Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development

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Title as in Letter of credentials: 

Country/Organization: Alliance for Financial Inclusion (AFI)

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Statement by Alliance for Financial Inclusion (AFI)

Financial Inclusion the Catalyst of Sustainable Development Goals (SDGs)

Over the past decade, financial inclusion became an important part of public policymaking in many countries and moved to the core of mainstream economic thinking. This led to the understanding that greater financial inclusion not only provides opportunities for the unbanked and the poor, but equally, is the catalyst for Sustainable Development Goals (SDGs). Most importantly, today, it is clear that inclusive and sustainable growth starts with financial inclusion.

AFI’s is a global financial regulators network from more than 90 emerging and developing countries that focuses on bringing smart financial inclusion policy with the ultimate aim of making financial services more accessible to the world’s unbanked. The network uses the depth of unique knowledge and experience to produce regulatory guidance, provide insights on innovative policy developments and highlight proven solutions in the field.

Today, the financial inclusion megatrend has been riding the wave of a technological revolution that has enabled a dramatic reduction in the costs of retail banking and allowed the entrance of new financial market players, such as mobile network operators, payment platforms and, recently, even social networks.

Indeed, we have mainly seen policymakers and regulators in developing and emerging countries embrace the leapfrogging potential of new financial technologies and opt for innovative regulatory approaches, such as ‘test and learn’ and sandboxes, without compromising their monetary or financial stability mandate. We are increasingly witnessing a global convergence of policy and regulatory solutions in the financial inclusion and financial technology (FinTech) space.

We could witness the dimensions of global convergence is through Innovative FinTechs, Climate emergency and Disproportionately excluded: women, the youth, older people, FDPs and Disabled.

Another group that we put special emphasis at this year’s Global Policy Forum in Kigali is on financial inclusion of the youth. There are 1.8 billion of young people between the ages of 10 and 24 and approximately 90 percent of them live in developing countries. According to the World Bank’s Global Findex data from 2017, 47 percent of young adults (aged 15-24) in developing countries are excluded from formal financial services, compared to 18 percent of young adults in high-income countries. Young people are also affected by low levels of financial capability. Both factors inhibit the possibilities for young people to benefit from long-term sustainable financial inclusion, especially at a time when the world is moving towards a platform economy.

Apart of all the measures to bring more inclusion, we also need to avoid already banked populations falling out of the system over time. This year’s G20 Presidency of Japan has focused on the financial inclusion of older people. Today, 70 percent of the world’s older generation live in G20 countries. However, ageing in developing countries is happening much faster than in the developed world with 80 percent of older populations expected to live in low- and middle-income countries by 2050. Spurred by dramatic demographic transformations, the digital revolution is already affecting financial inclusion for older people. For example, in some Scandinavian countries you will find it difficult to pay for your coffee with cash. The Fukuoka Policy Priorities of the Japanese Presidency, therefore, rightly focus on the risks as well as the opportunities of technology and emphasize the need for policy responses that ensures the inclusion of all age groups.

In conclusion, the above efforts of bringing more inclusion and sustaining the existing included group could only be achieved through global collaboration, cross pollination, structuring & systematic peer engagement in accelerating financial inclusion policy thus ensuring that financial inclusion leaves no one behind.