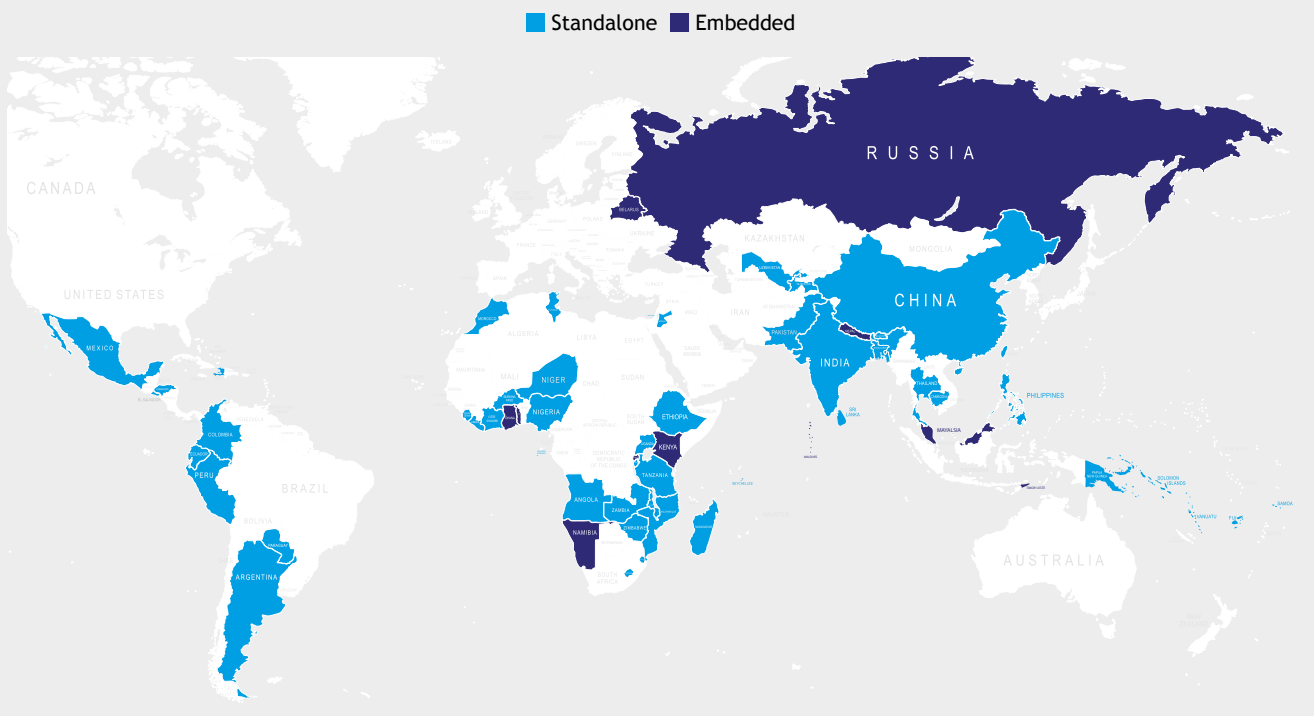


FIGURE 4: AFI MEMBERS WITH A STANDALONE OR EMBEDDED NFIS



# NATIONAL FINANCIAL STRATEGY LIFECYCLE

Countries can adopt different approaches when developing and implementing their NFIS roadmap and are guided by knowledge products, such as the 2012 World Bank's Financial Inclusion Strategies Reference Framework, the 2016 AFI NFIS Toolkit, the 2018 World Bank NFIS Toolkit and, most recently, the AFI 2020 Policy Model for NFIS.

Although the NFIS Policy Model provides a standardized NFIS lifecycle framework, its content is dynamic since countries - depending on their needs and priorities - can add or omit certain components under the different lifecycle phases. For example, various AFI members have integrated thematic areas of SDD, DFS, financial literacy, consumer protection, GIF, MSME and IGF in their NFIS.

In 2020, AFI's Financial Inclusion and Strategy Peer Learning Group developed the AFI 2020 Policy Model for NFIS, which serves as a standard framework for AFI member institutions to chart their NFIS roadmap. For example, countries like Bangladesh, Fiji, Solomon Islands, Paraguay and Zimbabwe have used the AFI 2020 Policy Model for NFIS and the Integrating Gender and Women's Financial Inclusion in NFIS to formulate their strategies. AFI also provides technical support to its members in different phases of the NFIS lifecycle (diagnostic studies, NFIS development and peer review, mid-term review and post-evaluation). This report will use the AFI NFIS Policy Model to assess, analyze and reflect on the updated current practices of AFI members as implemented during the different NFIS lifecycle phases.

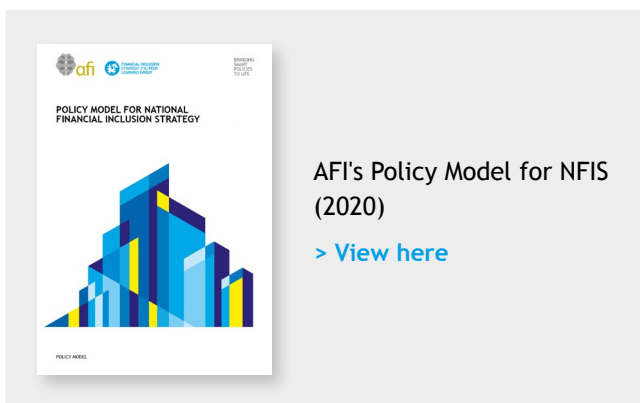


Figure 5 shows a typical NFIS lifecycle consisting of three phases: Pre-formulation, Formulation, and Implementation, where each phase has its objectives and corresponding activities and deliverables. However, these phases are not always easily distinguishable by the stakeholders. Some activities and deliverables overlap, especially between the Pre-formulation and Formulation phases. They are often pursued together and/or may not necessarily always reflect the order of the NFIS stages and its components as outlined in the Policy Model<sup>11</sup>. For example, the AFI NFIS Policy Model recommends the establishment of the M&E team (with adopted ToR) during the Pre-formulation phase, whereas most countries currently address this during the Formulation or Implementation phase.

“

The NFIS lifecycle is the time-period that encompasses all stages of NFIS-related activities, from pre-formulation to implementation, M&E and decisions on further steps.

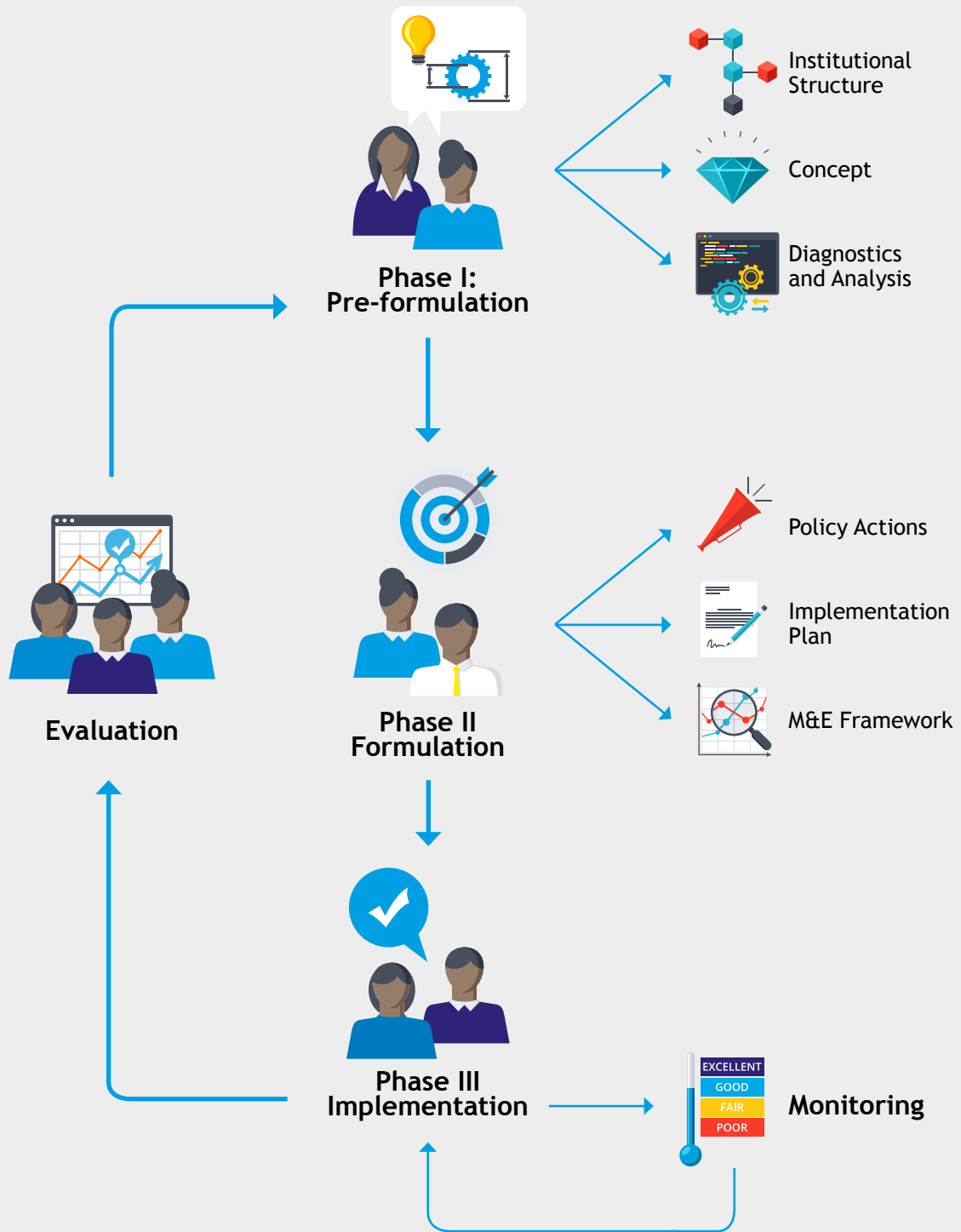
”

AFI 2020 NFIS Policy Model

<sup>11</sup> This report may reflect a few cases of deviation from the AFI NFIS Policy Model structure, especially for case studies and country examples.

FIGURE 5: NFIS LIFECYCLE

# THE NATIONAL FINANCIAL INCLUSION STRATEGY LIFECYCLE



# CURRENT STATE OF PRACTICE REGARDING THE DEVELOPMENT AND IMPLEMENTATION OF NFIS



Woman Selling Souvenir Items in front of the Great Mosque in Chinguetti Mauritania. (Allen Brown/Alamy Stock Photo)



## PHASE I: PRE-FORMULATION



The Pre-formulation phase focuses on three main tasks:

1. creating the institutional structure that will support the NFIS formulation and implementation as well as the continuous M&E
2. drafting the NFIS concept paper and
3. conducting data and diagnostics work.

These tasks were included under “Formulation” in the 2018 NFIS Current State of Practice report. However, it is important to separate these phases because these initial steps will create the foundation of the strategy.

### INSTITUTIONAL STRUCTURE FOR NFIS FORMULATION AND IMPLEMENTATION



The successful development of NFIS requires the political leadership of a motivated and capable stakeholder, such as the central bank or ministry of finance. Depending on the country, these institution(s) or others of similar political weight might be selected to co-lead the work. The central bank is the lead institution (63 percent), followed by the Ministry of Finance (18 percent) in the majority of AFI member countries that have developed NFIS (Annex 1). For example, the Reserve Bank of Vanuatu mentions that they are “committed to and have taken a strategic lead in driving financial inclusion in Vanuatu” in their NFIS. In Palestine, the Palestine Monetary Authority signed an agreement for joint leadership with the Palestine Capital Markets Authority to formulate, implement, and monitor the NFIS.

Political leadership is essential to drive the financial inclusion agenda, overcome barriers and incentivize a wide range of stakeholders to participate and commit towards shared financial inclusion goals. Regardless of the institution adopting the political leadership for the NFIS development, lead institutions must have a formal mandate (by decree) or strong political support to promote financial inclusion. A formal mandate was crucial for several countries to kickstart the process (Box 1). However, this varies from country to country. In Jordan, strong political leadership was sufficient to streamline the process.

### BOX 1: EL SALVADOR AND JORDAN: POLITICAL LEADERSHIP GUIDING THE DEVELOPMENT OF THE NFIS

IN EL SALVADOR, the Central Reserve Bank started working on their NFIS in 2014. However, activities stagnated due to a lack of strong leadership to prioritize the activities and resources needed. The process was reinvigorated when the President signed Executive decree 28 to create a National Council for Financial Inclusion and FinEd in October 2019. The Decree establishes the Central Bank as the technical coordinator and mandates that the responsibility of approving a national policy of financial inclusion is incorporated as part of the national policy. The fact that the President signed this Decree showed a commitment towards financial inclusion from the government, and helped streamline the process for developing the National Financial Inclusion Policy (NFIP), released in 2021.<sup>13</sup>

IN JORDAN, when the Prime Minister formed the National Financial Inclusion Steering Committee in November 2015 and called upon the Central Bank of Jordan to lead the process for developing and implementing the NFIS for Jordan, credibility was given to the process. As a result, a range of stakeholders was incentivized to participate in a multi-stakeholder policy process in accordance with the G20 Principles on Innovative Financial Inclusion.<sup>14</sup>

Source: Clemente Blanco, Senior Manager Public Policy Department, Central Reserve Bank, Jordan’s NFIS 2018-2020<sup>15</sup>



Female smallholder, El Salvador. (Gonzalo Bell/Shutterstock)

12 Reserve Bank of Vanuatu, 2018 Vanuatu NFIS 2018-2023.

13 Central Reserve Bank of El Salvador, 2021 El Salvador NFIS 2021-2024

14 The G20 Principles for Innovative Financial Inclusion developed in 2010 by the Access through Innovation Subgroup of the G20 Financial Inclusion Experts Group still hold true today. They emphasize the need for leadership, cultivating a broad-based government commitment to financial inclusion to help alleviate poverty.

15 Central Bank of Jordan. 2018. The NFIS 2018-2020.

Once the political leadership has been determined, setting up the governance structure and procedures for NFIS formulation and implementation needs to take place. This governance framework should be an inclusive, multi-tiered structure with clear roles and responsibilities for each body throughout the NFIS lifecycle phases. It should encompass various stakeholders, from regulators and policymakers to technical staff representing the private and public sector and development agencies. The objective is to ensure that the NFIS holistically addresses the strategic areas for financial inclusion. Once the NFIS is launched, the action plan and priorities stay on track. Establishing the governance framework is a basic requirement to propel the process forward and secure momentum for the NFIS.

Observations from post-2018 practices reveal similarities in the choice of governance structure. Indeed, there are generally one to four bodies, mainly composed of stakeholders at the macro level.

The ecosystem of the financial sector includes stakeholders who are generally involved in the governance structure of the NFIS. These stakeholders are active at the macro, meso and micro level.

For example, Morocco established three bodies as part of their NFIS governance framework:

**1. National Council for Financial Inclusion (NCFI)**

- > in charge of the overall monitoring of the NFIS,
- > chaired by the Ministry of Economy and Finance (MEF),

- > composed of high-level representatives of ministries,
- > public authorities and financial institution associations active in the strategy.

**2. Strategic committee**

- > in charge of steering strategy levers, mobilizing (key) stakeholders,
- > making key decisions to ensure NFIS progress and providing arbitration when required,
- > chaired by the Governor of the Central Bank,
- > composed of representatives of MEF and various financial inclusion project sponsors.

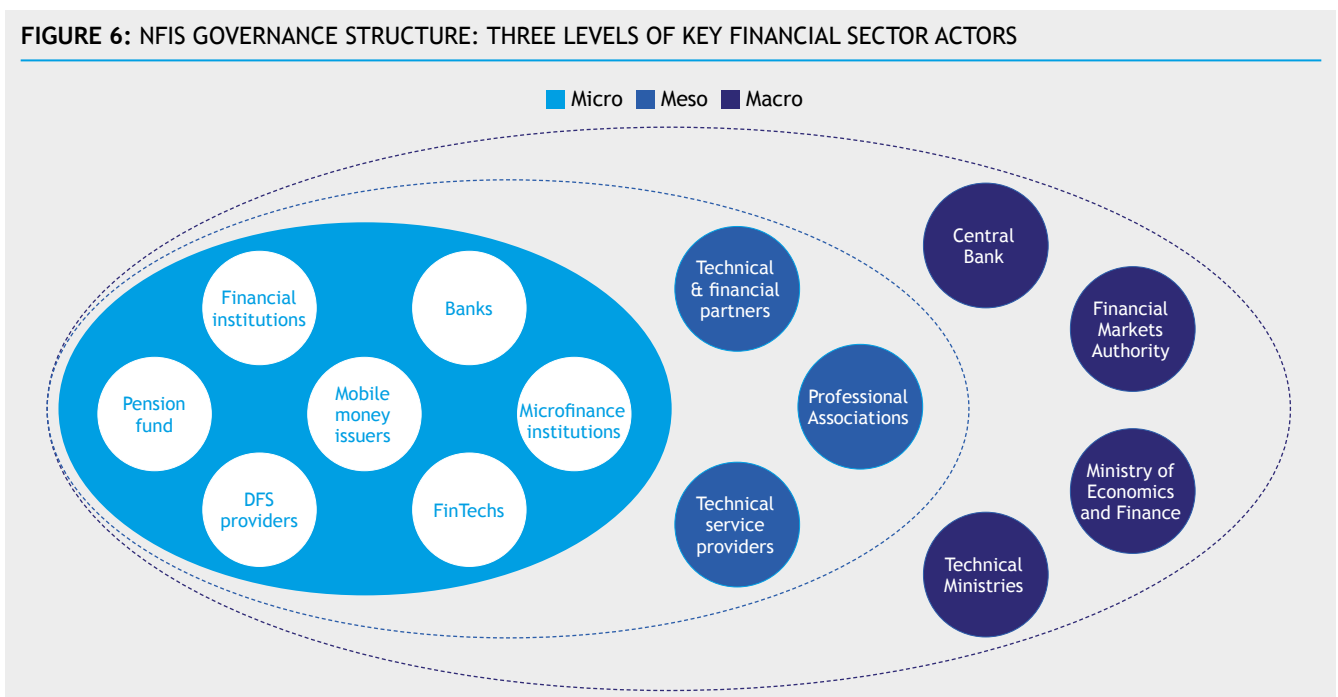
**3. Steering and coordination committee**

- > in charge of the operationalization of the strategy,
- > operational management and monitoring the progress effectuated by levers,
- > composed of representatives of MEF and the Central Bank.<sup>16</sup>

Mixing different level actors in the high-level governance body is another practice. In Madagascar, 53 percent of the steering committee consists of macro-level actors (the Ministry of Finance, the Ministry of Agriculture, the Ministry of Economy, the Ministry of Trade, the Ministry of National Education, the Ministry of Private Sector Development and the Central Bank). The remaining 47 percent are meso-

<sup>16</sup> Bank Al-Maghrib. 2019. NFIS.

**FIGURE 6: NFIS GOVERNANCE STRUCTURE: THREE LEVELS OF KEY FINANCIAL SECTOR ACTORS**



level actors, such as the Professional Association of Banks, the Professional Association of Microfinance Institutions, the Committee of Insurance Companies in Madagascar, the Network of Promoters of Savings Group in Madagascar, the Professional Association of Electronic Money Establishments, and the Technical and Financial Partners.

Another ubiquitous body is the NFIS Secretariat, found in over 55 percent of cases. Solomons Islands, Liberia, Bhutan, and Afghanistan designate the Secretariat with a transversal role of collecting, compiling, and disseminating information between actors of different levels. The Secretariat also serves as the link between the NFIS governance bodies. In the NFIS of Ecuador, Ghana and Niger, the Secretariat is a fully-fledged entity positioned at the second level of a three-level hierarchy. Its role remains essentially the same: providing administrative support and acting as a key player in monitoring actions. The Secretariat is often located within the central bank, but this role can also be attributed to a ministry.

Governance structures can vary in complexity. A streamlined approach to coordination is presented in Liberia, while in São Tomé e Príncipe a more complex governance structure that integrates technical working groups is observed.

Working groups are the main mechanism for coordination and collaboration between other entities, the public and private sector. Their number is variable and generally depends on the key themes which the NFIS aims to resolve. For those countries with a post-2018 NFIS, especially in the LAC zone, there is a tendency to not fix the themes and working groups at the start of (and for the duration of) the NFIS but instead there is a flexible approach which is typically led by the head entity in the governance structure. This enables incorporating new relevant market players, such as new entrants (FinTechs) and innovative products and services providers. In Ecuador, the Financial Inclusion Committee defines the working groups annually or according to their extraordinary needs. Madagascar made a similar choice: the number of working groups is not defined in the NFIS as they are set up either at the request of the steering committee or at the request of the National Coordination of Inclusive Finance, if necessary and according to the priorities recommended by the NFIS action plan. In Liberia, although a steering committee has been established in the NFIS, the central bank is responsible for identifying the working groups. In general, the working group members are meso- and micro-level actors.

## BOX 2: THE IMPORTANCE OF THE FINANCIAL INCLUSION SECRETARIAT IN PROPELLING NIGERIA'S NFIS

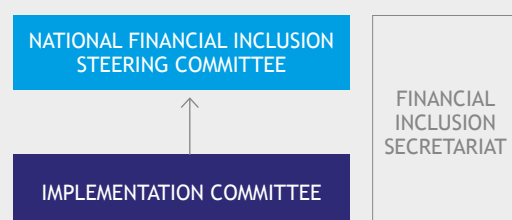
**NIGERIA'S 2018 NFIS** (revised) exemplifies the importance of creating a Financial Inclusion Secretariat (FIS) as a critical component of their NFIS, launched in 2012. The FIS, established in the Central Bank of Nigeria, provides internal support (at the Central Bank of Nigeria) and coordinates the activities of external stakeholders towards NFIS implementation. It is a dedicated body focusing and driving financial inclusion in line with international best practices for financial inclusion. When in 2014 the FIS was established in (2 years after the NFIS launch) there was a substantial increase in momentum regarding the execution of the action plan, exemplifying the importance of the FIS as a NFIS driver.<sup>17</sup>



POS kiosk service, Nigeria. (i\_am\_zews/Shutterstock)

## BOX 3: LIBERIA'S NFIS GOVERNANCE STRUCTURE

- > **THE NATIONAL FINANCIAL INCLUSION STEERING COMMITTEE** is comprised of senior management of various government agencies and partner organizations to ensure high-level buy-in and decision making.
- > **THE IMPLEMENTATION COMMITTEE** consists of senior officers from relevant stakeholder institutions responsible for the implementation of action items as led by their respective institutions.
- > **THE FIS** is housed in the central bank and charged with implementing the broader financial sector strategy.



Source: Liberia's NFIS (2020-2024)<sup>18</sup>

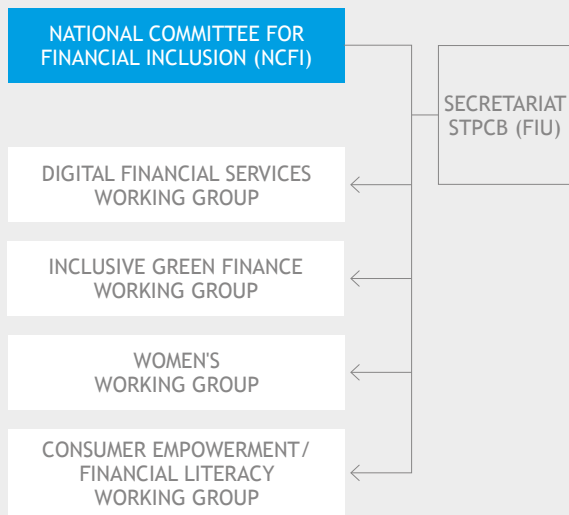
<sup>17</sup> Central Bank of Nigeria. 2018. NFIS (revised).

<sup>18</sup> Central Bank of Liberia. 2020. Liberia's NFIS.



**BOX 4: SÃO TOMÉ E PRÍNCIPE’S NFIS GOVERNANCE STRUCTURE**

SÃO TOMÉ E PRÍNCIPE established a three-tiered governance structure in their 2021-2025 NFIS. At the top is the National Committee for Financial Inclusion (NCFI), acting as a guiding body for governance and coordination of the NFIS, composed of government members responsible for the areas that are linked to the pillars of the strategy. The Secretariat (Financial Inclusion Unit) at the Central Bank is responsible for providing technical, administrative and scientific support to the NCFI. The structure also integrates technical working groups composed of relevant public and private sector representatives responsible for thematic areas in line with the NFIS policy objectives.



Source: São Tomé e Príncipe's NFIS 2021-2025<sup>19</sup>



Fisherman pulling canoe onto the beach, São Tomé and Príncipe. (tropicalpixsingapore/iStock)

Ensuring gender-balanced representation in all governing, coordinating, advisory bodies and vulnerable market segments is important to ensure that relevant issues are considered from different perspectives throughout the NFIS lifecycle. The NFIS needs to take a holistic approach in building an inclusive financial system for vulnerable market segments. Promoting gender diversity and including representatives of other vulnerable segments puts the NFIS governance framework in a position where it acts as a role model for others. To this end, it is important to include representatives from the public (ministries, government agencies) and private (NGOs, FSPs, associations) sector institutions and development agencies (E.g. UNDP) responsible for empowering vulnerable segments. As mentioned by Linda Folia, Manager of the National Financial Inclusion Unit at the Central Bank of Solomon Islands: “Having women champions at different levels of the NFIS governing structure helps drive the focus on gender activities and targets.”

For example, Mexico created a working group of government entities which consulted the National Women’s Institute and the gender unit of the Ministry of Finance and Public Credit. Nevertheless, many countries (e.g. Nigeria, Liberia, El Salvador) do not base gender diversity within the governance structure on gender quotas. Instead, they select institutions based on their relevance. The head of the institution or appointed person could be a woman. This means women’s representation is lower, as institutional leadership is still biased towards men.

Governance structures can vary according to a country’s needs. However, as mentioned in AFI’S 2020 Policy Model for NFIS, it is important to “ensure that all relevant coordination bodies are appropriately staffed, adequately trained and have resources to execute their functions by the start of the pre-formulation stage.”<sup>20</sup> Nontobeko Lubisi, Director in charge of financial inclusion at the Financial Inclusion Directorate in the National Treasury of South Africa, said: “Working to put forward a good draft becomes difficult when the financial inclusion unit is spread too thin in terms of numbers and skills - we need people with development finance qualifications, not just economists.”

19 AFI. 2021. Democratic Republic of São Tomé & Príncipe - NFIS 2021-2025.  
20 AFI. 2020. Policy Model for NFIS. Available at: <https://www.afi-global.org/publications/policy-model-for-national-financial-inclusion-strategy/>



TABLE 1: TECHNICAL COMMITTEE/WORKING GROUPS BY THEMATIC POLICY AREA

## NFIS PRE-2018

## PAPUA NEW GUINEA

- > DFS
- > Inclusive insurance
- > Financial literacy/education
- > Financial consumer protection
- > Access to finance for informal and agricultural enterprises
- > SME finance
- > Resources sector engagement



## NFIS POST-2018

## MOROCCO

- > Mobile payment
- > Microfinance
- > Inclusive insurance
- > Banking offers
- > Financing assistance tools for Very Small Enterprises and start-ups
- > Payment dematerialization
- > Data & measurements



## PARAGUAY

- > Savings
- > Credit
- > Insurance
- > Payments
- > FinEd
- > Consumer protection
- > Vulnerable populations



## VANUATU

- > Regulation
- > Inclusive product & services
- > MSME Finance
- > Financial literacy and consumer empowerment



## SIERRA LEONE

- > Responsive regulation and policy framework
- > DFS
- > FinEd, literacy and consumer protection
- > MSME finance
- > Pro-poor products and services
- > Data & Measurement



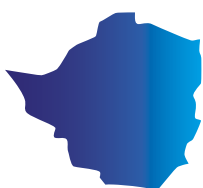
## SÃO TOMÉ E PRÍNCIPE

- > DFS
- > IGF
- > Women
- > Consumer empowerment/financial literacy



## ZIMBABWE

- > Women financing and development
- > Rural and agricultural finance and development
- > SME finance and development
- > Digital financial literacy and consumer protection
- > Insurance, pension and capital market
- > Youth
- > Microfinance



## GHANA

- > Banking and Special Deposit-taking Institutions
- > Pensions and insurance
- > Capital markets
- > Capability and education
- > Digital finance



After adoption, the NFIS Governance Framework acts as a channel to align the various interests of the working groups and ensure strong implementation support and M&E. It is important to establish an M&E coordination team separately or as part of the NFIS governance structure. The M&E coordination team may supervise adherence to timelines and achievement of milestones and targets. As mentioned by Mr. Poasa Werekoro, Chief Manager at the Financial System Development, the Reserve bank of Fiji (RBF): “We do recognize that the M&E framework was weak in our NFIS-2, and we wanted to strengthen it in the NFIS-3. We realize how important it is to integrate the M&E activity as a regular activity rather than a one-off every five years.”



### CONCEPTUALIZING THE NFIS

Once the institutional structure has been agreed upon and created, the concept paper needs to be drafted. The NFIS concept paper provides the background on the decision to develop a NFIS, identifies key policy areas and ongoing financial inclusion activities, provides an outline of the main phases of the NFIS lifecycle, and engages stakeholders to ensure a strategic and coordinated approach in the NFIS and, where applicable; it should include references to broader national development plans or strategies.

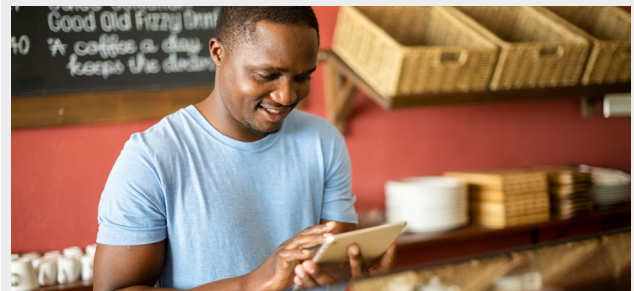
During the drafting of the concept paper, the main stakeholders involved in financial inclusion activities need to be identified and engaged. Stakeholders usually include policymakers, FSPs, NGOs, agriculture and industry unions, and other types of cooperatives or community groups. Stakeholder engagement is an essential step to solicit inputs from the outset of the NFIS, and it helps achieve buy-in. As mentioned by Mr. Poasa Werekoro, Chief Manager at the Financial System Development, the RBF: “Although the NFIS is a national policy, stakeholders think of it as the central bank’s policy, so the best way to ensure stakeholders’ buy-in and ownership is to adopt an open consultation approach right from the Pre-formulation phase.”

Consultations with stakeholders can take place before the concept paper is drafted to discuss strategic priorities that would need to be incorporated (Box 6) or after the draft has been prepared to incorporate feedback and amendments (Box 7). At times, such as in the case of the Dominican Republic, the draft is first shared with the Financial Inclusion Commission (or equivalent governing body). Once integrated by the Central Bank/Ministry of Finance, their feedback is shared with a broader group of public and private institutions.

### BOX 5: SOUTH AFRICA: ALIGNING WITH THE NATIONAL DEVELOPMENT PLAN

IN 2012, THE SOUTH AFRICAN GOVERNMENT developed and published the National Development Plan (NDP) 2030 to eliminate poverty, reduce inequality, and achieve full employment, decent work and sustainable livelihoods for all. The NDP includes a target of 90 percent of the population achieving banked status by 2030. However, financial inclusion goes beyond just being banked. It also includes providing quality financial products adopted sustainably by the population. The focus of South Africa’s Financial Inclusion Policy, which has currently been released as a draft for consultation and is expected to be approved in 2022, is to ensure, as far as possible, that financial inclusion interventions are designed and executed to meet the NDP’s target.

Source: Janet Terblanche, Divisional Head, Policy, South African Reserve Bank



Cafe manager using digital tablet to take an order, South Africa. (PixelCatchers/iStock)

### BOX 6: ANGOLA: FROM A NATIONAL FINANCIAL INCLUSION PLAN TO A NFIS

ANGOLA launched its National Financial Inclusion Plan (2018-2022) under the Government’s National Plan for Financial Inclusion and the Development Project of the Financial System. They are now developing a new NFIS. Contrary to the national financial inclusion plan, they have emphasized the inclusion of stakeholders in the Pre-formulation phase to map their activities and ensure they are more involved and engaged with the NFIS.

Source: Teresa Nainde Evaristo Pascoal, Director of the Financial Inclusion Department, Central Bank of Angola



Rural smallholder, Angola. (Andre Silva Pinto/Shutterstock)

**BOX 7: MEXICO: ROUNDS OF CONSULTATION WITH PUBLIC-PRIVATE ACTORS FOR THE ELABORATION OF THE NATIONAL FINANCIAL INCLUSION POLICY (NFIP) 2020**

As part of the open government approach, Mexico invited stakeholders to participate in the public policy cycle and act as consulting partners. The comments of academics, consultants and experts, guilds, federal government agencies and international development agencies involved in financial inclusion and education became a fundamental part of the formulation of the NFIP.

The NFIP consultation process was carried out in different rounds from December 2019 to February 2020. The Council, through the financial inclusion monitoring group, presented the preliminary proposal of the NFIP to these stakeholders to receive feedback on the strategies and lines of action to expand their dissemination and buy-in.

More than 300 comments were given during the consultation rounds, and lines of action were added and modified. This work enabled strengthening and prioritizing the strategies and lines of action and helped to determine possible points of collaboration and linkages to promote greater commitment between the financial inclusion stakeholders.

Source: Mexico's NFIP, 2021<sup>21</sup>



Shop owner, Mexico. (MarsBars/iStock)

The drafting of the concept paper is generally done under the guidance and direction of a core team of key stakeholders in the governance framework. Development partners, such as the World Bank, AFI, InterAmerican Development Bank, African Development Bank, and UNCDF consultants, are usually available to provide technical support. For example, in Morocco, the Pre-formulation phase was led by Bank Al-Maghrib's Department of Treasury and an External Finance working group supported by the World Bank and the German Corporation for International Cooperation GmbH.

**BOX 8: LIBERIA'S STEPS TO DRAFT THE NFIS CONCEPT PAPER**

**THE FINANCIAL SECTOR DEVELOPMENT UNIT AT THE CENTRAL BANK OF LIBERIA** started by performing a desk review of relevant publications on NFIS, including AFI publications.

- > They assessed existing financial products and services, and the regulatory framework for financial inclusion.
- > They held knowledge-sharing activities with World Bank technical teams and internal and external stakeholders to discuss the strategic priorities.
- > They conducted field visits to the rural regions of Liberia to see how people conducted their daily economic activities to increase the understanding of the financial needs of people in remote rural areas.
- > They collated all the above into a concept note and presented it at a stakeholder inception meeting, where it was discussed and approved. This was then used as a baseline to help draft and develop the NFIS.

Source: Dr. Bonokai G. B. Gould, Deputy Head, Development Finance Section, Central Bank of Liberia



Two men building their own house, Liberia. (MissHibiscus/iStock)

Consultations should also be carried out with financially excluded groups such as women, youth, older persons, rural communities, persons living with disabilities and FDPs to integrate their needs into the NFIS and ensure effective targets are set to increase their financial inclusion. For example, in Honduras, Marcella Herrera, Head of the FinEd Department in the National Commission of Banks and Insurance, explained that the stakeholder consultations shed light on what they were doing in terms of women's financial inclusion. They saw that they were doing relatively little, in fact. This alerted them that much more was needed in this realm and led to developing a specific framework for women's financial inclusion in 2019.

21 Central Bank of Mexico. 2020. National Financial Inclusion Policy.

22 See: AFI. 2020. Integrating Youth Into A National Financial Inclusion Strategy, AFI. 2017. INTEGRATING GENDER AND WOMEN'S FINANCIAL INCLUSION INTO NATIONAL STRATEGIES and AFI. 2020. Integrating FDPs in NFIS.





## DIAGNOSTICS

Once the institutional structure and concept note have been defined, extensive diagnostic studies are necessary to comprehensively understand the financial inclusion landscape for evidence-based policymaking. Having reliable, qualitative demand- and supply-side data supplemented by a regulatory and policy review has been identified by almost all countries as a cornerstone to a successful NFIS. It is necessary to understand the financial inclusion landscape, the needs of the population and financial inclusion gaps. The findings from the diagnostic studies will help define NFIS strategic areas and provide a baseline to define KPIs and, ultimately, measure the NFIS implementation progress. However, this information is not readily available in all countries.

For example, El Salvador launched their NFIS in 2021. They conducted surveys with the support of AFI in 2016 to have solid good demand-side data on financial inclusion needs and gaps, but they faced difficulties getting good supply-side data. This complicated a holistic diagnosis of financial inclusion. Nigeria had the opposite problem. Securing good, reliable data from the supply side was not much of an issue. However, due to the size of the country, the large informal sector and the large number of people living in rural areas, it was difficult to secure reliable demand-side data to make an accurate diagnosis for the strategy development.

Some countries, such as Mexico, have addressed the need for demand-side data by instituting regular national surveys.

### BOX 9: MEXICO: CONDUCTING REGULAR NATIONAL SURVEYS TO INFORM THE NFIP

In collaboration with the [NATIONAL INSTITUTE OF STATISTICS AND GEOGRAPHY](#), the [NATIONAL BANKING AND SECURITIES COMMISSION](#) carries out the National Survey of Financial Inclusion and the National Survey of Business Financing to obtain updated statistical information on the use and demand of financial products and services for households and companies in Mexico.

The National Survey of Financial Inclusion has been conducted every three years since 2012. 14,500 homes are sampled and obtained data is disaggregated by region, size of locality and sex. The survey measures sociodemographic characteristics, administration of expenses and financial behavior, saving, credit, payments, insurance, retirement savings accounts, use of financial channels, protection of users, financial capabilities and decision-making as well as asset ownership.

The NFIP from 2020 used the results of the 2018 survey to carry out a diagnosis design, including goals in terms of financial inclusion and education and will use the next survey to help them monitor progress.

Source: Mexico's NFIP, 2021<sup>23</sup>



Grocery store owner, Mexico. (SALMONNEGRO-STOCK/Shutterstock)

In other cases, countries such as Eswatini, Zimbabwe, Liberia, Lesotho, Madagascar and Morocco rely on Findex or FinScope data to identify the financial inclusion gaps, key policy priorities and target segments.

<sup>23</sup> Central Bank of Mexico. 2020. National Financial Inclusion Policy.

<sup>24</sup> Government of the Kingdom of Swaziland. 2017. NFIS for Swaziland 2017-2022. (in 2018 renamed to the "Kingdom of Eswatini")



**BOX 10: ESWATINI: USING FINSCOPE DATA FOR THE FINANCIAL INCLUSION ASSESSMENT**

IN ESWATINI, the Centre for Financial Inclusion and the Central Bank worked with FinMark Trust to perform a financial inclusion assessment. FinMark Trust assisted with the conduct of the FinScope Swaziland (Eswatini) Consumer National Surveys 2011 and 2014 and the Making Access Possible Financial Diagnostic Study 2014.

The FinScope surveys provide insights from the demand-side with explanatory factors on how adults perceive and manage their finances. The gathered data and insights enabled a well-founded diagnosis which led to a comprehensive and relevant NFIS.

Source: Eswatini's NFIS 2017-2022<sup>24</sup>



Handicraft stallholders, Eswatini. (The World Traveller/iStock)

Conducting demand-side surveys can also help corroborate the hypothesis derived from the analysis of supply-side studies or explore/diagnose new thematic areas to be addressed by regulators such as IGF.

Ms. Wati M Seeto, Financial inclusion and market conduct manager, RBF, said:

“Our demand-side surveys data supports and confirms what we already knew regarding the status of financial inclusion - what was happening on the ground - and it serves as evidence on which we will base our new NFIS.

”

**BOX 11: ZIMBABWE: NFIS INFORMED BY DIAGNOSTICS STUDIES**

Currently, the RESERVE BANK OF ZIMBABWE (RBZ) is leading the development of NFIS-2, which will be informed by the diagnostics studies performed on the progress made under the NFIS-1 (2016-2020). While the financial inclusion assessment on the access dimension will be based on the supply-side data provided by the regulated FSPs, the usage and the quality dimension will be assessed through the demand-side surveys - an MSME FinScope survey funded by the World Bank and the consumer survey funded by AFI. The results of the studies will help set the baseline and the targets under the NFIS-2. The RBZ also conducted a knowledge visit to the Bank of Tanzania for their NFIS-1 and reviewed Fiji's NFIS strategy and the financial inclusion assessment of peer countries using World Bank Global Findex reports. For NFIS-2, RBZ conducted remote meetings with the Bank of Tanzania to learn from their experiences.



Textile factory worker, Zimbabwe. (Magnificent Productions/iStock)

Data should be disaggregated by age, rural/urban, sex, individual/company. The need for reliable, disaggregated supply-side and demand-side data to inform the design of policy intervention and regulation has led many countries to include data as a pillar or transversal work area in their NFIS. For example, Honduras is working on creating a data capture system, disaggregated by sex and other variables, to generate statistics to measure the progress of women's financial inclusion, among other segments.

El Salvador and Mexico have data collection and measurement of financial inclusion as a cross-cutting work area, and Vanuatu has addressed the need to “bridge the data gap to enable rigorous data collection for evidence-based policymaking and effective product and services development” in their Strategic Goal 1 “Create an enabling policy environment and financial infrastructure.” Furthermore, as mentioned by Dustin Santos Barahona, Regulation, Research and Development Manager at the National Banking and

Insurance Commission of Honduras, “personnel must be trained because subjects, such as disaggregation of data and its use in public policy issues, are somewhat novel, evolving and require specialization.”

In addition to learnings derived from previous NFIS, it is also good to analyze relevant financial policies and regulations and/or review the NFIS of other countries to analyze global practices and standards. For example, the Dominican Republic is in the process of formulating its first NFIS. They reviewed not only some NFIS from the LAC region, such as Guatemala and Peru but also Kenya to explore the approach followed by these countries. Due to COVID-19 restrictions, they have not been able to conduct knowledge visits to other countries. Instead, they have engaged in conversations with peers at other central banks, such as Peru, discussing how they created their dashboards and KPIs to incorporate these learnings into their NFIS.

Defining financial inclusion is a timely undertaking while conducting diagnostics and analyzing results. While various definitions for financial inclusion exist,<sup>25</sup> crafting the right definition of financial inclusion covering the “who, what, where and how” aspects of financial inclusion dimensions (access, usage and quality) in the country-specific context is imperative to set the tone for the NFIS formulation. An official national definition of financial inclusion provides a basis for a shared vision. It helps set and achieve the goals of the strategy. It is also important that consumers understand and trust the services offered.

When conducting demand-side studies, it is necessary to understand consumers’ financial literacy as “low levels of financial literacy may hinder usage of financial products and services or lead to irresponsible usage.”<sup>26</sup> Table 2 shows many countries have included this in their definitions of financial inclusion to this end.

25 Centre for Financial Inclusion, The Fletcher School and the G-20, Financial inclusion definitions.

26 AFI. 2020. Policy Model for NFIS. Available at: , <https://www.afi-global.org/publications/policy-model-for-national-financial-inclusion-strategy/>

**TABLE 2: FINANCIAL INCLUSION DEFINITIONS**

<p><b>GHANA</b> NFIDS 2018 -2023</p>	<p>“Universal access to, and regular use of, a broad range of affordable formal financial services, including credit, saving and investment products, insurance, payment and money transfer services, mobile money, etc., which meet consumers’ needs and which they understand and trust.”</p>
<p><b>ECUADOR</b> NFIS 2019-2022</p>	<p>“Access and use of quality financial services by individuals and companies can choose in an informed manner. Financial Products and services must be offered in a transparent, responsible and sustainable way, and must respond to needs of the population.”</p>
<p><b>FIJI’S NATIONAL FINANCIAL INCLUSION STRATEGIC PLAN</b> 2016-2020</p>	<p>“An enabling environment where all Fijian adults, irrespective of where they live, socio-economic status or gender, have access to and effectively use a broad range of affordable and appropriate financial services and products complemented by appropriate FinEd and consumer protection policies.”</p>

## 2. PHASE II: FORMULATION



Once the foundation of the NFIS has been established in the Pre-formulation phase, the NFIS formulation begins with developing a comprehensive document defining the key policy actions, the strategic framework, the implementation plan and an M&E framework towards achieving the set of financial inclusion goals.<sup>27</sup> It consists of three main categories: NFIS policy actions, implementation plan and M&E framework.

### NFIS POLICY ACTIONS

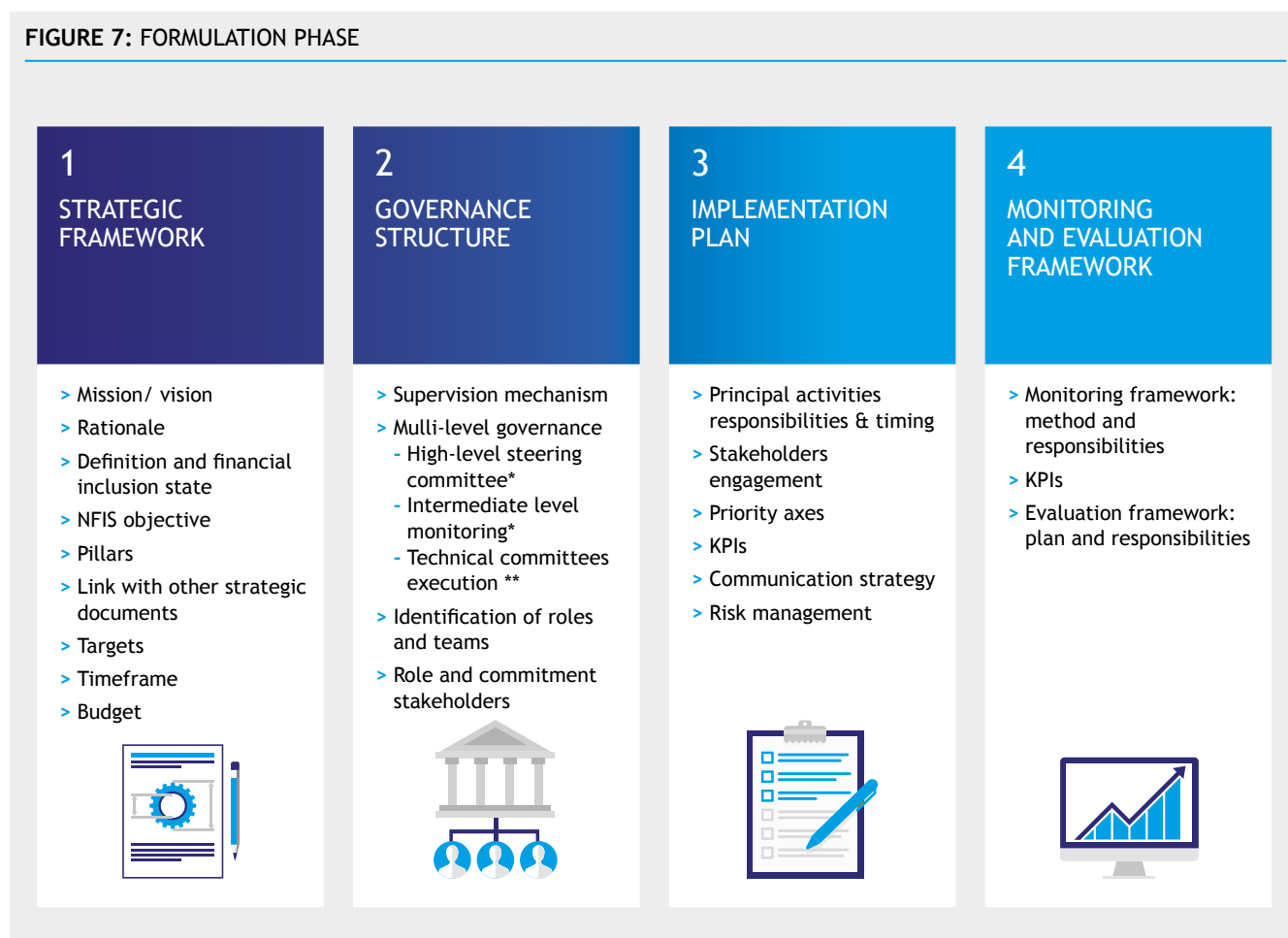


The NFIS policy actions form the crux of the NFIS as it provides the strategic framework that justifies the strategy, defines the vision and overarching goals, identifies key enablers, key policy areas, and strategic measures with corresponding actions and targets. Potential risks are identified and mapped with risk mitigation strategies supplemented by an indicative budget and a timeframe to ensure smooth implementation of the strategy.

### JUSTIFICATION FOR A NFIS

The first step towards developing NFIS is to assess, identify and formulate the problem statement based on the diagnostics studies, and justify how the strategy aims to address the problem. Depending on its financial inclusion stage, the problem statement and the rationale for the strategy should be country-specific. Usually, the NFIS justification highlights the status of financial exclusion, the financial inclusion gaps (gender, geographic, sector), barriers and underlying reasons

FIGURE 7: FORMULATION PHASE



that impede full financial inclusion, translating to a need for the strategy and how it intends to solve the stated financial inclusion problem over a specified time frame.

The justification for a NFIS should be all-inclusive and well-articulated so that all stakeholders may provide the required buy-in necessary for an effective strategy. For example, the justification should clearly show the catalytic role of pursuing financial inclusion towards achieving other developmental goals, such as poverty alleviation, gender equality, and sustained economic growth, which align with key stakeholders' national, sectoral and institutional priorities and the country.

“

Getting the right buy-in and support from NFIS stakeholders to drive the financial inclusion agenda by making them understand how the financial inclusion initiatives under the NFIS will contribute to their respective agency objectives, is the primary challenge of NFIS development.

”

Mynard Mojica, Bangko Sentral ng Pilipinas (BSP)

## VISION STATEMENT

The vision statement sets the coherent long-term direction of the strategy and the ideal state of financial inclusion that the strategy aspires to achieve. It should be concise and purposeful with defined target segments (who) and identified goals (a measure of success) to be achieved over a specified period (when).

The literature review shows different vision statements ranging from general to clear and pragmatic ones, as provided in Table 3. For example, countries like Egypt, Fiji, Jordan, Rwanda, Nigeria, Papua New Guinea, Tanzania and Uganda have vision statements supported by explicit gender goals aligned with the Denarau Action Plan commitments. In contrast, others, like Côte d'Ivoire, Eswatini, Vanuatu and Zimbabwe, prioritize the most vulnerable segments of society and underserved sectors.

## OVERARCHING GOAL(S)

Based on the extent and depth of financial exclusion, countries identify excluded groups/sectors and prioritize key policy areas which form the basis of formulating overarching goals and targets. Overarching goal(s) are key quantifiable national-level targets that holistically sum up the impact the NFIS aims to achieve. Most overarching goal(s) mirror countries' commitments, such as those from the

Maya Declaration.<sup>28</sup> Some strategies do not have a specific overarching goal. Instead, they have strategic objective(s) with specific and measurable targets. For example, the first objective of Bangladesh's NFIS 2021-2026 is to “Increase the level of financial inclusion (having at least one regulated financial service account) of all adults to 100 percent by 2024 to be measured by a nationally authenticated evaluation framework to move towards a cashless society.”<sup>29</sup> Likewise, the overall objective of Ghana's NFIDS 2018-2023 is “to increase the adult population's access to formal financial services from 58 percent to 85 percent by 2023.”<sup>30</sup>

Overarching goals and targets corresponding to key policy areas are established based on the diagnostic analysis results and consensus arrived through iterative consultations with stakeholders. They usually reflect interventions to address the financial exclusion levels in the “access,” “usage,” and “quality” dimensions of financial inclusion. It has been noted that countries with first strategies usually have national goals prioritizing access to financial products and services. In contrast, countries with second or third strategies focus on the usage and quality of financial products and services. Interestingly, it is harder to find countries with mission statements than vision statements. Some countries consider all key policy areas equally important, and others set high-level targets in the action plan to achieve the stated vision.

28 In 2011, AFI launched the Maya Declaration, a global initiative for responsible and sustainable financial inclusion that aims to reduce poverty and ensure financial stability for the benefit of all. It is the first global and measurable set of national financial inclusion commitments, including commitments to NFIS by developing and emerging economies.

29 Central Bank of Bangladesh. 2021. NFIS - Bangladesh.

30 Republic of Ghana. 2018. National Financial Inclusion and Development Strategy 2018-2023.



TABLE 3: VISION STATEMENTS OF SELECTED AFI MEMBERS

<b>ANGOLA</b> NPFI 2018-2022	▶	Contribute so that all Angolans have adequate FinEd and access to various services and products that meet all their needs made available responsibly and sustainably.
<b>BHUTAN</b> NFIS 2018-2022	▶	Through an inclusive financial system, all Bhutanese have enhanced access to and usage of quality and affordable formal financial services.
<b>CÔTE D'IVOIRE</b> NFIS 2019-2024	▶	Increased access to financial products and services for the population, particularly women, young people, MSMEs and actors in the informal sector, ensured through innovative partnerships (Decentralized Financial Systems, banks, insurance, mobile telephone operators, FinTech, etc.), allowing adaptation and improved coverage, including in rural areas, and digital finance that plays a leading role in educating and protecting customers.
<b>GHANA</b> NFIDS 2018 -2023	▶	The availability of a broad range of affordable and quality financial services that meet the needs of all Ghanaians and are provided by sound, responsible and innovative financial institutions.
<b>LIBERIA</b> NFIS 2020-2024	▶	To build a sustainable financial sector that is deeply rooted in DFS to provide access to and enhance the usage of a wide range of affordable financial services.
<b>NIGERIA</b> FRAMEWORK FOR ADVANCING WOMEN'S FINANCIAL INCLUSION IN NIGERIA	▶	To be a globally recognized, increasingly inclusive financial sector that has closed the gender gap by the end of 2024.
<b>PALESTINE</b> NSFI 2018-2025	▶	A developed financial sector that fully meets the financial needs of all segments of the Palestinian society to improve their welfare.
<b>ESWATINI (SWAZILAND)</b> NFIS 2017-2022	▶	To afford appropriate and quality financial services and products accessible to all categories of the population and MSMEs.
<b>SOLOMON ISLANDS</b> NFIS 2021-2025	▶	Ensure all Solomon Islanders have access to a range of quality and affordable financial services and products and can competently use them to increase their resilience and improve their livelihood in the growing digital economy.
<b>VANUATU</b> NFIS 2018-2023	▶	Create an enabling environment to enrich the livelihoods of the people and MSMEs in Vanuatu through inclusive financial services, consumer empowerment and protection.

TABLE 4: OVERARCHING GOALS OF SELECTED NFIS

<b>LIBERIA</b> NFIS 2020-2024	▶	The overall target for the NFIS is to increase access to formal financial services for the population (aged 15 years and older) from 35.7 percent to 50 percent by 2024.
<b>PALESTINE</b> NFIS 2018-2024	▶	The overarching goal of NFIS is to increase financial inclusion from the current level of 36.4 percent of adults to at least 50 percent of adults by the end of 2025.
<b>NIGER</b> NFIS 2018-2023	▶	To facilitate access sustainably to diversified, innovative, quality and affordable financial products and services to vulnerable groups, particularly the women, young people, SMEs and populations in the rural sector. This service-offering must take place in an appropriate institutional, legal, economic and financial environment.

## IDENTIFICATION OF KEY POLICY AREAS

Identifying evidence-based Key Policy Areas (KPAs), commensurate with actions, targets and a timeframe is key towards developing a focused and purposeful NFIS. The majority of the KPAs reviewed are country-specific and reflect the maturity of the financial inclusion landscape with commonalities observed in a few areas, such as alignment to global and regional commitments, including gender equality and SME policies.

# 39%

As of September 2020,<sup>31</sup> 71 countries had made a Maya Declaration commitment, with 873 targets, 39 percent of which are completed.

As the development and implementation of NFIS come at a high cost and with challenges, it is important to holistically identify the key policy areas that will have the highest impact towards achieving high-level commitments (key targets of the strategy).

31 AFI. November 2020. The 2020 Maya Declaration Progress report.

TABLE 5: OVERARCHING GOALS OF SELECTED NFIS

	KEY POLICY AREAS	KEY TARGETS
<b>ESWATINI</b> NFIS 2017-2022	<ul style="list-style-type: none"> <li>&gt; Enhanced e-money to transact and save</li> <li>&gt; Formal financial products for remittance payments for vulnerable groups</li> <li>&gt; Provision of insurance to mitigate risks</li> <li>&gt; Deepening the banking sector</li> <li>&gt; Access to productive credit and consumer protection.</li> </ul>	<ol style="list-style-type: none"> <li>1. Rural finance - to reduce the proportion of unbanked adult population from 27 percent to 15 percent by 2022</li> <li>2. Microfinance - to improve the outreach from 3 percent of the adult population to 12 percent by 2022</li> <li>3. SME Finance - to increase access to SME finance from 4 percent to 25 percent by 2020</li> <li>4. Agriculture finance - to improve the agricultural coverage of the SME guarantee scheme from 2 percent to 15 percent by 2022</li> <li>5. Women and youth finance - to disaggregate all finance/bank data by gender by 2018.</li> </ol>
<b>SOLOMON ISLANDS</b> NFIS 2021-2025	<ul style="list-style-type: none"> <li>&gt; Access and usage of financial services</li> <li>&gt; Financial literacy and consumer protection</li> <li>&gt; Formal credit and</li> <li>&gt; Data and measurement framework.</li> </ul>	<ol style="list-style-type: none"> <li>1. Increase the number of active users of financial accounts from 283,954 to 400,000 by 2025 (50 percent should be women)</li> <li>2. Increase the number of access points from 825 to 1,155 by 2025.</li> </ol>
<b>VANUATU</b> NFIS 2018-2023	<ul style="list-style-type: none"> <li>&gt; Enabling policy environment</li> <li>&gt; Inclusive products, services and channels</li> <li>&gt; MSME financing and</li> <li>&gt; Financial literacy and consumer protection.</li> </ul>	<p>By 2023,</p> <ol style="list-style-type: none"> <li>1. ensure an additional 54,000 (total of 130,000) adults are active users of formal or semi-formal financial services (50 percent women)</li> <li>2. ensure 40 percent of the financially included are active users</li> <li>3. ensure a suite of MSME business financing products are available and tailored to the needs of businesses led by women and youth.</li> </ol>



DFS as a key driver of financial inclusion has gained more traction with the challenges brought about by COVID-19 mobility restrictions. The shift in the prioritization of KPAs also reflects member institutions’ commitment to the various AFI accords such as the Denarau Action Plan on women’s financial inclusion, the Sochi Accord on FinTech for financial inclusion, the Kigali Statement on accelerating financial inclusion for disadvantaged groups and the Sharm El Sheikh Accord on financial inclusion, climate change and green finance.

Countries that launched an NFIS since 2018 have consumer protection, DFS, and FinEd as key policy areas, and a high number also addressed the need for GIF (86 percent) and (M)SME finance (79 percent).<sup>34</sup>

Given the persistent 9 percent global gender gap in financial inclusion for developing economies,<sup>35</sup> MSME finance gap of USD5 million (of which 32 percent pertains to women-owned MSMEs) in developing countries,<sup>36</sup> low levels of financial literacy and a lack of trust in using financial services underscoring the need for targeted interventions, these areas present demanding challenges to financial inclusion.

Other key policy areas, such as green finance (18 percent), FDPs (18 percent) and youth (50 percent), are KPAs for a small number of members and largely depend on the findings of the diagnostics studies and country-specific financial inclusion needs and priorities.

**BOX 12: FIJI: NFIS WITH THEMATIC POLICY AREAS**

“

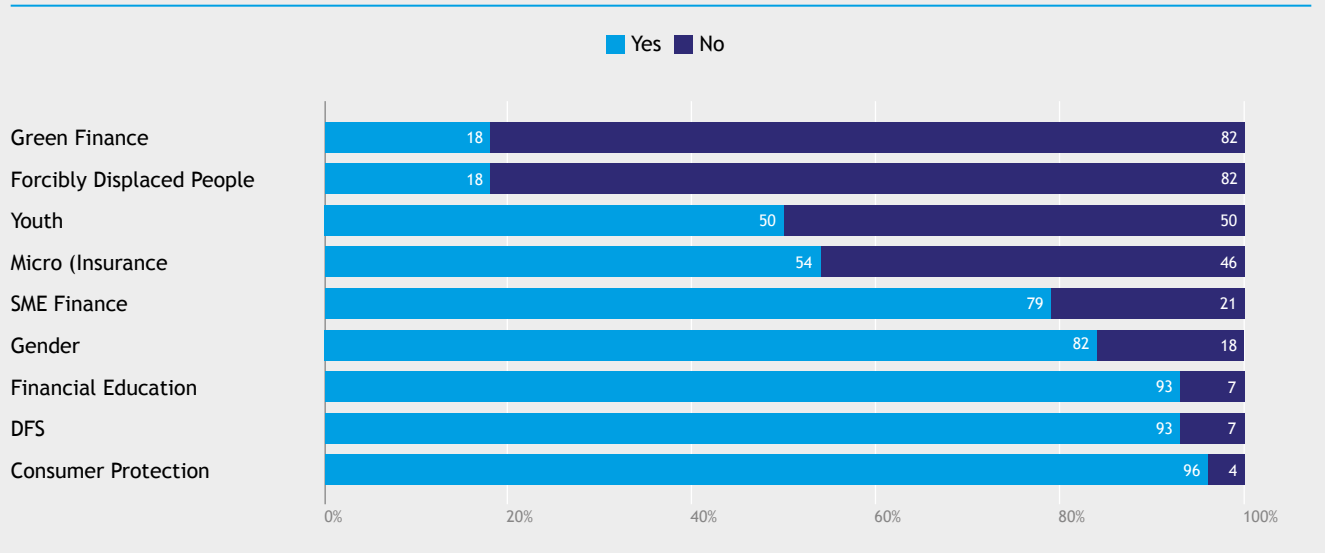
We will focus on DFS and national payments systems reform and examine ways to meet the objectives of the NFIS and build a robust national payments infrastructure. Given our vulnerability to natural disasters, green finance is prioritized in our NFIS-3 focus area. Women’s financial inclusion has improved since NFIS-2, but we still have a gender gap (7 percent), so our focus in NFIS-3 will be engaging more women in formal financial services. In NFIS-3, we want to focus on priority areas. We will not cover all financial inclusion areas. We want to focus on gaps and streamlining. We will tag each goal to tangible results, which we can monitor and report as real progress, rather than pull things without any data to support.

”

Poasa Werekoro, RBF

34 Excludes analysis of Russia, Uzbekistan and Tunisia.  
35 The World Bank. 2017. The Global Findex Database.  
36 SME Finance Forum. MSME FINANCE GAP.

**FIGURE 8: KPAs IN NFIS LAUNCHED SINCE 2018, %**





## DIGITAL FINANCIAL SERVICES

Digital technologies have played a key role in expanding the reach of financial services to the unbanked and the underbanked, primarily through mobile money. Globally, 41.4 billion transactions with a total value of USD767 billion was made through mobile money in 2020.<sup>37</sup>

DFS has also proven to be one of the drivers of women's financial inclusion because they address the three main pain points for women accessing and using financial services: mobility, convenience and safety. According to the Global Findex 2017, between 2014 and 2017, women's mobile money accounts increased by three percentage points enabling more women to access formal financial services than ever before. However, it is important to note that DFS could widen the gender gap in financial inclusion, rather than reducing it, if not pursued together with digital literacy and tiered know your customer (KYC).

Several countries have acknowledged that technological developments, including DFS, are necessary for achieving NFIS goals and prioritizing NFIS actions that emphasize digital approaches. In 2020, 18 countries in the AFI network reported having adopted 34 policy changes on DFS with 50 percent of the reforms on COVID-19 pandemic mitigation measures. Since 2018, trends in DFS policy reforms in the AFI network are mainly observed in the area(s) of national payments systems (21), e-money policies (17) and FinTech (13).<sup>38</sup>

Developing a robust national payment system by enabling policies to support interoperability between payment service providers and enhanced consumer protection is another reported policy trend. In February 2021, the Fijian Government passed the National Payment System Act aiming to serve as the umbrella legislation for the national payment services and systems operating in Fiji. The Act creates a reliable framework by making the provision of payment services conditional on obtaining a license through the Central Bank. It also provides customers with a range of protection options while using payment services. Uganda introduced its National Payment System Act in 2020 with the aim to regulate payment systems beyond the traditional systems. In turn, this will provide safety and efficiency of the payment systems, providing the functions of the Central Bank in relation to it and providing for the establishment of the National Payment Systems Council, among others.

### BOX 13: PHILIPPINES: LAUNCH OF AN E-KYC FUNCTIONALITY

**ELEVEN BANKS IN THE PHILIPPINES** have digital onboarding facilities where KYC processes are adopted for digital channels. They will be further strengthened by launching an e-KYC functionality (supported by the financial inclusion steering committee and the BSP) of the Philippines National ID System scheduled in 2022. E-KYC will also facilitate banks to implement BSP's KYC lite standards to allow "no-frills account" opening. BSP's e-money regulations also allow easy opening of e-money accounts which are transaction accounts and help drive the use of DFS.



Delivery being digitally checked, Philippines. (Kiwis/iStock)

### BOX 14: LIBERIA'S NFIS: DEVELOPING DFS

DFS is one of the pillars of the 2020-2024 NFIS, which supports the digitization of retail payments to accelerate participation in the digital payment ecosystem. A Digital Credit Framework will also be established to help overcome existing barriers in credit accessibility among women.

Source: Liberia's NFIS 2020-2024



Female stallholder selling various grains, Liberia. (ImageArc/Shutterstock)

37 GSMA. 2021. The mobile economy.

38 AFI. 2020. Policy and regulatory reforms in the AFI networks 2020.

39 Central Bank of Liberia. 2020. Liberia's NFIS.

**BOX 15: ETHIOPIA'S 2021-2024 NATIONAL DIGITAL PAYMENTS STRATEGY**

IN 2019, THE NATIONAL BANK OF ETHIOPIA began a process of “refreshing” the NFIS to align it better with the emerging policy priorities of new leadership and to focus more on leveraging DFS. The aim is to foster innovation in the financial sector and leverage DFS to achieve financial inclusion and policy mitigation. The country has designed its National Digital Payments Strategy for 2021-2024 as a roadmap through which the National Bank of Ethiopia will transform the payment ecosystem and help build a cash-lite and more financially inclusive economy.<sup>40</sup>



Mother and two sons using mobile phone, Ethiopia. (helovi/iStock)

Likewise, DFS is increasingly positioned as a catalyst to accelerate financial inclusion across various sectors and underserved segments, ushering legal and regulatory reforms and change in business models to promote an inclusive financial system. For example, DFS trends are observed in digital savings and credit, mobile money, shared agents' network, digital payments, an e-marketplace for MSMEs, partnerships to develop DFS products and services, digital ID systems, e-KYC, regulatory sandboxes and digitization of microfinance institutions and savings clubs.



More information on DFS trends in NFIS is available in:

- > the 2020 Policy and Regulatory Report in the AFI Network
- > 2020 Maya Declaration Progress Report,
- > AFI Data Portal.

**FINANCIAL CONSUMER PROTECTION AND FinEd**

Effective financial consumer protection frameworks supported by appropriate FinEd strategies aid in empowering the marginalized financial consumers and asserting their rights for a fair, equitable, transparent, safe and well-regulated financial marketplace without which financial inclusion objectives remain farfetched. Financial consumers require a certain level of financial and digital literacy and trust to access and use financial services. Countries pursuing a NFIS with financial consumer protection and FinEd as KPAs aim to address these needs through targeted policy actions and standalone national FinEd strategies.<sup>41</sup>

**BOX 16: ESWATINI AND VANUATU: FINANCIAL CONSUMER PROTECTION AND FinEd IN NFIS**

ESWATINI'S NFIS calls for the implementation of consumer protection measures by creating interest rate caps, full disclosure of financial service charges and credit terms and conditions. Furthermore, the Consumer Credit Act 2016 provides a detailed legal framework to facilitate effective regulation and supervision of credit providers in ensuring a level playing field between providers and consumers of credit in the country.

SIMILARLY, VANUATU has prioritized financial literacy and consumer protection as a strategic goal under its NFIS. Key policy actions include strengthening FinEd in educational institutes, increasing public knowledge on consumer protection legislation, requiring full disclosure and transparency in product pricing and cost, an effective redress and recourse mechanism, and the formulation of a financial literacy strategy.



Stocktaking using digital technology, Vanuatu. (Laszlo Mates/Shutterstock)

40 World Bank. 2021. Technical note: Lessons from Implementing a NFIS.

41 See: AFI's Policy Model on consumer protection for DFS, available at: [https://www.afi-global.org/wp-content/uploads/2020/09/AFI\\_CEMCDF5\\_PM\\_AW4\\_digital.pdf](https://www.afi-global.org/wp-content/uploads/2020/09/AFI_CEMCDF5_PM_AW4_digital.pdf) and AFI. 2021. Digital financial literacy toolkit.

**GENDER INCLUSIVE FINANCE**

Gender and women’s financial inclusion gained momentum with an increasing number of AFI members with GIF-related policies reflecting their commitment to the Denarau Action Plan. The Denarau Action Plan outlines a ten-point plan AFI members can pursue to accelerate women’s financial inclusion in working towards reducing the gender gap in financial inclusion by 50 percent by the end of 2021. Doing so can help close the nine percent gender gap in access to finance (2017 Global Findex). This gender gap has remained static since 2011 in developing countries. According to the 2020 Maya Declaration progress report, increasing numbers of AFI member institutions have GIF as a primary thematic policy priority with 40 Maya Declaration commitments.

**39** As of 2020, 39 AFI members have integrated gender and women’s financial inclusion objectives in their NFIS. 33 of those members have a NFIS with specific women-focused KPIs, action plans, M&E framework, etc.

The AFI Guideline note on Integrating Gender and Women’s Financial Inclusion into National Strategies provides in-depth guidance on developing gender-sensitive national strategies (to be released in 2022).

**BOX 17: FINANCIAL INCLUSION OF WOMEN IN FIJI’S NFIS**

**WOMEN’S FINANCIAL INCLUSION** has improved since the second NFIS, but we still have a gender gap (7 percent). Our focus in NFIS-3 will be to engage more women in formal financial services. For the NFIS 3, we want to focus on targeted priority areas instead of a wide scope action which aims to cover all areas of financial inclusion. We want to focus on gaps, and therefore the NFIS will be more streamlined, linking each goal to tangible results and progress can be assessed via real-time monitoring. Wati M. Seeto, RBF



Group of people using technology, Fiji. (Klara Zamourilova/Shutterstock)

**FIGURE 9: AFI MEMBERS WITH GIF IN THEIR NFIS**

■ Countries with specific measures for women ■ Countries with GIF in their NFIS

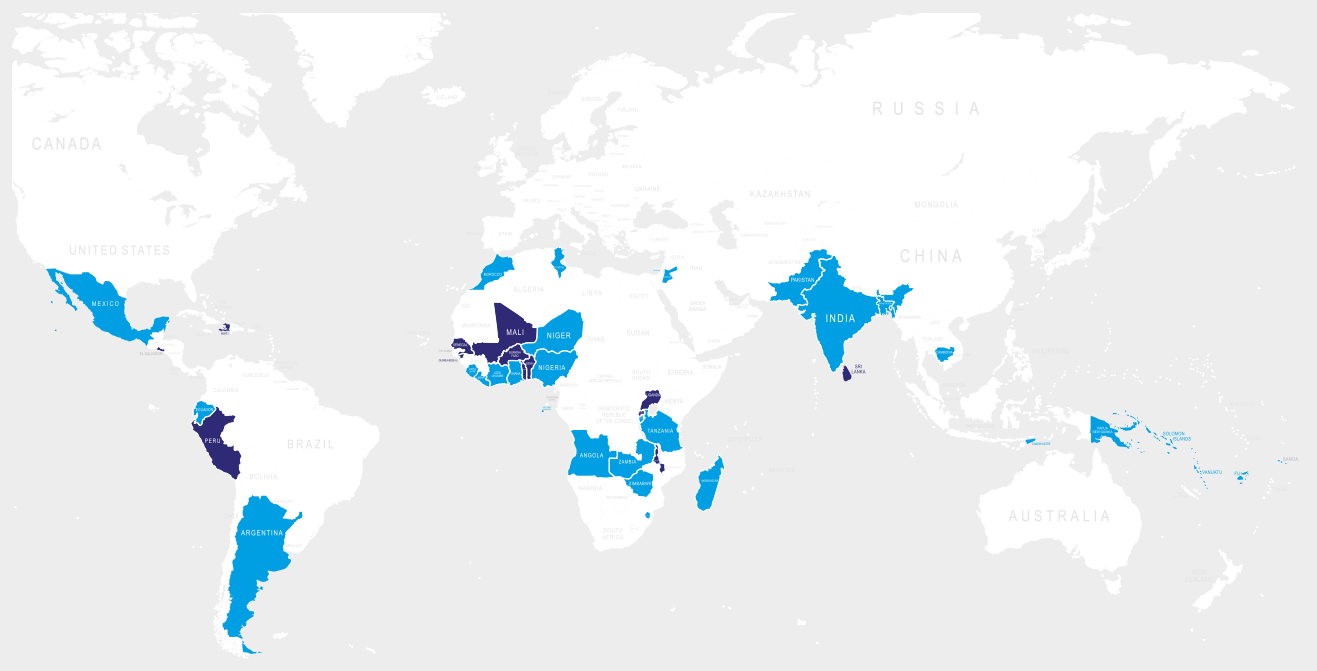




TABLE 7: EXAMPLES OF SELECTED NFIS WITH GENDER FOCUS/TARGETS

ANGOLA NFIP 2018/2022	▶ Inclusion of 5 million people in the financial system (50 percent women) using at least two to three services from one of the sectors.
LIBERIA NFIS 2020/2024	▶ Develop policies that will facilitate the inclusion of women in the financial system, including promoting the establishment of specialized financial institutions focusing on the special needs of women.
NIGER NSFI 2019-2023	▶ Includes a focus on developing innovative FinEd tools for women's groups, young people and agro-pastoralists, and support for securing funding for women entrepreneurs.
SOLOMON ISLANDS NFIS 2021-2025	▶ Strategic objective 3 of the third strategy focuses on including women, youth and rural adults as fully engaged participants in the national financial sector.
TIMOR LESTE NSFI 2017-2021	▶ All broad strategic areas of the first strategy have at least one measure to facilitate women's access to financial services. Given their high rate of economic and financial exclusion, priorities were the youth and SMEs with a dedicated broad strategic area fully focused on their development.

### SEX-DISAGGREGATED DATA

Action Point #6 of the Denarau Action Plan encourages members to “develop and promote best practices in collecting, analyzing and using SDD to promote financial inclusion for women through the Financial Inclusion Data Working Group.”<sup>42</sup> Currently, AFI members are at different stages of collecting SDD and using them for NFIS formulation.

11

Between 2018 and 2020, 11 AFI members have implemented 17 GIF-related policy changes, over one-third of which are related to the collection and development of SDD frameworks.<sup>43</sup>

“

SDD is defined as data collected separately for males and females.

”

Source: AFI. November 2020. Guideline Note on Sex Disaggregated Data Report Templates

A robust SDD infrastructure helps countries address the gender gap in financial inclusion through evidence-based gender-sensitive policies. SDD also enables countries to monitor the effectiveness of policies in addressing barriers faced by women and vulnerable groups (youth, FDPs and those living with a disability) in accessing and using financial services. FSPs can

use SDD to help build business cases that serve the different segments of the women's market through developing customer-centric products and services that fully meet their needs. Evidence-based financial inclusion strategies also help central banks meet their core financial stability, financial integrity, and consumer protection objectives. They are mutually reinforcing and inclusive, as provided in the 2018 CGAP I-SIP Toolkit.

“

If we did not have the data, policymakers would not be aware of gender differences and [would] just base their decisions on assumptions. It is a challenge to bring a gender perspective into policymaking because this is quite a new area in the central bank.

”

Dr. Tukiya Kankasa-Mabula, Bank of Zambia

AFI members have recognized the value of SDD, such as the Bank of Ghana, which introduced a data collection portal Online Regulatory Analytic Surveillance System (ORASS) to receive SDD from financial institutions regulated by the Bank of Ghana. Although members acknowledge the benefits of collecting and using SDD for gender-sensitive policymaking, only 45 percent (73

42 AFI. 2019. Denarau Action Plan: The AFI Network Commitment to gender and Women's Financial Inclusion.

43 AFI. 2020. Policy and regulatory reforms in the AFI networks 2020.



percent in 2019) of 40 surveyed members<sup>44</sup> (38 in 2019) reported collecting SDD (demand- or supply-side) to address gender disparities in financial inclusion. This is due to several challenges that include lack of financial resources to develop and implement SDD collection framework, inadequate skills and knowledge to analyze SDD and supply-side challenges in collecting SDD.

### INCLUSIVE GREEN FINANCE

If pursued holistically, IGF policies can help achieve the objectives of financial inclusion and green finance.<sup>45</sup> NFIS with embedded IGF interventions can address financial inclusion policies with positive environmental outcomes, focusing on communities and businesses most vulnerable to climate change. Interventions can include promoting savings, loans, microinsurance, and payments through digital channels, all aimed at building resilience among vulnerable groups and mitigating losses caused by climate change.

There is a growing AFI member interest in IGF policies. This is highlighted in the AFI's Inclusive Green Finance: Survey of the Policy Landscape Report, where members are including IGF measures directly or indirectly in their NFIS or other financial sector strategies. The 2021 AFI Guideline note on Integrating Inclusive Green Finance Policies into NFIS provides guidance on integrating IGF policies into NFIS through the four principles of IGF policies: Promotion, Provision, Protection and Prevention.



Find out more about IGF in, AFI's Inclusive Green Finance: Survey of the Policy Landscape.

[> View here](#)

### HIERARCHY OF PRIORITIES

It is important to assess, identify, and rank policy priorities and the corresponding measures and targets to optimize the available resources in addressing the key financial inclusion barriers and gaps. These challenges differ between different segments of the population, geographic location and sectors, including regulatory and supply-side. They are directly related to the maturity of the financial system.

44 AFI, GIF Mapping Exercise, Master Sheet, 24 July 2020.

45 According to the UNEP, "Green financing is to increase level of financial flows (from banking, micro-credit, insurance and investment) from the public, private and not-for-profit sectors to sustainable development priorities."

46 AFI. June 2020. Inclusive Green Finance: A Survey of The Policy Landscape.

TABLE 8: EXAMPLES OF AFI MEMBERS WITH DIRECT OR IMPLICIT IGF POLICIES<sup>46</sup>

BANGLADESH	<ul style="list-style-type: none"> <li>&gt; Guidance on Environmental and Social Risk Management for Banks and Financial Institutions (2017)</li> <li>&gt; Collects and disseminates data on green finance (including SDD)</li> <li>&gt; Green financing should represent up to five percent of loans and investments</li> <li>&gt; Subsidized loan for the purchase of low-carbon products.</li> </ul>
NEPAL	<ul style="list-style-type: none"> <li>&gt; Guidelines on Environmental and Social Risk Management for Banks and Financial Institutions (2018)</li> <li>&gt; Minimum 10 percent of the total credit portfolio should be allocated to green energy projects</li> <li>&gt; Subsidized loans for solar energy, biogas and waste treatment projects</li> <li>&gt; Refinancing facilities in rebuilding flood- and fire-affected areas.</li> </ul>
VANUATU	<ul style="list-style-type: none"> <li>&gt; Establishment of Natural Disaster Reconstruction Credit Facility</li> <li>&gt; Vanuatuans can withdraw 20 percent from their retirement accounts to rebuild their homes.</li> </ul>

An underdeveloped financial system usually has more competing financial inclusion priorities than a developed one, not to mention the conflicting priorities amongst different stakeholders given their institution-specific and sectoral objectives.

Literature review shows that countries use different approaches to rank their priorities where those with the highest potential for maximum outcome and impact are prioritized over others. In general, vulnerable segments of the population, MSMEs primarily owned by women and operating in the informal sector, SDD, DFS, green finance (micro-insurance), consumer protection, financial and digital literacy top the list of priorities in most strategies.

### NFIS DURATION AND BUDGET

Most NFIS span between three to five years. Others are living documents with periodical reviews and revisions, such as the Nigerian NFIS adopted in 2012 and revised in 2018.<sup>47</sup> Irrespective of the strategy's duration, adequate time should be provided for all phases of the NFIS lifecycle to get the optimal results for each phase. In doing so, efforts should be taken to facilitate the synchronization of the NFIS time period with national and sectoral policies with stakeholders.

Most AFI members cited budget planning and mobilization of the required financial resources as one of the most challenging or limiting factors for their

NFIS success. A well-planned time period supported by adequate human and financial resources (budget), which mirror the various activities under the three phases of the NFIS lifecycle, is key. While it is not feasible to plan the NFIS budget accurately during the formulation phase, an indicative budget mapped with the NFIS activities and stakeholders (development agencies, government and central bank) is crucial for prioritizing and achieving the strategy objectives.

### OFFICIAL LAUNCH

Once the strategy is developed, reviewed and finalized, preparations should be made for its official launch. The official launch of the strategy should preferably be made by the head of the government or the chairperson of the governance structure (generally the governor of the central bank or minister of finance) and accompanied by other government representatives to show the highest level of commitment and garner the required buy-in from key stakeholders for effective implementation of the strategy. For example, Sri Lanka's first NFIS was launched by the Prime Minister on 4 March 2021 in the presence of the Minister of Finance, Minister of Money & Capital Market and State Enterprise Reforms and other high-level dignitaries. On the same note, the NFIS-3 2021-2025 of the Solomon Islands was launched by the Prime Minister of Solomon Islands on 23 April 2021 in Honiara.

47 CBN. 2018. NFIS (revised).

48 AFI. 2018. NATIONAL FINANCIAL INCLUSION FRAMEWORK, 2018-2022.

TABLE 9: NFIS BUDGET SUPPORT OF SELECTED NFIS

<p><b>TANZANIA</b> NATIONAL FINANCIAL INCLUSION FRAMEWORK 2018-2022</p>	<p>The implementation of the action plan for the framework will be financed through a budget from internal sources or from national and international development partners who will have an interest in supporting activities in the action plan in a coordinated manner.<sup>48</sup></p>
<p><b>NEPAL</b> 3RD STRATEGIC PLAN 2017/2021</p>	<p>Like other central bank annual activities, the budget is pre-allocated for the Financial Inclusion Action Plan under the 3rd Strategic Plan 2017-2021, approved in the Nepal Rastra Bank's budget plan. Currently, AFI is helping review Financial Literacy Framework and facilitating interactions with other central banks. IFC and UNCDF also help us in some areas.</p> <p>Pinaki Ranjan Sarker, Nepal Rastra Bank</p>
<p><b>MOROCCO</b> NFIS 2019-2030</p>	<p>Although an initial budget planned for implementing the Strategy has been carried out mainly by the Ministry of Finance, discussions have been undertaken at the highest governance level to identify new sources of financing. The objective of this approach is to prevent financing of the implementation of the strategy from relying exclusively on state bodies.</p> <p>Ibtissam El Anzaoui, Financial Inclusion Service Manager, Bank Al-Maghrif</p>

In parallel, roadshows and public awareness should be conducted through all media for maximum visibility of the strategy objectives and financial inclusion goals. The official launch can also be used to formalize formal arrangements between implementing stakeholders and development agencies responsible for smoothing the implementation phase. A full communications plan that raises awareness beyond the launch phase should be developed. In that way, different pillars of the strategy are communicated through accessible channels to the different segments of the population.

### COMMUNICATION STRATEGY

To efficiently execute and implement the NFIS, a clear and effective communication strategy outlining the purpose, objectives and goals of the NFIS should be prepared and continuously disseminated to stakeholders. The communication plan consists of an internal and an external plan. The former facilitates the effective implementation of the strategy and the latter to inform and keep the public and external stakeholders abreast of the financial inclusion updates. It is also important to think about the different audiences and leverage relevant channels to reach out to them while using the best communication format to increase their understanding of NFIS. AFI's guideline note on effective communication strategies for NFIS implementation is a helpful resource in this regard.



### IMPLEMENTATION PLAN

The second stage of the Formulation phase is preparing an implementation plan, also known as the action plan. The implementation plan lays out the strategic actions and targets corresponding to the key policy areas, the financial inclusion objectives, a map with the implementing agencies, and a specified time period. The quality and effectiveness of the implementation plan are determined during the strategy implementation phase.

While there is no fixed format for an Implementation plan, it is recommended to follow the best practices of pioneer NFIS countries documented in AFI's 2021 NFIS M&E Toolkit and the World Bank 2021 publication on lessons from implementing NFIS.<sup>50</sup>

### BOX 18: BANGLADESH: COMMUNICATION STRATEGY

**THE NFIS 2021-2026** has a communication strategy that provides a website and web-based M&E tracker, intra and inter-stakeholders capacity development, and a knowledge hub for financial literacy. Bangladesh Bank also has an SME portal that provides valuable information to facilitate MSMEs' development.



Bengali woman using digital portal, Bangladesh. (HM Shahidul Islam/Shutterstock)

### BOX 19: TANZANIA'S NFIS COMMUNICATION STRATEGY

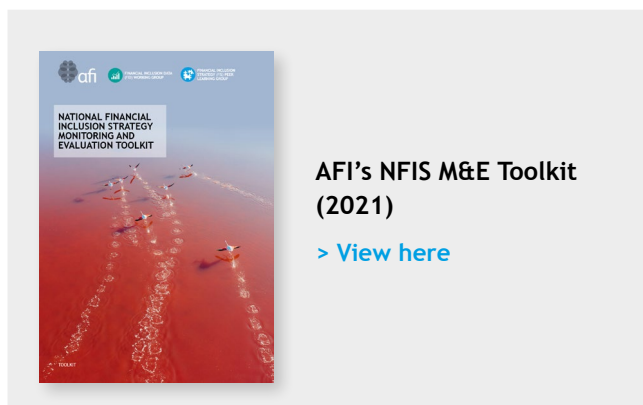
**TANZANIA** has implemented two communication strategies: one aimed at communicating the National Financial Inclusion Framework (NFIF I) and the other (under implementation) aimed at supporting the implementation of NFIF II (2018-2022). The FIS coordinates the communication strategy on behalf of the Financial Inclusion National Council and consists of an internal and external approach. Internal communication targets the NFIF implementing agencies. External communication targets awareness-creation and garnering the support of the private sector for financial inclusion.<sup>49</sup>



Studying with laptops, Tanzania. (AS photostudio/Shutterstock)

49 AFI. 2019. Guideline note: Communication strategies for NFIS implementation.

50 World Bank. 2021. Lessons from Implementing a National Financial Inclusion Strategy. FINANCIAL INCLUSION SUPPORT FRAMEWORK.



### AFI's NFIS M&E Toolkit (2021)

[> View here](#)

## M&E FRAMEWORK



The M&E framework consists of the NFIS M&E plan with a set of KPIs to measure and monitor the NFIS implementation progress. It should be developed with gender considerations from the start. Most countries develop M&E plans, and ToRs for the different tiers of the governance structure and a results measurement framework.

### What is monitoring?

Monitoring is a continuous process of collecting, analyzing and reviewing information to compare how well an intervention is implemented against expected results.

### What is evaluation?

Evaluation is an assessment of a planned, ongoing or completed intervention to determine its relevance, coherence, efficiency, effectiveness, impact and sustainability.

A monitoring plan describes the process (what, how and when) of continuous monitoring of strategy implementation to assess the progress of the NFIS measures/actions against the set targets and goals facilitated by KPIs. Countries can develop their

51 Central Bank of Liberia. 2020. Liberia's NFIS.

TABLE 10: ACTION PLAN EXCERPT FROM LIBERIA'S NFIS<sup>51</sup>

ACCESS TO FINANCIAL SERVICES AND CREDIT	IMPLEMENTING ENTITY		PRIORITY	TIMEFRAME - YEARS
	PRIMARY ENTITY	SECONDARY ENTITY		
<b>EXPAND AND DIVERSIFY ACCESS POINTS</b>				
1 Support expansion of physical network of access points based on analytically driven assessments	Private sector	MFDP	Low	3+
2 Amend Agent Banking regulations to facilitate agent non-exclusivity and harmonize with requirements that pertain to mobile money agents	CBL	CBL	High	1
3 Develop a training of the trainer's program to support the uptake of agent banking models	CBL	LBA, Development partners	Medium	2
4 Establish tiered system for financial account opening and roll out corresponding basic transaction accounts	CBL	LBA, Development partners	Medium	2
5 Promote policies to support linkages between formal financial sector and VSLAs	Private sector	Development partners	Medium	2+
<b>PROFESSIONALIZING THE NBFIS</b>				
1 Adopt and implement tiered regulatory framework for NBFIs	CBL	WB	High	1
2 Bolster supervision of NBFIs, including capacity building for CBL c, camincrs	CBL	Development partners	High	1+
3 Establish clear guidelines and formal agreement on the role of Afriland Bank with RCFIs	CBL	Afriland	Medium	1



own KPIs to monitor and measure the strategy implementation. However, most countries use the AFI Core Set of Financial Inclusion Indicators which provides a good basis for uniform measurement and tracking of financial inclusion progress across different countries.<sup>52</sup> Wherever possible, indicators should also be disaggregated by sex and, ideally, by age.

---

#### AFI core set: access and usage indicators

Access 1.1 No. of access points per 10,000 adults

Access 1.2 Percentage of administrative units with at least one access point

Access 1.3 Percentage of total population living across administrative units with at least one access point

Usage 2.1 Percentage of adults with at least one type of regulated deposit account

Usage 2.2 Percentage of adults with at least one type of regulated credit account

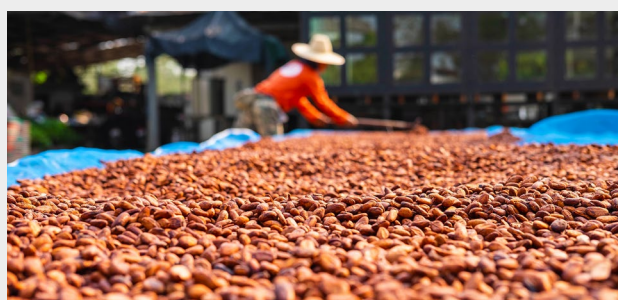
---

The evaluation plan will define the purpose, scope, methodology and the reviewers for the post-implementation evaluation to gauge the results of the NFIS implementation in terms of the achieved and underachieved targets, objectives and goals. Countries such as Nigeria, Solomon Islands, Tanzania, Zambia and Zimbabwe have undergone evaluations of their NFIS, resulting in tangible benefits which helped them inform the development of their subsequent strategies.

While the different tiers of the NFIS governance structure are responsible for the ongoing monitoring of the strategy based on their specific roles and responsibilities, most strategies task the FIS to collect, analyze, and disseminate NFIS progress reports (monitoring). At the same time, evaluation is conducted either by an independent M&E Unit or external entities to avoid conflict of interest which might arise from self-regulation. The 2021 AFI NFIS M&E Toolkit can serve as a good reference to develop and execute an effective M&E of the NFIS implementation progress and outcomes.<sup>53</sup>

#### BOX 20: SOLOMON ISLANDS: TRENDS IN M&E FRAMEWORK

NFIS-1 M&E focused only on access data, whereas NFIS-2 collected and analyzed access and usage indicators, although the data was not complete. In NFIS-3, the Central Bank of Solomon Islands will engage experts to review the supply-side KPIs to ensure the M&E framework efficiently tracks, monitors and measures the NFIS-3 interventions, supported by the national demand-side surveys recommended in the NFIS-3. Solomon Islands also closely follows Fiji which conducted the 2020 demand-side surveys to evaluate the impact of NFIS-1 on women's financial inclusion, amongst others.



Organic cocoa bean smallholder, Solomon Islands.  
(Narong Khueankaew/Shutterstock)

#### BOX 21: ZIMBABWE: TRENDS IN M&E FRAMEWORK

RBZ will coordinate and develop the NFIS M&E framework under NFIS-2 (under formulation) with guidance from AFI knowledge products, South African Development Community toolkits and other countries' strategies. Women's financial inclusion targets will be incorporated in the NFIS-2, based on the 2021 FinScope Survey results and tracked and monitored through the M&E framework. Necessary adjustments will be made if required. The financial inclusion progress monitoring will be done by respective regulators (banking, insurance and securities) and consolidated by the FIS in the RBZ.



Textile factory manager processing paperwork with a laptop, Zimbabwe.  
(Magnificent Productions/Shutterstock)

52 AFI. 2019. AFI Policy Model: AFI Core Set of Financial Inclusion Indicators.

53 AFI. 2021. NFIS Monitoring and Evaluation Toolkit.

### 3. PHASE III: IMPLEMENTATION



Phase III ensures that the NFIS policy interventions are effectively implemented through the enactment of the implementation plan, supported by a diverse coordination structure, ongoing monitoring, and post-evaluation to achieve the identified NFIS goal(s).

#### IMPLEMENTATION

The implementation phase is decisive because the outcome of its progress is key to achieving the NFIS goal(s). Given the evolving and fast-changing nature of the financial inclusion landscape in terms of cross-cutting policy areas, objectives, targets, goals and a variety of financial system participants, NFIS stakeholders are now adopting a “dynamic” approach to NFIS implementation to ensure complete ownership and accountability of the strategy goals and outcomes. A fully functional implementation unit (FIU) with sufficient skilled human and adequate financial resources should be established to ensure its smooth take-off. This is especially important given that the heads of the governance structure are usually high-ranking officials who can leave their office during the NFIS lifespan. Should this occur, the governance structure must manage to sustain the momentum of the NFIS’ implementation.

The FIU should be guided by the highest tier level of the NFIS governance (NFIS council/task force) to facilitate inter-agency coordination (thematic working groups) aligned with their roles and responsibilities outlined in the implementation plan. On the same note, ensuring effective intra-agency coordination within the FIU and/or within the institution which houses the FIU is equally important for a shared understanding of the strategy’s objectives and goals. Close and active collaboration from key public sector institutions, like the central bank, the insurance, securities and telco regulator(s), the Ministry of the Economy and Finance, Ministry of Women, SME development and other key ministries is key to addressing the KPAs, regulatory and financial and digital infrastructure barriers identified in the NFIS.

Efforts should be taken to ensure private-sector participation (FSPs, mobile money providers, FinTechs, MFIs, financial cooperatives) because it is vital to

#### BOX 22: FIJI AND MADAGASCAR: GOVERNANCE STRUCTURE FOR NFIS IMPLEMENTATION

The NFIS governance structure is driven by RBF, with the Governor as the chair of the National Financial Inclusion Taskforce, the highest tier in the NFIS governance structure. The [FINANCIAL INCLUSION AND MARKET CONDUCT UNIT UNDER THE FINANCIAL SYSTEMS DEVELOPMENT GROUP OF THE RBF](#) plays the role of the NFIS Secretariat. It is responsible for implementing the RBF’s financial inclusion initiatives.

The National Coordination of Inclusive Finance Unit was established in the [PUBLIC TREASURY IN MADAGASCAR](#). Formerly called the National Microfinance Coordination Unit, it has seen its role evolve due to the constantly changing needs of the microfinance sector and the Malagasy population. Its role is to implement government policy to develop and promote the inclusive finance sector (microfinance, microinsurance, mobile financial services, FinEd and client protection) as laid out in the National Strategy for Inclusive Finance and ensures efficiency of the public funds invested.



Female sales assistant selling chickens in a street shop, Madagascar. (Claudio Soldi/Shutterstock)

address the NFIS supply-side goals as they serve as the first line of contact to customers. Care should be taken to engage them from the pre-formulation phase throughout the implementation phase to get their full buy-in and to have a greater chance of success in NFIS implementation.

There is a need for collaboration between public actors on the one hand and the public and private actors on the other, and, finally, intra-private actors. Therefore, effective implementation of the NFIS requires a robust governance arrangement with clear responsibilities and stakeholder adoption and coordination. Models and examples for an effective coordination structure are diverse, but they generally include structures emphasizing consultation, mandate, partnership

and decision-making. The AFI's 2019 guideline note on effective stakeholder coordination for NFIS implementation provides in-depth information on the stakeholders' coordination models and supporting materials.



**AFI's effective stakeholder coordination for NFIS implementation guideline note (2019)**

[> View here](#)

## ONGOING MONITORING

A robust M&E system is critical to monitor ongoing progress regarding the NFIS activities and gauge the effectiveness of the programs to enable making informed decisions by the governing bodies and revising the implementation plan as presented in the AFI's NFIS M&E Toolkit.<sup>54</sup> A sufficiently resourced and well-coordinated M&E system broadly accepted by all stakeholders acts as a powerful accountability tool that will help identify obstacles, highlight results and efficiently allocate resources to meet the objectives of the NFIS. The overall difference between M&E is that monitoring is a continuous tracking of inputs, outputs, processes, and operational plans is a periodic assessment of the outcomes and impacts of the NFIS implementation.

Ongoing monitoring should be performed in accordance with the monitoring plan developed during the Formulation phase to ensure the financial inclusion data collected aligns with the strategy M&E indicators, come from reliable sources, are consistent and of quality, and can be used to effectively measure the qualitative and quantitative aspects of the strategy progress. As the implementation phase experiences numerous challenges which could impede the achievement of the strategy goals and objectives, adjustments to the strategy activities, budgets and timelines need to be defined and updated according to the findings of the periodic and mid-term reviews. Some countries, such as El Salvador or Mexico, perform annual reviews to monitor the different actions, evaluate the percentage of progress, and decide if any line item needs to be adjusted, eliminated, or new ones need to be added.

In addition, mid-term reviews are usually conducted for NFIS with timeframes of four years and longer as a supplement to annual reviews. Strategy mid-term reviews are required to “assess the progress achieved so far and decide if adjustments to the NFIS target, scope or implementation plan are needed.”<sup>55</sup>

### BOX 23: UGANDA: MID-TERM REVIEW OF NFIS

**IN 2017, THE BANK OF UGANDA** - with support from AFI - launched the NFIS for Uganda (2017-2022). In 2020 the Bank of Uganda requested AFI to conduct a mid-term review of the NFIS 2017-2020 to provide an independent assessment of the progress of the NFIS implementation as per the action plan and the key performance indicators. The mid-term review report presented the findings with a discussion of their implications for the Bank of Uganda and other key stakeholders, plus recommendations for the further advancement of NFIS and the improved performance of the various stakeholders in their respective roles and responsibilities under the NFIS during the remaining implementation period. The key objectives of the mid-term review included 1) an assessment of progress made in achieving the set performance indicators and targets 2) monitoring of the implementation of activities/ initiatives highlighted in the action plan 3) review the relevance of the NFIS key objectives to the priority needs of the unbanked and underbanked population of Uganda 4) identification of potential risks that may impede successful implementation of the NFIS 5) “gender lensing” the existing activities and progress and making recommendations for the second phase of the strategy. The 60-page mid-term review report provided supportive recommendations to ensure that the objectives of the NFIS are met at the end of the implementation period in 2022 and establish the basis for a smooth transition to a second NFIS.



Basket weaving, Uganda. (Vanessa Champion/Shutterstock)

<sup>54</sup> Ibid.

<sup>55</sup> AFI. 2020. Policy Model for NFIS. Available at: [https://www.afi-global.org/sites/default/files/publications/2020-09/AFI\\_NFIS\\_PM\\_AW2\\_digital.pdf](https://www.afi-global.org/sites/default/files/publications/2020-09/AFI_NFIS_PM_AW2_digital.pdf)



As detailed in the Formulation phase, the M&E unit will be responsible for the ongoing M&E, and results should be escalated to the highest tier of the NFIS governance structure for necessary actions. For example, in Vanuatu, the respective working groups established under the Financial Inclusion Taskforce will perform bi-annual evaluations of their specific NFIS actions and report to the Financial Inclusion Taskforce for necessary guidance. In São Tomé e Príncipe, the planned M&E of the NFIS implementation will be done by a multidisciplinary structure established by Government Decree No. 26/2020. The NFIS describes its role “to promote the dissemination of knowledge about the NFIS and its state of implementation, and review practices, policies and systems and identify opportunities and/or critical obstacles to increase the level of financial inclusion and implement appropriate corrective actions. Added to the role of the multidisciplinary structure is the role of the National Council for Financial Inclusion (head of the governance chain) that is responsible to monitor and evaluate the implementation of the NFIS,

including tracking progress on reforms and monitoring indicators and results achieved, through an appropriate cascading, implementation and reporting system.”<sup>56</sup> A mid-term review of the NFIS has also been planned to support a possible change or adaptation of the defined goals.

Most countries use a NFIS Results Framework to conduct the M&E of their NFIS. Although countries have different types, a typical NFIS Results Framework would include key performance indicators established during the Formulation phase and corresponding to the strategy objectives, baselines, responsible implementing agencies, and a set timeframe (short, mid and long term) to achieve the targets.

56 AFI. 2021. Sao Tome e Principe's NFIS 2021-2025.

57 Afghanistan's NFIS 2020 - 2024. Available at: [dab.gov.af/sites/default/files/2020-06/National%20Financial%20Inclusion%20Strategy%20for%20Afghanistanfinal.pdf](http://dab.gov.af/sites/default/files/2020-06/National%20Financial%20Inclusion%20Strategy%20for%20Afghanistanfinal.pdf)

#### BOX 24: AFGHANISTAN: NFIS RESULT FRAMEWORK

AFGHANISTAN developed the NFIS result framework to ensure that the NFIS action plan is executed by the responsible entity according to the specified timeline in line with the results framework. Each implementing institution reports to the coordinating agency (Financial Inclusion Department of the Central Bank of Afghanistan) on the implementation progress, highlighting deviations from the NFIS action plan to facilitate corrective actions to the action plan in a timely manner. Monitoring deliverables are the annual national financial inclusion reports with program-level and component-level data.<sup>57</sup>

POLICY AREA	NO.	IMPACT INDICATOR	BASELINE (2018)	TARGET					SOURCE	REPORTING FREQUENCY	REPORTING BREAKDOWN
				2020	2021	2022	2023	2024			
DELIVERY CHANNELS	1	# commercial bank branches per 100,000 adults	2.2	2.7	3	3.2	3.5	3.7	IMF FAS/DAB	Annual	Province level
	2	# agent banks per 100,000 adults	0	0.01	0.05	0.15	0.05	0.2	DAB	Annual	Province level
	3	# ATMs per 100,000 adults	1.6	2.5	3	3.5	4	4.5	IMF FAS/DAB	Annual	Province level
	4	# of registered mobile money agents per 100,000 adults	9.1	15	18	20	23	30	IMF FAS/DAB	Annual	Province level
	5	# of institutions deploying digital platforms	3	4	-	-	-	-	DAB	Annual	By province
PRODUCT	6	# of bank accounts per 100,000 adults (15+)	15,000	15,000	17,500	19,000	22,000	25,000	DAB	Annual	By province
	7	# of bank accounts per 100,000 women (15+)	7,000	7,000	7,200	7,500	8,000	9,000	DAB	Annual	By province
	8	# of mobile money accounts per 100,000 adults (15+)	6,500	7,300	7,700	8,200	9,500	12,000	DAB	Annual	By province
	9	# of payment cards per 100,000 adult (15+)	3,264	6,000	8,000	9,500	11,000	12,500	DAB	Annual	By province
	10	% of adults (15+) that own an account	15% (2017)	15.5%	-	-	22%	-	Global Findex	Triennial	By gender, age, rural, income, province



Analysis of different NFIS shows that countries adopt different M&E approaches and mechanisms tailored to their specific needs. In addition, in practice, there is not always a clear distinction and understanding between monitoring of NFIS actions and the evaluation thereof. It has been noted that some countries lack an explicit M&E framework, whereas, in others, there is a gap between what the M&E framework in the strategy provides and what is actually implemented, thereby leading to implementation risks. For example, some NFIS require financial inclusion metrics and/or dashboards to monitor and evaluate their progress. In reality, they do not exist. As a result, there is no regular

monitoring. This hampers the achievement of the NFIS objectives. Without regular monitoring, the objectives are overlooked, and actors at different levels advance blindly depending on their circumstances. Conversely, whenever the evaluation mechanisms are omitted or mismanaged, there is a risk that the impact of the NFIS actions may be poorly measured or not measured at all.

Morocco presents an interesting example because the M&E framework of the NFIS provides a certain level of detail of the methodology both for monitoring actions and impact evaluation.

**BOX 25: MOROCCO: M&E SYSTEM**

**IDENTIFICATION OF STRATEGIC OBJECTIVES**

Intermediate and final objectives for the NFIS impact have been set for 2023 and 2030 based on the country-context and the comparative analysis of countries that represent a benchmark for Morocco. The definition of objectives was postponed for subjects without a reliable database (particularly the financing of very small enterprises). The Moroccan Observatory of the TPME initiated a project to establish a reliable and common base for the ecosystem.

**MONITORING MECHANISM**

Dashboards have been defined for the roadmaps of the working groups follow-up, considering the set deadlines. This level is assured by working groups with the assistance of the Steering and Coordination Committee.

**EVALUATION MECHANISM**

> Assessment of the financial inclusion dimensions: a range of indicators have been defined to measure access, use and quality of services and products offered to target populations and falling within the scope of the strategy.







> Impact measurement of the strategy: impact measurement aims to assess the effectiveness of the measures of the NFIS in relation to the ambitions it has set for itself. For this purpose, the system defines methodologies and instruments to be adopted by the parties' stakeholders following the progress of their work.

The "Data & Measurement" working group has been set up as part of the NFIS governance structure. This WG will be processing the above evaluation mechanism. The WG has defined access and usage indicators, their unique sources of trust and the institutions responsible for collecting the related data.

The steering and coordination team is responsible for data consolidation and the measurement of indicators.

The reporting frequency is mostly bi-annual and annual, depending on the indicators' nature.

**WORK MONITORING DASHBOARD TEMPLATE**

		PROGRESS 	NEXT STEPS 	POINT OF ATTENTION 
SUBJECT 1				
SUBJECT 2				
SUBJECT 3				

Source: Morocco NFIS.

## POST-IMPLEMENTATION EVALUATION AND ACTIONS

Beyond implementing the NFIS action plan, it is also interesting to analyze the next steps identified by the authorities in the Implementation phase. Since 44 percent of the strategies are no longer in the implementation phase, what would be the next steps for these countries? To find some answers, it is necessary to review the evaluation plan of the M&E framework in the Formulation phase.

There are two types of evaluation, post and ex-post strategy evaluation. Post-evaluation of strategies is conducted right after the strategy time-period ends, whereas ex-post evaluation can be done years after the end of the strategy. A comprehensive post-implementation evaluation of the strategy should be carried out, preferably by independent, neutral parties to avoid conflict of interest. Irrespective of the type, evaluations should incorporate the following 5 elements: (i) relevance (ii) impact (iii) efficiency (iv) effectiveness and (v) sustainability to provide a 360-degree view of the strategy implementation and its effectiveness. The evaluation measures the results, outcomes, performance, and impact of the strategy against the challenges, barriers and gaps in financial inclusion identified in the diagnostic studies of the pre-formulation phase. For example, evaluation of strategies with headline targets on reducing gender gaps such as those of Fiji, Solomon Islands, Nigeria and Vanuatu should measure whether gender gaps in financial inclusion have been reduced, or not, to the desired levels.

# 44%

44 percent of the AFI members who launched NFIS are in their post-implementation phase. The EECA and the PAC are the regions with the highest number of member countries in the post-implementation phase (55 percent launched an NFIS).

Evaluations should also measure how the strategy promoted financial inclusion, including unintended consequences. It is important to communicate the evaluation findings to both internal and external stakeholders and acknowledge their contributions to the strategy implementation, including cooperation required for future strategies. The evaluation reports are vital to informing the development of future strategies. In addition, evaluations should be supplemented by sex (and age) disaggregated demand- and supply-side surveys to assess the financial inclusion

outcomes and impact from the users (usage and quality dimensions of FI) and the providers' perspective side (access dimension), respectively.

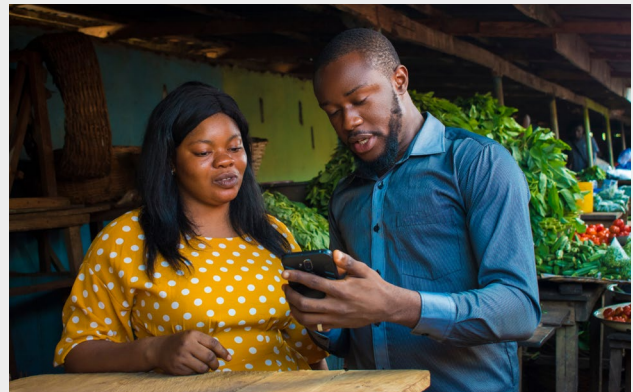
### BOX 26: NIGERIA: NFIS (2012-2020) EVALUATION AND SUBSEQUENT ACTIONS TAKEN

In line with the 2012 NFIS monitoring plan, a mid-term review of the NFIS 2012-2020 was carried out from October 2017 to June 2018 based on research reports, data analysis and consultations with stakeholders from the public and private sector and development partners. The key findings include the following:

- > significant progress was made in the NFIS implementation as financial inclusion was regarded as a national development tool by NFIS stakeholders
- > point-of-sale terminals were found to be defunct
- > restrictive policies and regulations hindered the role of mobile money, a key driver of women's financial inclusion
- > cultural and religious factors impeded the advancement of financial inclusion in the northern parts of Nigeria.

The NFIS review led to an NFIS with revised objectives, priorities and principles for driving financial inclusion in Nigeria (refreshed and launched in October 2018).

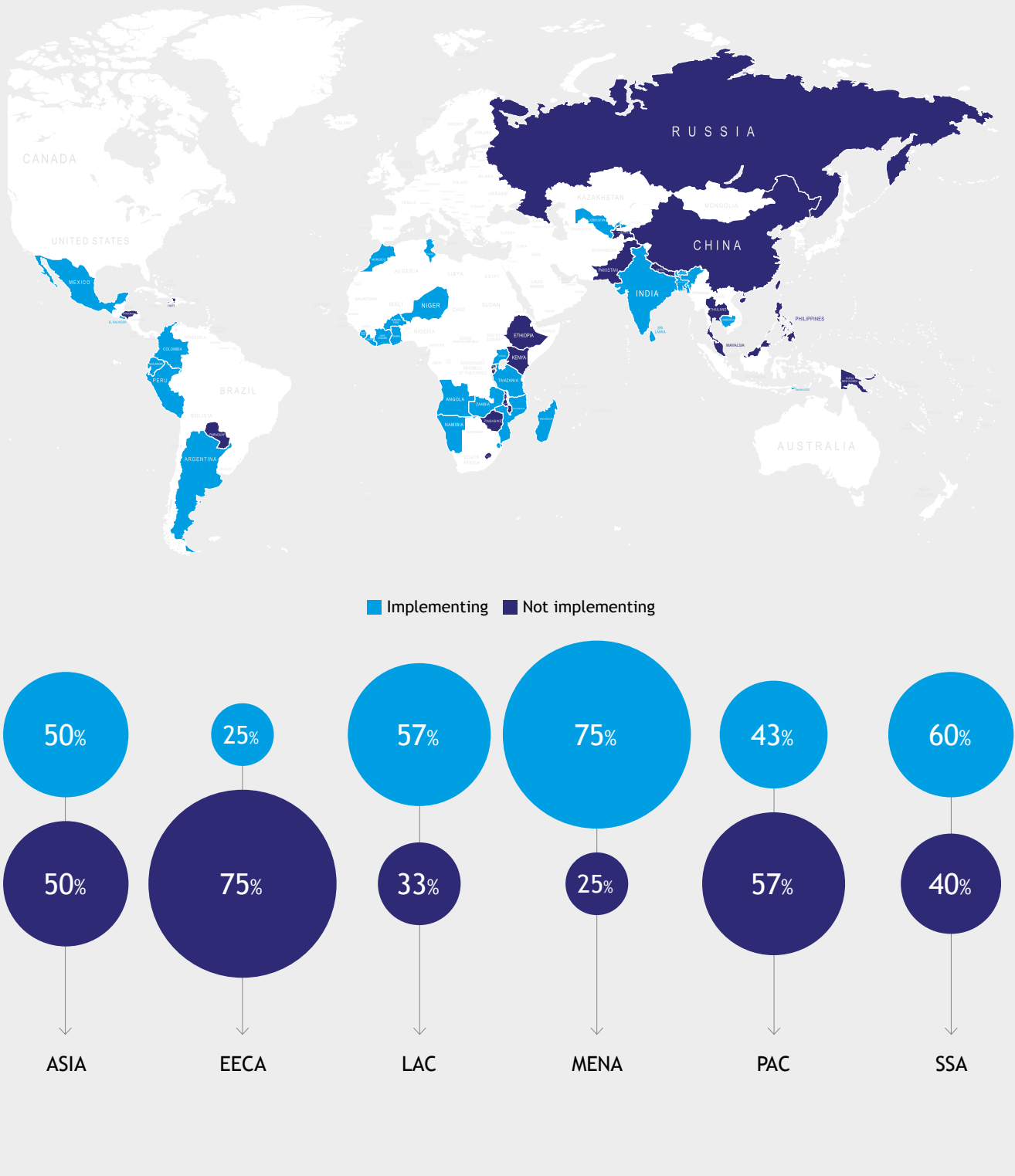
Source: Nigeria NFIS (revised), October 2018<sup>58</sup>



Using a mobile app, Nigeria. (Wazzkii/Shutterstock)

The AFI NFIS M&E Toolkit (2021) provides valuable food for thought to those involved in conducting evaluations of their NFIS. This Toolkit sets out the evaluation criteria and the core questions to be addressed. It also provides a format of an evaluation design matrix.

FIGURE 10: AFI MEMBERS IMPLEMENTING VS. THOSE EVALUATING OR COMPLETING THE NFIS





# COVID-19 CRISIS IMPACT ON THE FINANCIAL ECOSYSTEM





The effects of a crisis, especially for vulnerable segments of society, including those that already face limited access to financial services and resources, can be devastating. The COVID-19 crisis has brought a greater awareness of the need to act to protect the most vulnerable populations who have been disproportionately affected, particularly women.

As mentioned by **Nontobeko Lubisi**, director in charge of financial inclusion at the Financial Inclusion Directorate, the National Treasury of South Africa:

“  
The pandemic exacerbated South Africa’s high unemployment rate.

”

**Vanessa Sorto**, Public Policy and Financial Innovation Specialist, the Department of Public Policies and Financial Innovation at the Central Reserve Bank of El Salvador, said:

“  
The pandemic exposed the needs to promote and generate public policies that improve the livelihoods and financial inclusion of certain sectors of the population; the vulnerable populations became more visible.

”

National leaders saw in this crisis the immediate opportunity to build a more inclusive and resilient economy. Notwithstanding, their priorities had to shift from the NFIS towards crisis management. Almost all interviewed AFI members mentioned that the pandemic directly impacted their NFIS pre-formulation, formulation, and implementation phases. In general, activities were put on hold and/or postponed to 2021.

A representative example can be found in Timor Leste; **Timoteo Pires**, Acting Manager at the Financial System Division, the Central Bank of Timor Leste, said:

“  
COVID-19 impacted the timeline of activities related to the national strategy for financial inclusion. We delayed most activities that required interaction with other organizations, such as stakeholders’ consultations, coordination meetings, training and classes. Instead, we took the time to revise training materials, M&E framework, and coordination strategies.

”

AFI has addressed the impact of pandemic crises on NFIS in its policy note *Mitigating the impact of pandemic crises on NFIS*.<sup>59</sup> The publication provides information on the benefits governance bodies would receive if they agreed on ToR to define the purpose and structure of a Financial Inclusion Pandemic Crisis Management Taskforce. ToR would need to be accepted and endorsed by all stakeholders to enable its fast deployment. Other initiatives AFI took to support its members in managing and mitigating this crisis include capacity-building and peer sharing workshops. Each initiative led to the conclusion that it is essential, regardless of the phase in which the NFIS finds itself, that countries adopt a flexible approach and carry out iterative evaluations to adjust their action plan.

Indeed, although this can be difficult, especially during a pandemic, one of the key elements in crisis management is access to regularly updated data. For example, the survey conducted on MFIs in Angola was affected because they could not visit many provinces due to the lockdowns and social distancing requirements. However, using software such as Microsoft Teams and Zoom helped mitigate the negative impact on the results. Unfortunately, the work with Finscope was delayed.<sup>60</sup> In Solomon Islands, the implementation of NFIS-2 has been impacted because fewer initiatives were accomplished due to restricted mobility measures. For example, attending savings group meetings and conducting financial literacy programs in rural training centers were hampered because the face-to-face approach practiced before COVID-19 was no longer possible. Even conducting NFIS working group meetings was hindered because COVID-19 protocols had to be followed.

59 AFI. 2021. *Mitigating the impact of pandemic crises on NFIS Policy Note*. [https://www.afi-global.org/wp-content/uploads/2021/04/FISNFISiCOVID-graphic\\_AW2.pdf](https://www.afi-global.org/wp-content/uploads/2021/04/FISNFISiCOVID-graphic_AW2.pdf)

60 The FinScope survey is a demand-side data source providing a measurement of financial inclusion indicators at a sub-national level. The survey also provides information on individuals’ attitudes and perceptions towards financial products and services.

However, the COVID-19 pandemic led to a surge in the use of DFS, as mentioned by numerous countries, including Angola, Burundi, Dominican Republic, Fiji, Honduras, Morocco, Nepal, Nigeria, Palestine and the Philippines. Given the pandemic-related challenges countries face in implementing their strategy, the role of technology in driving DFS has gained momentum from the onset of the COVID-19 pandemic in 2020. Different

countries identified several measures to support low-income groups throughout the crisis, such as small businesses, women, and agricultural workers. Table 11 shows several measures implemented to mitigate the DFS-related crisis.

**TABLE 11: COVID-19 CRISIS MITIGATION MEASURES<sup>61</sup>**

<b>ANGOLA</b>	<ul style="list-style-type: none"> <li>&gt; Launch of a banking agent regulation in 2020.</li> <li>&gt; Launch of an agreement between the Central Bank and Unitel, a mobile operator in the development of mobile money.</li> <li>&gt; Increase of DFS due to the stronger focus on the services and the uptake improvement measures.</li> <li>&gt; Development of an incubator by the Central Bank to support FinTechs and startups (a few have been selected to work with the Central Bank more closely, some are now penetrating the market themselves or in cooperation with banks).</li> </ul>
<b>LIBERIA</b>	<ul style="list-style-type: none"> <li>&gt; Development of a program by the Government to provide funding to petty traders.</li> <li>&gt; Government's request to banks to allow borrowers to defer payment of credits for a few months to cushion the pandemic shock.</li> <li>&gt; NFIS end date adjustment to 2024 by deferring the NFIS activities by a year.</li> </ul>
<b>FIJI</b>	<ul style="list-style-type: none"> <li>&gt; Provision by the RBF of a million dollars to Vodafone, a mobile operator, with 0.5 million contributed by the Government of Fiji to facilitate MSMEs to list their services on the online e-commerce platform, which will facilitate MSMEs to market and sell their products online. Such platforms will also help MSMEs improve their reporting in terms of documentation, facilitating access to finance from the formal FSPs.</li> </ul>
<b>BURUNDI</b>	<ul style="list-style-type: none"> <li>&gt; Collaboration between the Central Bank and the Telecommunications Regulatory Agency to facilitate and manage DFS supply and demand.</li> </ul>
<b>PHILIPPINES</b>	<ul style="list-style-type: none"> <li>&gt; Implementation of remote bank account opening to facilitate easy onboarding of customers.</li> <li>&gt; Development of digital onboarding facilities by 11 banks where KYC processes are adopted to digital channels.</li> <li>&gt; Development of an e-KYC functionality of the Philippines National ID System (launching e-KYC facility in 2022).</li> <li>&gt; Release of a circular (regulations to basic deposit accounts) which allows "no-frills account" opening with minimal KYC requirements (for example, a letter from village head).</li> </ul>
<b>SOLOMON ISLANDS</b>	<ul style="list-style-type: none"> <li>&gt; Frequent lockdowns and social distancing measures affected women's participation in Savings Clubs, which act as pathways to formal financial inclusion. Solomon Islands have prioritized the digitization of savings clubs to promote women's economic and financial inclusion to address such challenges.</li> </ul>

<sup>61</sup> Sources: primary and secondary research.



# KEY CHALLENGES AND LESSONS LEARNED



Lotus farmer on Kamping Puoy Lake, Cambodia. (Godong/Alamy Stock Photo)

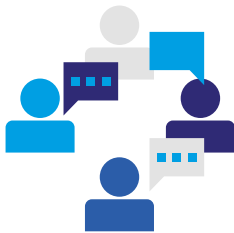


## KEY CHALLENGES INCLUDE:

1

### LACK OF SKILLED HUMAN RESOURCES

Financial inclusion and NFIS are relatively new topics in some countries. Not all central banks and NFIS stakeholders have the required expertise and the human resources to implement the different phases of the NFIS lifecycle. Furthermore, many countries mentioned that their FIS was spread too thin in terms of human resources. In many cases, this led to prolonged and/or postponed pre-formulation and formulation phases or a lack of proper implementation of the action plan and follow-up during the implementation phase. For example, in Eswatini, although the NFIS included a plan to monitor the implementation activities, there was insufficient staff to execute this task.

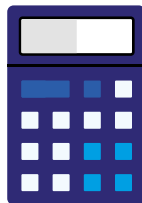


2

### LACK OF A SPECIFIC BUDGET

Several countries cited the lack of a specific budget for NFIS as a key challenge. In most cases, NFIS are developed without a specific budget, and the government institutions involved need to allocate part of their annual budget (internal resources) to their NFIS specific responsibilities. In many cases, this leads to a slow rollout of the different phases and/or cancellation of certain activities.

The case of Nigeria was illustrative of experiences shared by many countries. Dr. Paul Oluikpe, Head of the Financial Inclusion Delivery Unit (previously FIS), the Development Finance Department of the Central Bank of Nigeria, said: “The budget constraints directly impacted the implementation of the NFIS. We had to re-prioritize and narrow the scope because there was insufficient funding.”



3

### TIMING MISMATCH

For some countries, a key challenge is the timing mismatch between the government’s political agenda and the NFIS objectives. For example, when the NFIS lifecycle coincides with the change in the country’s government, the new government’s priorities may not align with those of the NFIS.

This can lead to stagnation of the NFIS lifecycle or a shift in priorities of the NFIS. It can also mean individual champions or technical experts can be lost. A dedicated overseeing body that shares responsibility and control can help mitigate this risk.



A National Financial Inclusion Strategy plays a pivotal role in catalyzing a more inclusive financial ecosystem. Robust data analytics, financial infrastructure and enabling regulations are implemented to support the integration of the unbanked and underbanked segments of the population.

Each country has its unique financial ecosystem. However, the literature review and interviews with AFI member institutions raised common challenges and lessons learned. These may prove beneficial when addressing the different phases of the NFIS lifecycle.



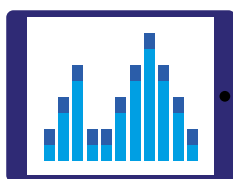


## 4

**(SEX AND AGE) DISAGGREGATED DATA**

The unavailability of (sex and age) disaggregated data and reliable demand- and supply-side financial inclusion data was cited as a key challenge by most AFI member institutions. Lack of data can either delay the NFIS formulation or may result in the development of a NFIS based on incomplete or unreliable data, which may affect the quality of the strategy. It is impossible to measure the “starting point” without the baseline data. The progress made during implementation. Without sex- and age-disaggregated data, it is impossible to see if initiatives undertaken as part of the NFIS are impacting different population segments in different ways.

For example, in Solomon Islands, the development of the NFIS 3 2021-2025 is primarily based on the supply-side data from the Central Bank of Solomon Islands, as the latest demand-side data is from 2015. Linda Folia, Manager at the National Financial Inclusion Unit, the Central Bank of Solomon Islands, cited the lack of complete and quality SDD to inform the NFIS formulation as a major impediment to making evidence-based decision-making, especially in the key policy areas.



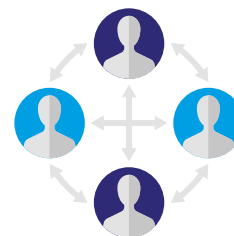
## 5

**LACK OF AWARENESS AND BUY-IN FROM THE STAKEHOLDERS**

As a common issue, AFI members mentioned the difficulty of engaging with stakeholders from the private and public sector throughout the NFIS lifecycle phases. There were often misconceptions about the NFIS, whereby stakeholders felt that the NFIS was the Central Bank’s or the Ministry of Finance’s prerogative and not a national agenda per se resulting in limited or no commitment from stakeholders.

Many members acknowledge the difficulty in coordinating stakeholders to ensure buy-in and create awareness around NFIS actions. For example, in Mexico, Javier Suarez Luengas, working at the General Directorate for Access to Financial Services at the National Banking and Stock Commission, said: “In general, stakeholders have their activities or priorities and sometimes matching the priorities of each institution becomes difficult. During the roundtables with the stakeholders, each one brought their agenda and wish list; satisfying everyone is hard.”

Furthermore, especially in the implementation phase, some countries face challenges getting the FSPs to support financial inclusion initiatives because they do not see the unserved and underserved market as profitable. This is where capacity-building for the FSPs can help overcome their resistance and enable them to see the market opportunities in expanding financial inclusion to vulnerable segments of the population.



## THE KEY LESSONS LEARNED INCLUDE:

### 1

#### TECHNICAL ASSISTANCE

Request technical assistance from development agencies to support the different phases of the NFIS lifecycle. For example, the Dominican Republic received support from the InterAmerican Development Bank to perform a thorough qualitative financial inclusion assessment that provided a solid basis for formulating their NFIS. Eswatini received technical support from AFI to conduct the NFIS mid-term evaluation. El Salvador received technical support from AFI, the World Bank and InterAmerican Development Bank. They brought experience, enriched the Pre-formulation and Formulation phases and helped streamline the NFIS lifecycle process.

The assistance of consultants can also enrich staff skills on subjects such as integrating gender considerations, youth or the FDPs into the NFIS lifecycle, designing IGF products and developing a SDD measurement framework.



### 2

#### BOTTOM-UP APPROACH

Engaging stakeholders through a bottom-up approach has proved to be more effective than a top-down approach. Ensuring adequate buy-in from all stakeholders (public, private and development agencies) is essential for a successful NFIS. To this end, engaging stakeholders from the onset of the NFIS planning helps ensure their commitment throughout the lifecycle. For example, during the Pre-formulation phase in Morocco, a conference was organized to share the results of the preliminary studies on the financial inclusion progress and inform the stakeholders on the financial inclusion challenges that could be addressed if all the stakeholders came together to develop the NFIS holistically. On the same note, and as mentioned by Mr. Poasa Werekoro, Chief Manager at the Financial System Development, the RBF: “Even with so much done by the RBF, we realize that we cannot do everything ourselves. It is more about building sustainable partnerships and relationships, which play an important role in mobilizing the strategy towards achieving the goals.

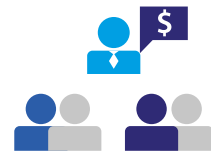
It is all about forming bonds, relationship management and working closely with NFIS stakeholders to ensure everyone is aligned and understands the strategy and its vision and mission so that everyone works in their respective areas towards achieving the strategy goals.” Ensuring stakeholders’ participation in the governance structure creates NFIS awareness and commitment to achieving the strategy goals.



### 3

#### STRONG POLITICAL LEADERSHIP

Strong political leadership to drive the NFIS lifecycle is critical, as mentioned by most AFI member institutions interviewed. The NFIS leadership can range from the highest level (national leader) to the heads of key institutions (Ministry of Finance, Central Bank) leading the development of the NFIS.



## 4

## FINANCE-SECURED

Ensuring the NFIS is finance-secured. Most member institutions cited the lack of an NFIS budget as a key challenge in facilitating the effective execution of the NFIS lifecycles. Teresa Pascoal, Director of the Financial Inclusion Department, at the Central Bank of Angola, recommended: “Designing and securing the NFIS budget entailed the involvement of main stakeholders, based on an agreed funding framework which enabled a coordinated approach in bringing together the contributions from the different regulatory bodies and the National Council for Financial Stability/Finance Ministry.” Similarly, Pinaki Ranjan Sarker, Joint Director at the Financial Inclusion Department, Bangladesh Bank, recommended: “The adoption of a sound financing strategy is required to ensure a balanced mapping between and among public and private finances and development assistance.”

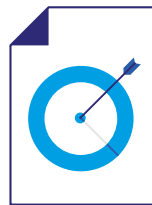


## 5

## SPECIFIC LEGISLATION

Some countries establish specific legislation or overarching regulation underpinning the NFIS as a public policy priority. This is the case of El Salvador, the Philippines, Mexico and Lesotho, which learned that giving a legal basis to the NFIS development provides legitimacy to the effort. For example, presidential decrees mandate the development of NFIS and establish a multi-sectoral NFIS governance structure.

This helps to ensure the required buy-in and commitment from stakeholders as they understand the NFIS not as a central bank/ Ministry of Finance initiative but as a national priority where no one is left behind.



## 6

PROGRESSIVE  
EVOLUTION

Countries implementing one or more NFIS have shown progressive evolution in their financial inclusion journey. For example, Solomon Islands launched its first NFIS 2011-2015 in 2011 and its second NFIS 2016-2020 in 2016. The successful implementation of these strategies brought about significant improvements in the country’s financial inclusion levels. The first NFIS focused on access to financial services achieving a major milestone by increasing the number of accounts in formal financial institutions to 78,000 in 2015, exceeding the strategy’s national target of 70,000 by 8,000 accounts. In the second NFIS, the usage became more of a priority, and despite COVID-19 disruptions to its implementation, active users of financial services increased from 34 percent in 2015 to 64 percent in 2020. Likewise, formal credit users increased by 198 percent (from 10,754 to 32,067), while financial literacy participants increased by 137 percent (from 39,250 to 93,025) from 2018 to 2020.

A NFIS provides stakeholders the opportunity to work in a coordinated, focused and coherent manner towards prioritizing their resources and tasks around high-impact policy areas to achieve full financial inclusion towards promoting an inclusive and sustainable financial system.

The findings of this research study confirm the interest and commitment of AFI member institutions to continue strengthening their financial inclusion journey through the development and implementation of NFIS.



## ABBREVIATIONS

<b>BSP</b>	Bangko Sentral ng Pilipinas
<b>DFS</b>	Digital financial services
<b>EECA</b>	Eastern Europe and Central Asia
<b>FDPs</b>	Forcibly displaced persons
<b>FinEd</b>	Financial Education
<b>FIS</b>	Financial Inclusion Secretariat
<b>FSP</b>	Financial service providers
<b>GIF</b>	Gender-inclusive finance
<b>IGF</b>	Inclusive green finance
<b>KPI</b>	Key performance indicators
<b>KYC</b>	Know your customer
<b>LAC</b>	Latin American and the Caribbean
<b>M&amp;E</b>	Monitoring and evaluation
<b>MENA</b>	Middle East and North Africa
<b>MSME</b>	Micro, small and medium enterprises
<b>NCFI</b>	National Council/Committee for Financial Inclusion
<b>NFIDS</b>	National Financial Inclusion and Development Strategy
<b>NFIF</b>	National Financial Inclusion Framework
<b>NFIP</b>	National Financial Inclusion Policy
<b>NFIS</b>	National financial inclusion strategy
<b>NRS</b>	NFIS Results Framework
<b>PAC</b>	Pacific region
<b>RBF</b>	Reserve Bank of Fiji
<b>RBZ</b>	Reserve Bank of Zimbabwe
<b>SME</b>	Small and medium enterprise
<b>SDD</b>	Sex-disaggregated data
<b>SSA</b>	Sub-Saharan Africa
<b>TOR</b>	Terms of Reference
<b>KPA</b>	Key Policy Areas
<b>UNCDF</b>	United Nations Capital Development Fund

## BIBLIOGRAPHY

**World Bank. 2017.** 2017 Findex full report chapter 2. Available at: [https://globalfindex.worldbank.org/sites/globalfindex/files/chapters/2017%20Findex%20full%20report\\_chapter2.pdf](https://globalfindex.worldbank.org/sites/globalfindex/files/chapters/2017%20Findex%20full%20report_chapter2.pdf)

**AFI. 2018.** NFIS: Current State of practice. Available at: <https://www.afi-global.org/wp-content/uploads/publications/2018-06/National%20Financial%20Inclusion%20Strategies.pdf>

**World Bank. 2012.** Financial Inclusion Strategies Reference Framework. Available at: <https://documents1.worldbank.org/curated/en/801151468152092070/pdf/787610WP0P144500use0only0900A9RD899.pdf>

**AFI. 2016.** NATIONAL FINANCIAL INCLUSION STRATEGIES A TOOLKIT. Available at: [https://www.afi-global.org/wp-content/uploads/2016/06/NFIS-Toolkit\\_2021.pdf](https://www.afi-global.org/wp-content/uploads/2016/06/NFIS-Toolkit_2021.pdf)

**World Bank. 2018.** Developing and Operationalizing a National Financial Inclusion Strategy. Available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/29953/NFIS%20Toolkit.pdf?sequence=5&isAllowed=y>

**AFI. 2020.** Policy and regulatory reforms in the AFI networks 2020. Available at: <https://www.afi-global.org/publications/policy-and-regulatory-reforms-in-the-afi-network-2020/>

**Reserve Bank of Vanuatu. 2018.** Vanuatu National Financial Inclusion Strategy 2018 - 2023. Available at: <https://www.afi-global.org/publications/vanuatu-national-financial-inclusion-strategy-nfis-2018-2023/>

**Central Bank of Jordan. 2018.** The National Financial Inclusion Strategy 2018 - 2020. Available at: <https://www.cbj.gov.jo/EchoBusv3.0/SystemAssets/PDFs/2018/The%20National%20Financial%20Inclusion%20Strategy%20A9.pdf>

**Bank Al-Maghrib. 2019.** NFIS. Available at: <https://www.bkam.ma/Inclusion-financiere/Rapport-sur-l-inclusion-financiere/Strategie-nationale-d-inclusion-financiere-n-1-2019>

**Central Bank of Nigeria. 2018.** NFIS (revised). Available at: <https://www.cbn.gov.ng/out/2019/ccd/national%20financial%20inclusion%20strategy.pdf>



**Central Bank of Liberia. 2020.** Liberia's National Financial Inclusion Strategy. Available at: <https://documents1.worldbank.org/curated/en/405051583394983755/pdf/National-Financial-Inclusion-Strategy-2020-2024.pdf>

**AFI. 2021.** Democratic Republic of São Tomé & Príncipe - NFIS 2021-2025. Available at: <https://www.afi-global.org/wp-content/uploads/2021/08/National-Financial-Inclusion-Strategy-STP1.pdf>

**Central Bank of Mexico. 2020.** National Financial Inclusion Policy. Available at: [https://www.gob.mx/cms/uploads/attachment/file/643214/PNIF\\_\\_2020.pdf](https://www.gob.mx/cms/uploads/attachment/file/643214/PNIF__2020.pdf)

**The Kingdom of Eswatini (formerly Swaziland) NFIS 2017-2022.** Available at: <https://www.afi-global.org/wp-content/uploads/publications/2018-01/Swaziland%20National%20Financial%20Inclusion%20Strategy%202017%20-2022.pdf>

**Central Bank of Bangladesh. 2021.** NFIS - Bangladesh.

**The Republic of Ghana. 2018.** National Financial Inclusion and Development Strategy (NFIDS) 2018-2023. Available at: [https://mofep.gov.gh/sites/default/files/acts/NFIDs\\_Report.pdf](https://mofep.gov.gh/sites/default/files/acts/NFIDs_Report.pdf)

**AFI. 2020.** The 2020 Maya Declaration Progress report. Available at [www.afi-global.org/publications/2020-maya-declaration-progress-report-approaching-a-decade-of-maya-declaration/](http://www.afi-global.org/publications/2020-maya-declaration-progress-report-approaching-a-decade-of-maya-declaration/)

**The mobile economy, GSMA, 2021.** Available at <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2020/05/GSMA-The-Mobile-Gender-Gap-Report-2020.pdf>

**World Bank. 2021.** Technical note: Lessons from Implementing a National Financial Inclusion Strategy. Available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/36213/Lessons-from-Implementing-a-National-Financial-Inclusion-Strategy.pdf?sequence=1&isAllowed=y>

**AFI. 2019.** Denarau Action Plan: The AFI Network Commitment to gender and Women's Financial Inclusion. Available at: <https://www.afi-global.org/publications/denarau-action-plan-the-afi-network-commitment-to-gender-and-womens-financial-inclusion/>

**AFI. June 2020.** Inclusive Green Finance: A Survey of The Policy Landscape. Available at [https://issuu.com/afi-global/docs/igf\\_slideshare\\_2020\\_final?fr=sMTI4OTE1MDA4Mw](https://issuu.com/afi-global/docs/igf_slideshare_2020_final?fr=sMTI4OTE1MDA4Mw)

**AFI. 2018.** NATIONAL FINANCIAL INCLUSION FRAMEWORK, 2018 - 2022. Available at: <https://www.afi-global.org/sites/default/files/publications/2017-12/NFIF%202018-2022.pdf>

**AFI's. 2019.** Guideline note: Communication strategies for NFIS implementation. Available at: [https://www.afi-global.org/sites/default/files/publications/2019-04/AFI\\_GN34\\_Tanzania\\_stg4.pdf](https://www.afi-global.org/sites/default/files/publications/2019-04/AFI_GN34_Tanzania_stg4.pdf)

**AFI. 2021.** NFIS Monitoring and Evaluation Toolkit. Available at: [https://www.afi-global.org/wp-content/uploads/2021/02/AFI\\_FIDWGFISPLG\\_toolkit\\_AW\\_digital.pdf](https://www.afi-global.org/wp-content/uploads/2021/02/AFI_FIDWGFISPLG_toolkit_AW_digital.pdf)

**Sao Tome e Principe's National Financial Inclusion Strategy 2021 - 2025.** Available at: <https://www.afi-global.org/publications/national-financial-inclusion-strategy-2021-2025-democratic-republic-of-sao-tome-principe/>

**Afghanistan's National Financial Inclusion Strategy 2020 - 2024.** Available at: [dab.gov.af/sites/default/files/2020-06/National%20Financial%20Inclusion%20Strategy%20for%20Afghanistanfinal.pdf](http://dab.gov.af/sites/default/files/2020-06/National%20Financial%20Inclusion%20Strategy%20for%20Afghanistanfinal.pdf)

**AFI. 2021.** MITIGATING THE IMPACT OF PANDEMIC CRISES ON NATIONAL FINANCIAL INCLUSION STRATEGIES POLICY NOTE. Available at: [https://www.afi-global.org/wp-content/uploads/2021/04/FISNFSiCOVID-graphic\\_AW2.pdf](https://www.afi-global.org/wp-content/uploads/2021/04/FISNFSiCOVID-graphic_AW2.pdf)

**Bank of Zambia. 2020.** NATIONAL PAYMENT SYSTEMS IN ZAMBIA ANNUAL REPORT FOR THE YEAR 2020. Available at: <https://www.boz.zm/2020NPSAnnualReport.pdf>

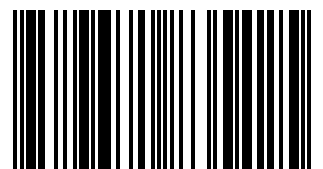
# ANNEX 1: LIST OF AFI AND NON-AFI MEMBERS WITH NFIS

NO.	COUNTRIES	REGIONS	SUMMARY	A 2018	NFIS 1				NFIS 2				NFIS 3				LEAD ORGANIZATION
					START YEAR 1	END YEAR 1	LINK	START YEAR 2	END YEAR 2	LINK	START YEAR 3	END YEAR 3	LINK				
1	Angola	SSA	First NFIS	post 2018	yes	2018	2021	Not available	no				no				Central Bank
2	Argentina	LAC	First NFIS	post 2018	yes	2020	2023	<a href="#">Link</a>	no				no				Ministry Economy
3	Bangladesh	Asia	First NFIS	post 2018	yes	2021	2026	<a href="#">Link</a>	no				no				Central Bank
4	Belarus	EECA	First NFIS	pre 2018	yes	2014	2019	Not available	no				no				Not reported
5	Bhutan	Asia	First NFIS	post 2018	yes	2018	2024	<a href="#">Link</a>	no				no				Central Bank
6	Burkina Faso	SSA	First NFIS	post 2018	yes	2018	2022	Not available	no				no				Ministry Finance
7	Burundi	SSA	First NFIS	pre 2018	yes	2015	2020	<a href="#">Link</a>	no				no				CB, MinFin
8	Cambodia	Asia	First NFIS	post 2018	yes	2019	2025	Not available	no				no				Central Bank
9	China	Asia	First NFIS	pre 2018	yes	2016	2020	Not available	no				no				Central Bank
10	Cote d'Ivoire	SSA	Second NFIS	pre 2018	yes	2013	2017	<a href="#">Link</a>	yes	2019	2024	<a href="#">Link</a>	no				Ministry Finance
11	Colombia	LAC	Second NFIS	pre 2018	yes	2016	2019	<a href="#">Link</a>	yes	2019	2022	<a href="#">Link</a>	no				Central Bank
12	Ecuador	LAC	Second NFIS	pre 2018	yes	2013	2015	<a href="#">Link</a>	yes	2020	2024	<a href="#">Link</a>	no				Central Bank
13	El Salvador	LAC	First NFIS	post 2018	yes	2021	2024	<a href="#">Link</a>	no				no				Central Bank
14	Eswatini	SSA	First NFIS	pre 2018	yes	2017	2022	<a href="#">Link</a>	no				no				Ministry Finance
15	Ethiopia	SSA	First NFIS	pre 2018	yes	2017	2020	<a href="#">Link</a>	no				no				Central Bank
16	Fiji	PAC	Second NFIS	pre 2018	yes	2010	2014	<a href="#">Link</a>	yes	2016	2020	<a href="#">Link</a>	yes	2022	2030	Not available	Central Bank
17	Ghana	SSA	First NFIS	post 2018	yes	2018	2023	<a href="#">Link</a>	no				no				Ministry Finance
18	Haiti	LAC	First NFIS	pre 2018	yes	2014	2019	<a href="#">Link</a>	no				no				CB, MinFin
19	Honduras	LAC	First NFIS	pre 2018	yes	2016	2020	Not available	no				no				Central Bank
20	India	Asia	Second NFIS	pre 2018	yes	2014	2015	Not available	yes	2019	2024	<a href="#">Link</a>	no				Central Bank
21	Jordan	MENA	First NFIS	post 2018	yes	2018	2020	<a href="#">Link</a>	no				no				Central Bank
22	Kenya	SSA	First NFIS	pre 2018	yes	2015	2018	Not available	no				no				Central Bank
23	Lesotho	SSA	First NFIS	pre 2018	yes	2012	2017	<a href="#">Link</a>	no				no				Ministry Finance
24	Liberia	SSA	Third NFIS	pre 2018	yes	2009	2013	<a href="#">Link</a>	yes	2014	2018	Not available	yes	2020	2024	<a href="#">Link</a>	Central Bank
25	Madagascar	SSA	Second NFIS	pre 2018	yes	2013	2017	<a href="#">Link</a>	yes	2018	2022	<a href="#">Link</a>	no				Ministry Finance
26	Malawi	SSA	Second NFIS	pre 2018	yes	2010		<a href="#">Link</a>	yes	2016	2020	<a href="#">Link</a>	no				Central Bank
27	Malaysia	Asia	First NFIS	pre 2018	yes	2011	2020	Not available	no				no				Central Bank
28	Maldives	Asia	First NFIS	post 2018	yes	2018	2022	<a href="#">Link</a>	no				no				Central Bank
29	Mexico	LAC	Second NFIS	pre 2018	yes	2016	2024	<a href="#">Link</a>	yes	2020	2024	<a href="#">Link</a>	no				Central Bank
30	Morocco	MENA	First NFIS	post 2018	yes	2019	2030	<a href="#">Link</a>	no				no				Central Bank
31	Mozambique	SSA	First NFIS	pre 2018	yes	2016	2022	<a href="#">Link</a>	no				no				Central Bank
32	Namibia	SSA	First NFIS	pre 2018	yes	2012	2021	<a href="#">Link</a>	no				no				Ministry Finance
33	Nepal	Asia	Third NFIS	pre 2018	yes	2006	2010	<a href="#">Link</a>	yes	2012	2016	Not available	yes	2017	2021	<a href="#">Link</a>	Central Bank
34	Niger	SSA	Second NFIS	pre 2018	yes	2015	2019	<a href="#">Link</a>	yes	2019	2023	<a href="#">Link</a>	no				Ministry Finance
35	Nigeria	SSA	Second NFIS	pre 2018	yes	2012	2020	<a href="#">Link</a>	yes	2018	2020	<a href="#">Link</a>	no				Central Bank
36	Pakistan	Asia	First NFIS	pre 2018	yes	2015	2020	<a href="#">Link</a>	no				no				Ministry Finance
37	Palestine	MENA	First NFIS	post 2018	yes	2018	2025	<a href="#">Link</a>	no				no				Palestine Monetary Authority and Palestine Capital Market Authority
38	Papua New Guinea	PAC	Second NFIS	pre 2018	yes	2016	2020	<a href="#">Link</a>	no				no				Central Bank
39	Paraguay	LAC	First NFIS	pre 2018	yes	2014	2018	<a href="#">Link</a>	no				no				Central Bank
40	Peru	LAC	Second NFIS	pre 2018	yes	2015	2021	<a href="#">Link</a>	yes	2019	2030	<a href="#">Link</a>	no				Ministry Finance
41	Philippines	Asia	First NFIS	pre 2018	yes	2015	2017	<a href="#">Link</a>	yes	2022	2028	<a href="#">Link</a>	no				Central Bank
42	Russia	EECA	First NFIS	post 2018	yes	2018	2020	<a href="#">Link</a>	no				no				Central Bank
43	Rwanda	SSA	Second NFIS	pre 2018	yes	2012	2014	<a href="#">Link</a>	yes	2016	2020	<a href="#">Link</a>	no				Ministry Finance
44	Samoa	PAC	First NFIS	pre 2018	yes	2017	2020	<a href="#">Link</a>	no				no				Central Bank

NO.	COUNTRIES	REGIONS	SUMMARY	A 2018	NFIS 1				NFIS 2				NFIS 3				LEAD ORGANIZATION
					START YEAR 1	END YEAR 1	LINK	START YEAR 2	END YEAR 2	LINK	START YEAR 3	END YEAR 3	LINK				
45	São Tomé e Príncipe	SSA	First NFIS	post 2018	yes	2021	2025	<a href="#">Link</a>	no				no			Central Bank	
46	Seychelles	PAC	First NFIS	pre 2018	yes	2017	2020	<a href="#">Link</a>	no				no			Central Bank	
47	Sierra Leone	SSA	First NFIS	pre 2018	yes	2017	2022	<a href="#">Link</a>	yes	2022	2026		no	2022	2026	<a href="#">Link</a>	Central Bank
48	Solomon Islands	PAC	Third NFIS	pre 2018	yes	2011	2020	<a href="#">Link</a>	yes	2016	2020	<a href="#">Link</a>	Yes			Central Bank	
49	Sri Lanka	Asia	First NFIS	post 2018	yes	2021	2024	<a href="#">Link</a>	no				no			Central bank	
50	Tajikistan	EECA	First NFIS	pre 2018	yes	2010	2015	<a href="#">Link</a>	no				no			Central Bank	
51	Tanzania	SSA	Second NFIS	pre 2018	yes	2014	2016	<a href="#">Link</a>	yes	2018	2022	<a href="#">Link</a>	no			Central Bank	
52	Thailand	Asia	Third NFIS	pre 2018	yes	2004	2008	<a href="#">Link</a>	yes	2010	2014	Not available	yes	2016	2020	<a href="#">Link</a>	Central Bank
53	The Gambia	SSA	First NFIS	post 2018	yes	2022	2025	Not available								Central Bank	
54	Timor-Leste	PAC	Second NFIS	pre 2018	yes	2014	2025	Not available	yes	2021	2025	Not available	no			Central Bank	
55	Togo	SSA	First NFIS	pre 2018	yes	2014	2018	Not available	no				no			Other	
56	Tunisia	MENA	First NFIS	post 2018	yes	2018	2022	<a href="#">Link</a>	no				no			Central Bank	
57	Uganda	SSA	First NFIS	pre 2018	yes	2017	2022	<a href="#">Link</a>	no				no			Central Bank	
58	Uzbekistan	EECA	First NFIS	post 2018	yes	2021	2023	Not available	no				no			Central Bank	
59	Vanuatu	PAC	First NFIS	post 2018	yes	2018	2023	<a href="#">Link</a>	no				no			Central Bank	
60	West Africa/ BCEAO *	SSA	First NFIS	pre 2018	yes	2016	2020	<a href="#">Link</a>	no				no			Central Bank	
61	Zambia	SSA	First NFIS	pre 2018	yes	2017	2022	<a href="#">Link</a>	no				no			Central Bank	
62	Zimbabwe	SSA	First NFIS	pre 2018	yes	2016	2020	<a href="#">Link</a>	yes	2022	2026		no			Central Bank	
63	Senegal	SSA	First NFIS	Post 2018	Yes	2022	2026	<a href="#">Link</a>	no				no			Ministry of Finance and Budget	
64	Turkey (non-member)	MENA	First NFIS	pre 2018	Yes	2014		<a href="#">Link</a>	no				no			Central Bank	
65	Brazil (non-member)	LAC	First NFIS	pre 2018	yes	2012	2017	<a href="#">Link</a>	no				no			Central Bank	
66	Indonesia (non-member)	PAC	Second NFIS	post 2018	yes	2016	2020		yes	2021	2025	<a href="#">Link</a>	no			Central Bank	
67	Jamaica (non-member)	LAC	First NFIS	pre 2018	yes	2016	2020	<a href="#">Link</a>	no				no			Central Bank	
68	Guatemala (non-member)	LAC	First NFIS	post 2018	yes	2019	2023	<a href="#">Link</a>	no				no			Central Bank	
69	Afghanistan (non-member)	ASIA	First NFIS	post 2018	yes	2020	2024	<a href="#">Link</a>	no				no			Central Bank	
70	Azerbaijan (non-member)	MENA	First NFIS	pre 2018	yes	2016	2020	<a href="#">Link</a>	no				no			Central Bank	
71	Qatar (non-member)	MENA	First NFIS	pre 2018	yes	2018		<a href="#">Link</a>	no				no			Central Bank	
72	North Macedonia (non-member)	MENA	First NFIS	post 2018	yes	2021	2025	<a href="#">Link</a>	no				no			Central Bank	
73	Comoros	SSA	First NFIS	pre 2018	yes	2011	2013						no			Central Bank	
74	United Kingdom	EUROPE	First NFIS	pre 2018	yes	2024		<a href="#">Link</a>	yes	2007	<a href="#">Link</a>	<a href="#">Link</a>	no			HM Treasury	
75	Vietnam	ASIA	First NFIS	post 2018	yes	2020	2025	<a href="#">Link</a>					no			Central Bank	

\* Member, non-country: NFIS regional framework for countries belonging to the West African Economic and Monetary Union

e ISBN 978-967-18354-2-5



9 7 8 9 6 7 1 8 3 5 4 2 5

**Alliance for Financial Inclusion**

AFI, Sasana Kijang, 2, Jalan Dato' Onn, 50480 Kuala Lumpur, Malaysia  
t +60 3 2776 9000 e info@afi-global.org [www.afi-global.org](http://www.afi-global.org)

 Alliance for Financial Inclusion  AFI.History  @NewsAFI  @afinetwork