

G-24/AFI 4th Annual Policymakers Roundtable

The 4th Annual G24/AFI Policymakers' Roundtable was held on Sunday 22 April, on the sidelines of the Spring Meetings of the International Monetary Fund and World Bank. More than 60 policymakers from over twenty countries were in attendance, as well as co-chairs and key implementing partners of the G20's Global Partnership for Financial Inclusion (GPFI). As outlined by Amar Bhattacharya, Director of the G-24 Secretariat this was the fourth G-24/AFI Roundtable to be held - the first having taken place at the 2008 World Bank/IMF Spring meetings, where AFI was first informally launched. The objective of this year's Roundtable was to discuss the national commitments to financial inclusion being developed and implemented by emerging market and developing country policymakers under the Maya Declaration, and the role that the G20, GPFI and other partner organizations are playing in supporting the fulfilment of these commitments.

Opening the Roundtable, Koodathumuriyil Verghese Eapen, Senior Advisor to the Executive Director for India – the current Chair of the G-24 – outlined the key role financial inclusion plays in the “reduction of poverty and in economic development,” referring to the recent launch of a campaign in India to extend banking facilities to over 75 million people through “no-frill” accounts. Mr. Eapen highlighted some of the challenges in implementing national commitments, including persistently low coverage of various categories of financial products and of bank branches, problems involved in providing the required ICT backbone, and the reluctance of many regulators to allow remittances or other financial products outside the normal banking channels. Mr. Eapen also discussed the importance of financial literacy.

Professor Njuguna Ndung'u, Governor of the Central Bank of Kenya and chair of the AFI Steering Committee highlighted the recognition of the importance of national level leadership in driving forward financial inclusion, which culminated within the AFI network in the adoption of the “Maya Declaration” in September 2011 – a global and measurable set of commitments to financial inclusion by emerging market and developing country policymakers. Professor Ndung'u highlighted three key reasons why more than 20 countries to date have made commitments under the Declaration:

- Firstly, self-determination: every country sets its own measurable targets, which reflect its unique circumstances;
- Secondly, the Declaration is based on G20 Principles – principles that have proven to increase financial inclusion, through innovation, cooperation, knowledge and consumer protection and education;
- Finally the Maya Declaration is about global cooperation, countries working together and learning from one other, as well as establishing new forms of collaboration with the private sector, NGOs and other partners.

Alfred Hannig, Executive Director of AFI, further outlined the role of key global partners in supporting countries to meet their commitments under the Maya Declaration. The GPFI is particularly important given the coordination amongst its key implementing partners (AFI, CGAP, the IFC and World Bank) and its outreach to the private sector and standard setting bodies. Dr. Hannig also highlighted the support structure in place for countries making commitments, and the opportunity that the AFI Global Policy Forum in Cape Town, South Africa, September 26-28 2012, will provide to showcase the progress that has been made.

The Roundtable participants then heard from Governor Sanusi Lamido Sanusi of the Central Bank of Nigeria, Governor Claver Gatete of the National Bank of Rwanda, and Governor Benno Ndulu of the Bank of Tanzania, on the progress that each country has made in realizing their financial inclusion goals. Several themes were particularly apparent in the presentations of the three Governors:

- Firstly, the scale of the ambition in each case came across clearly. Nigeria currently has an inclusion rate of 46.3%, but as part of an overall financial inclusion strategy is aiming to increase this beyond 65% by 2020, and has set specific targets for increasing access to payments; credit; savings; and pensions. Rwanda is planning to achieve a financial inclusion rate of 80% by 2017; whilst Tanzania is considering revising the rate it committed to under the Maya Declaration of 50% by 2015 to 75% as a result of strong early progress.
- Secondly, the potential of new technology, and in particular mobile financial services (MFS) to produce rapid progress was evident. In Governor Ndulu's words the mobile payment platform provides the ability to "leapfrog", bypassing the need to rely on bricks and mortar bank branches. There are now 24 million registered MFS users in Tanzania. Nigeria for its part had granted already 15 mobile payment licences, and Rwanda is working very closely with the private sector to enable growth of MFS services over the coming months.
- Thirdly, each of the Governors noted the importance of a focus on financial literacy. Governor Sansusi spelt out that mistrust of financial institutions, particularly amongst those with low incomes, was felt to be a barrier to increasing access. Both Rwanda and Tanzania are developing financial literacy strategies as part of their commitments under the Maya Declaration.

Each of the Governors also highlighted the value of peer learning in helping to achieve these ambitious objectives – the recent *African Financial Inclusion Policy Forum*, co-hosted by the Bank of Tanzania, Central Bank of Kenya, and AFI, in Zanzibar was a good example of policymakers coming together to learn from one other on technical and strategic issues, providing incentives to keep up with peers in the region.

Responding to the impressive presentations by the Governors, Alain Damais, GPFi-co-chair, welcomed the Maya Declaration as critical in reaching out to countries and securing financial inclusion commitments. AFI, in his view, provided a unique framework and peer-to-peer learning process to support these efforts. Juan Manuel Valle Pareña, representing the Mexican G20 Presidency, likewise supported the Maya Declaration process and outlined the Mexican Presidency's focus on complementing what has been achieved by Maya by securing political commitments to national coordinating mechanisms (e.g. National Councils or Taskforces) from a number of countries. In taking this initiative forward, the Mexican Presidency saw AFI as the key vehicle for peer learning for financial inclusion. Mr. Valle additionally outlined plans for a 1-day seminar on financial inclusion to take place at the Los Cabos Summit of the G20 Leaders in June, and invited the involvement of AFI and the G-24 in this event.

Mahmoud Mohieldin, World Bank Managing Director noted in his remarks that there appeared to be a great deal of convergence of ideas amongst the speakers, and that those who had attended the very first G-24/AFI Roundtable could see that a great deal of progress had been made in just a few years. Nevertheless, much hard work remained ahead – the first results of the Global Findex had

been released in the previous days, showing that 2.5 billion remained without access. It was imperative not to leave any region behind and to monitor and evaluate progress carefully. Finally, Cyrus Rustomjee, Director of Economic Affairs at the Commonwealth Secretariat, spoke of the important initiatives taking place, particularly in Africa, “which goes beyond banking the unbanked, to a broadening of access to a much wider range of financial services”. He stressed the role of technology in helping countries “leapfrog”, citing a recent Commonwealth study, which found that the availability of access to cheap and viable technologies, such as mobile banking was critical in order for the poor to have access to sustainable financial services.

Peer Stein of the IFC commended each of the Governors for recognising the role of the private sector and of the development of financial infrastructure, and for the ambitious targets that have been set. Susanne Dorasil, co-chair of the GPFI subgroup on SME Finance raised a question about the challenges in supporting SME, to which Governors Ndung’u, Gatete and Sanusi, each agreed that finding the right measures to support SME growth were critical elements of an overall financial inclusion strategy.

In concluding the discussions, Alfred Hannig spoke about using the G-24/AFI Roundtable as a platform to promote peer learning and contribute to the various sources of best practice in building inclusive finance. He thanked the Mexican Government for its role in promoting financial inclusion through the G20 and for showcasing the Maya Declaration at the Los Cabos Summit. Governor Ndung’u and Amar Bhattacharya thanked all of the participants and encouraged all to participate in the next Roundtable in 2013.