

Strategy development

Organizing for Financial Inclusion

Supporting strategic approaches in the AFI network

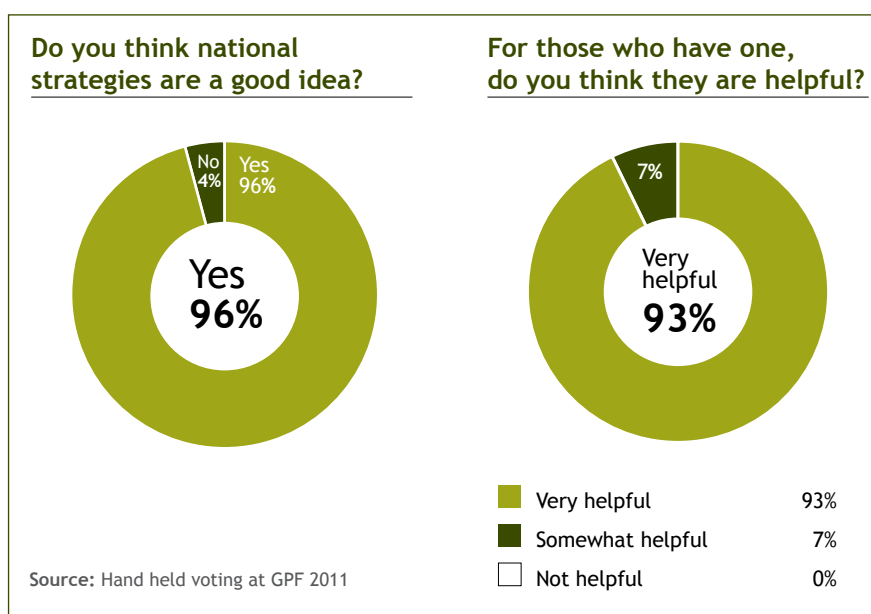
There is a growing focus on strategic approaches to financial inclusion among AFI members.

At the Global Policy Forum (GPF) held in Riviera Maya, Mexico, in September 2011, panelists from the Central Bank of the Solomon Islands, Bangko Sentral ng Pilipinas, Banco Central do Brasil, Bank of Namibia, Central Bank of Nigeria, and the Ministerio de Planificación de Chile, discussed various approaches that have been taken within the AFI network to define financial inclusion strategies.

The vibrant discussion reflected strong support for financial inclusion strategies while highlighting some of the challenges countries face in developing and implementing strategic approaches. The audience overwhelmingly (96%) thought that national financial inclusion strategies were a good idea, however, only 25% had one in place.

In discussing the challenges of developing a national strategy, effective coordination and the importance of a shared vision among all stakeholders emerged as critical factors.

Panelists agreed that a single coordinating body helps to avoid duplicating efforts and set a common direction. High-level support and leadership is also required to ensure financial inclusion is high on the domestic agenda and that there is sufficient convening power to bring all government and private sector stakeholders together. Open dialogue with different market players and providers was also seen as critical to success.



“ We commit to delivering concrete financial inclusion outcomes for the developing world to provide sustainable, relevant, cost effective, and meaningful financial services for the world’s financially unserved populations.”

Nestor Espenilla, Jr., Deputy Governor of Bangko Sentral ng Pilipinas

Members

Taking diverse approaches to financial inclusion strategies

Although financial inclusion strategies have broad support within the network, members are developing a range of approaches, not adopting a single model or blueprint.

Strategic approaches have taken several forms:

- *Stand-alone national financial inclusion strategies.* This year Nigeria and Indonesia published detailed national financial inclusion strategies with clearly specified action plans and milestones. They join countries such as Liberia, Malawi, and the Solomon Islands, which used the same approach.
- Some countries have situated financial inclusion within the context of an *overall financial sector strategy or development plan.* The Philippines has set out its vision for financial inclusion as part of the Philippines Development Plan, and Zambia considers financial inclusion a key element of its Financial Sector Development Plan.
- Other countries have developed *strategies on particular aspects of financial inclusion*, such as microfinance frameworks in Pakistan or mobile financial services in Tanzania.

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The broad objective of the Strategy is to reduce adult financial exclusion from 46.3% in 2010 to 20% in 2020, that is, 80% financial inclusion.”

Central Bank of Nigeria



Governor Sanusi Lamido Sanusi, Central Bank of Nigeria, 4th Annual G24/AFI Policymakers' Roundtable

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We commit to adopt a national financial inclusion policy and to put in place a National Financial Inclusion Taskforce.”

Maya Declaration commitment of the National Bank of Rwanda



Governor Claver Gatete, National Bank of Rwanda, 4th Annual G24/AFI Policymakers' Roundtable

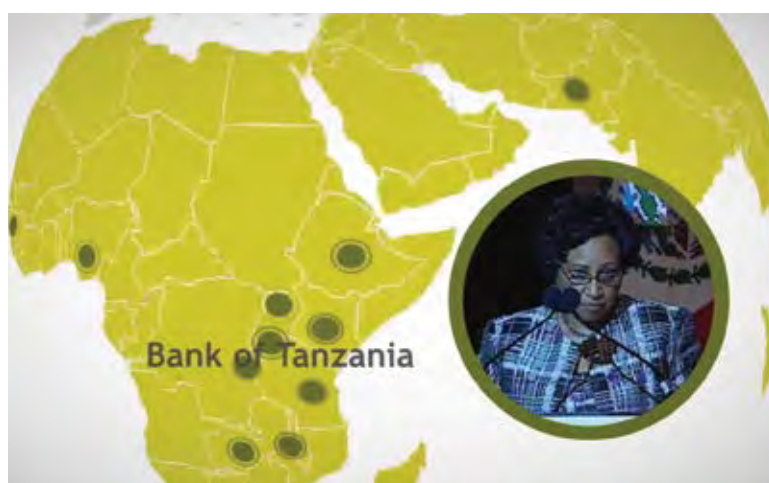
The Maya Declaration

Inspiring members to develop and implement financial inclusion strategies

The Maya Declaration - the first global measurable set of commitments by developing and emerging countries to advance financial inclusion - has bolstered interest in developing and implementing strategic approaches.

This interest is apparent among the 27 AFI member institutions that have made commitments under the Declaration to date:

- For some members, the Maya Declaration has been *an opportunity to make specific strategy commitments*. Paraguay, Uganda, and Nigeria are among countries making specific commitments to develop national financial inclusion strategies, while the Central Bank of Ethiopia will include its financial inclusion strategy within Ethiopia's Growth and Transformation Plan.
- Other members have focused their commitments on *ensuring effective coordination mechanisms at the national level*. Mexico has established a National Council for Financial Inclusion, Brazil launched a National Partnership for Financial Inclusion followed by an Action Plan, and Rwanda and Fiji have both established Financial Inclusion Taskforces.
- To other AFI members, *a clear strategic framework is key to achieving individual commitments*. Bank Indonesia's commitments closely mirror the priority areas of Indonesia's national strategy, while the Bangko Sentral ng Pilipinas has established an Inclusive Finance Committee chaired by the Governor and created a Financial Sector Forum as a coordination mechanism for relevant financial sector regulators.



The G20 & the Global Partnership for Financial Inclusion

Committed to bolstering national efforts at the global level

The G20 and its Global Partnership for Financial Inclusion (GPFI) have supported the development of financial inclusion strategies through the nine Principles for Innovative Financial Inclusion, which were endorsed by G20 Leaders in 2010. Two of the Principles, Leadership and Cooperation, are central to organizing for financial inclusion.

The G20 Financial Inclusion Peer Learning Program can be a catalyst for national strategies.

In 2012, the Mexican G20 Presidency established the G20 Financial Inclusion Peer Learning Program, which has raised awareness of the importance of high-level political commitments, strategy development, and national coordination mechanisms.

Through the Peer Learning Program, which AFI will support as a key implementing partner, 17 countries at the G20 Leaders' Summit in Los Cabos committed to develop national financial inclusion strategies and to create high-level coordination platforms or mechanisms. Twelve of these countries had already made commitments under the Maya Declaration and chose to renew these at the G20 Summit.

The World Bank has produced a Financial Inclusion Strategies Reference Framework, published in conjunction with the G20 Summit, that serves as a resource for countries developing financial inclusion strategies.

How the G20 Principles for Innovative Financial Inclusion Support Strategic Approaches

Principle 1: Leadership

Cultivate a broad-based government commitment to financial inclusion to help alleviate poverty.

- Treat financial inclusion as a distinct policy area and identify complementarities with other long-term strategies for growth, financial stability, and development; and

Principle 6: Cooperation

Create an institutional environment with clear lines of accountability and coordination within government; and also encourage partnerships across government, business, and other stakeholders.

- Collaborate across institutions to build a financial inclusion strategy.

The first GPFI forum in Riviera Maya, 1 October 2011, called attention to the importance of strategic approaches, a clear mandate, and political commitment for putting the Principles into practice.

“The most important principle is leadership... Leadership is the key [to the] success of other Principles.”

Mikhail Mamuta, President of the Russian Microfinance Center (RMC), GPFI Forum

Eleven GPFI case studies of countries that have implemented the G20 Principles, prepared by AFI in its capacity as implementing partner of the GPFI, illustrate the importance of strategic approaches. The GPFI has made three recommendations based on the case studies:

- Harness both political and regulatory leadership to promote financial inclusion;



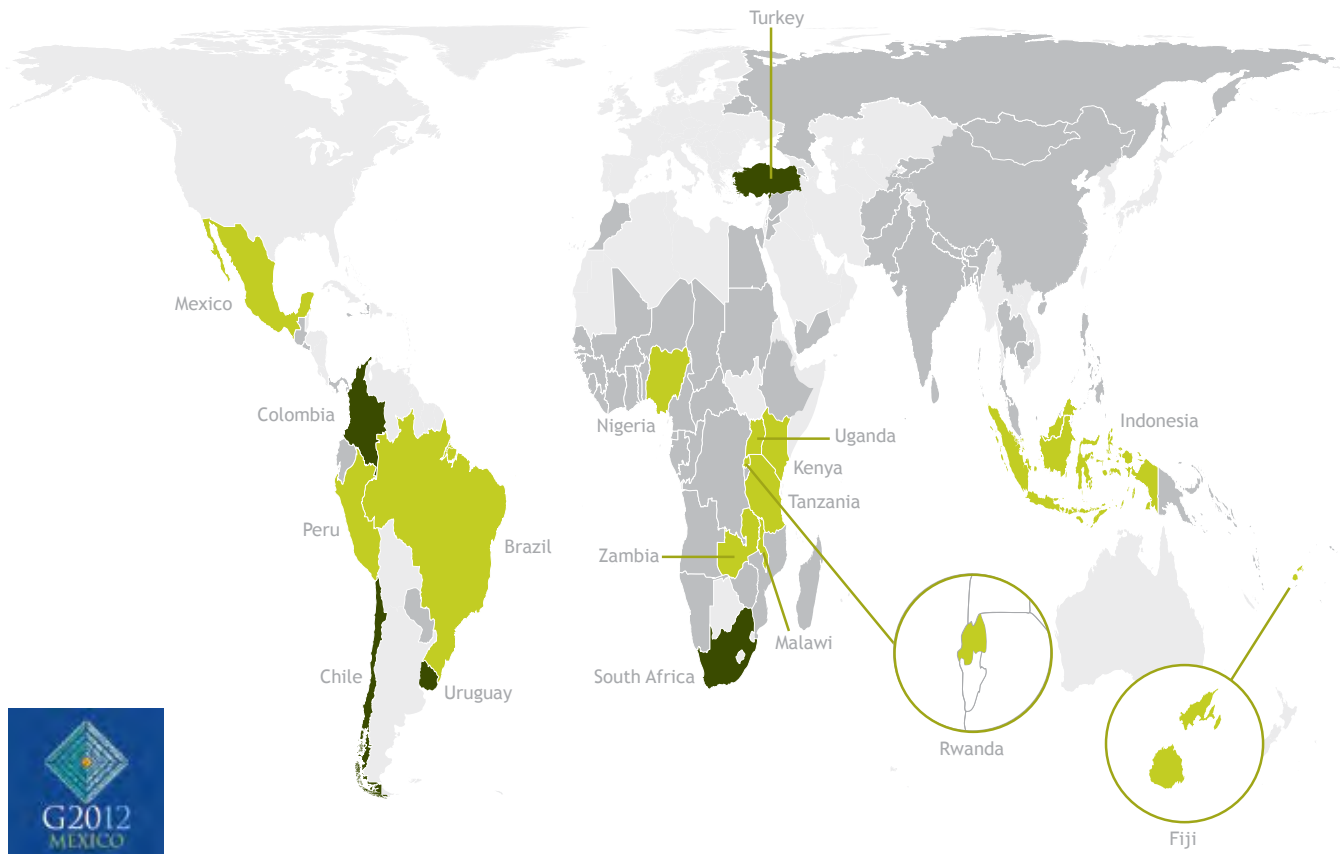
The World Bank's "Financial Inclusion Strategies Reference Framework" report. To download this report, go to: <http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources>



"The G20 Principles for Innovative Financial Inclusion: Bringing the Principles to Life" describes how 11 different countries implemented the G20 Principles in unique and innovative ways. The report was prepared by AFI in its capacity as implementing partner of the GPFI.

To download the reports, go to: www.afi-global.org/resources/publications

Participating countries in the G20 Financial Inclusion Peer Learning Program



■ AFI member institutions, by country

■ Countries renewing their commitments under the Maya Declaration at the G20 Leaders' Summit and participating in the Peer Learning Program.

Countries include:

Brazil; Fiji; Indonesia; Kenya; Malawi; Mexico; Nigeria; Peru; Rwanda; Tanzania; Uganda; Zambia

■ Additional countries committing to national strategies and coordinating mechanisms at the Los Cabos Summit.

Countries include:

Chile; Colombia; South Africa; Turkey; Uruguay

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We acknowledge the efforts of those G20 and non-G20 countries committed to national coordination platforms and strategies for financial inclusion under the “G20 Financial Inclusion Peer Learning Program” and encourage similar efforts to advance effective implementation of the G20 Principles for Innovative Financial Inclusion such as the commitments to concrete actions to promote financial inclusion made by developing and emerging countries under the Maya Declaration...”

Quote from G20 Leaders Declaration (para. 51), 19 June 2012

Support from the AFI network

Supporting member institutions to develop effective strategies

AFI will support member institutions to develop effective strategic approaches for financial inclusion.

To support widespread member demand for products and services that will help them to develop and implement financial inclusion strategies, AFI will:

- **Assist with the implementation of the G20 Financial Inclusion Peer Learning Program by supporting a new Financial Inclusion Strategy peer learning group modeled on the successful working group format.** Countries that commit to develop national strategies, and other members wishing to develop strategies, will be invited to share their approaches within the peer learning group. The *group's first meeting will be held in Abuja, Nigeria, 22-24 October* in conjunction with the official launch of the Central Bank of Nigeria's national financial inclusion strategy.
- **Develop knowledge exchange grants** to give AFI members the opportunity to learn from peers who are at an advanced stage of developing national financial inclusion strategies or other strategic approaches.
- **Facilitate peer reviews** for members who wish to receive feedback and advice on their draft financial inclusion strategies or action plans from the AFI network.
- **Work bilaterally with individual members and stakeholders to provide tailored support to countries committing to develop and implement financial inclusion strategies under the Maya Declaration.**
- **Convene discussions among members on strategic approaches** through the online Member Zone, the annual Global Policy Forum, and other opportunities such as the annual G24/AFI Policymakers' Roundtable.



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The long-term benefits of smart financial inclusion policies, developed and implemented through peer learning, will have a positive impact on the lives of billions.”

Executive Director of AFI, Alfred Hannig

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Find out more

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ABOUT AFI

The Alliance for Financial Inclusion (AFI) is a global network of financial inclusion policymaking bodies, including central banks, in developing countries. AFI provides its members with the tools and resources to share, develop and implement their knowledge of financial inclusion policies. We connect policymakers through online and face-to-face channels, supported by grants and links to strategic partners, so that policymakers can share their insights and implement the most appropriate financial inclusion policies for their countries' individual circumstances.

Alliance for Financial Inclusion

AFI, 399 Interchange Building, 24th floor, Sukhumvit Road, Klongtoey - Nua, Wattana, Bangkok 10110, Thailand
t +66 (0)2 401 9370 f +66 (0)2 402 1122 e info@afi-global.org www.afi-global.org

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