

G20

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Contributors include:

President Putin, Chancellor Merkel,
President Peña Nieto, Achim Steiner
& Donald Kaberuka



A declaration for financial inclusion

How developing and emerging economies are leading the globe toward smart financial inclusion policy



Alfred Hannig,
Executive Director,
Alliance for Financial Inclusion

There is mounting international recognition that financial inclusion is an important part of the solution to current global economic problems, a fact reflected in the June 2012 G20 Summit Communiqué and highlighted at the April 2012 4th Annual G-24/Alliance for Financial Inclusion (AFI) Policymakers' Roundtable when Mr. Koodathumuriyil Verghese Eapen, Senior Advisor to the Executive Director for India and then G-24 Chair, outlined the critical role financial inclusion plays in the 'reduction of poverty and in economic development'. Specifically, greater financial inclusion has the potential to stimulate new businesses and new jobs on a massive scale. More than 90% of the world's unbanked are located in nations with developing and emerging economies, nations which are widely recognised as new engines of global economic growth.

The surge of interest in financial inclusion is also a result of recent technological advances, including an explosive escalation in mobile phone subscriptions in developing countries which has lowered the cost of providing reliable financial services to the unbanked. Furthermore, there is growing awareness that new forms of partnership are required to accelerate financial inclusion progress through novel forms of cooperation between different stakeholders, including the private sector.

The Maya Declaration provides conclusive evidence that the developing world is committed to the issue, and its inception could represent the tipping point of financial inclusion.

At AFI's 2011 Global Policy Forum (GPF) held in Riviera Maya, Mexico, leading policymakers representing more than 80 developing and emerging countries collectively authored a vision for financial inclusion and launched the Maya Declaration. That moment represented the arrival of the first global and measurable set of commitments to unlock the economic and social potential of the world's 2.5 billion unbanked through greater financial inclusion.

Since the Maya Declaration's emergence, 38 policy making institutions, from every region in the world, have made commitments. More institutions from the AFI Network are expected to follow and the Network now accounts for an estimated 90% of the world's unbanked population.

Although international declarations are commonplace and rarely translate words into tangible action, the Maya Declaration has three key characteristics that indicate it will have a significant, demonstrable impact:

Measurable commitments in four key policy areas: Member institutions are expected to make measurable, publicly accountable commitments that have been proven to increase financial inclusion. These four areas, which are consistent with the G20 Principles for Innovative Financial Inclusion, include mobile financial services policies and regulations, proportionate regulatory frameworks, consumer protection and education, and data collection.

The right to self-determination: The Maya Declaration recognises that each country case is unique, and externally-imposed, top-down targets and solutions rarely work. Consequently, institutions have the freedom to determine their own bottom-up targets based on individual circumstances and policy priorities.

A collaborative approach based on new forms of cooperation: The Maya Declaration capitalises on the collective strength of the AFI Network in two main ways. First, it supports the exchange of financial inclusion insights through AFI's peer-to-peer knowledge sharing platform. Second, it fosters and promotes new forms of cooperation, including partnerships with the private sector.

To support member institutions in the upcoming months and years, AFI will offer services ranging from peer review and peer advice to providing advocacy support toward the full achievement of institutional commitments made under the Maya Declaration. AFI will also regularly monitor and publicly report on the progress member institutions experience pertaining to their commitments. In fact, the 2012 GPF held



in Cape Town, South Africa, featured the release of the Maya Declaration Progress Report: 'Commitments You Can Bank On', which showcased the remarkable progress achieved by pioneering institutional commitments announced at the previous forum. AFI member institutions demonstrated how self-determined commitments, monitored through a network of peers, are proving to be catalysts in driving policy and

regulatory changes that have an impact on the ground.

For financial inclusion to reach its full potential, it has to be truly inclusive, bringing together the complementary expertise of a broad cross-section of partners. The Maya Declaration might provide the tipping point for financial inclusion but it will require a coordinated global effort to truly make a positive and sustainable impact on the world's poor. ■

■ AFI Member countries ■ AFI member countries making Maya Commitments

