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Gaidar Forum Talking Points by Alfred Hannig, Executive Director of the Alliance for Financial Inclusion, were delivered by Ilya Sverdlov.

Ladies and Gentlemen,

My thanks for your warm welcome. Let me first introduce myself. My name is Ilya Sverdlov and I am the External Partnership Manager at the Alliance for Financial Inclusion (AFI).

AFI's Executive Director, Dr. Alfred Hannig, unfortunately could not be here with us today due to the complicated situation in Bangkok. However, I know he considered this event an important and valuable opportunity, and felt honored and was looking forward to being with you today. It is therefore my pleasure today to read Dr. Hannig's prepared remarks and provide you with AFI's view of the opportunities of financial inclusion (FI) as a unique driver of economic growth and social development.

The Alliance for Financial Inclusion was created in 2009 as a project focused on an issue that was, at the time, considered to be an important, yet still marginal, item in the larger economic development toolbox. The places where financial inclusion's most impressive results were occurring was in the developing and emerging world. And often these results were most notable when the policies to support them were being developed using national needs and national targets as drivers.

Clearly local knowledge and local expertise was an essential ingredient to successful policies within the developing and emerging world. And since the vast majority—over 90%—of the unbanked were also in that world the question was asked:

What if policymakers could connect with each other directly, share common ideas and experiences with their peers and use that knowledge to create the kind of financial inclusion policies that were directly relevant to their own conditions and needs?

Well of course we now know the answer to that question.



During the five-year history of AFI, financial inclusion has moved from a fringe subject to an integral part of global economic development discussions. AFI has grown to over 100 members spanning across every region of the globe, while financial inclusion is now at the top of the agenda for the G20, the G8, the Standard Setting Bodies, multilateral development partners, and other international bodies.

Why?

Simply put, we have shown that financial inclusion works. Smart policies created with concrete national targets based on local realities have made an impact.

Bringing the poor into the formal system helps to lower unemployment, it helps to provide economic stability and it is a major factor in long-term social stability. With all these benefits it is no wonder that from the United States to Uruguay, from Great Britain to Gabon, from Japan to Jamaica, financial inclusion is now being discussed and debated by governments, NGO's and private sector leaders at every level. Financial Inclusion has indeed become a global concern and challenge. It has been recognized that inclusive growth starts with financial inclusion. While developing and emerging country policymakers are putting financial inclusion at the core of their mandate, policymakers in the developed world are starting to take notice in light of their increasing financial inclusion challenges in the aftermath of the financial crisis.

But this does not explain how the members of AFI have found themselves as the recognized leaders in this field. For that we have to look at how the emerging and developing world has taken on the financial inclusion challenge and what has been different about this approach than that taken by the more traditional actors in the FI field.

Innovation.

Not a word that many would immediately associate with government regulators and policymakers. But it is the innovations coming from the members of the AFI Network that have been key to our success and the success of financial inclusion overall. The columnist Phil McKinney once said that "innovation is not the result of chance, it is the result of action." If that is true, then the AFI Network has more action heroes than Marvel comics.



One of our most prominent members of action is right here. Russia has been a key innovator in financial inclusion policymaking and instrumental in helping to set global standards in the field. In fact, the Russian Electronic Money Association was highlighted during our last GPF in Kuala Lumpur, sharing insights that helped others see opportunities and could lead to more innovative actions from other members.

Russia, and AFI members from all over the world, have brought innovation and, to use another term not usually associated with regulators, a sense of excitement into the world of financial inclusion. Agent banking, mobile banking, consumer protection, financial literacy and education, new partnerships with commercial stakeholders and services, even cutting-edge technology such as biometrics, are all a part of the new financial inclusion landscape. We are on the cusp of some amazing possibilities—and the world’s 2.5 billion unbanked are just waiting for the right opportunity.

So where do we go from here? Well, as exciting as the FI field is, we must also remember the importance of appropriate regulation. Innovation must be balanced with safeguards and standards, while still being provided with the enabling environment it needs. New ideas and appropriate risks must be encouraged while ensuring that the end users are adequately protected. We must build an environment of trust, in both the policies to which we aspire and the protections that we must enforce.

In AFI we are doing this in two important ways. First, through the Maya Declaration and the individual commitments that our members have made to FI policy objectives. These are clear, public and measurable goals. For the national audiences they show transparency in policy objectives and encourage the development of long term strategic planning. For the international audience they show, in no uncertain terms, that the developing and emerging world is taking a global leadership role, while remaining committed to finding solutions that are specific to the needs of each nation.

Secondly, AFI is now working closely with the global Standard-Setting Bodies, who are showing a great willingness to engage in open dialogue—there is an opportunity to ensure global standards can be applied proportionately in a way that does not hinder financial inclusion and reflects developing and emerging country experiences and challenges. Instead of top down directions, global standards in regards to financial inclusion now have the potential to



accurately reflect the real and practical experiences and challenges of the developing and emerging world.

This will ultimately make financial inclusion policy better, smarter, more effective and more efficient.

Today's forum is being held under the banner of 'Sustainable Development'. I would submit to you today that without a way to include and encourage the active participation of today's 2.5 billion unbanked, sustainable development cannot succeed. But with the continuing leadership from nations like Russia, I am confident that we will see financial inclusion policy as a successful, and exciting, part of a sustainable future.

My thanks again for inviting AFI to participate in today's event.