Report to the Leaders
REPORT OUTLINE

This report summarizes GPFI activities throughout the end of 2012 and the eight months of 2013, presents the main achievements under the Russia’s Presidency and describes the outlook for the rest of 2013 and into the start of the Australian presidency.

References to all relevant documentation produced by the different work streams are provided at the end of this report.

The report is structured as follows:

1. Recommendations to the Leaders
2. Executive Summary
3. Why Financial Inclusion remains a priority for the G20
4. Outreach and Communication
5. Work undertaken, achievements and prospects
6. References of deliverables, reports and other relevant documentation
THE GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION RECOMMENDATIONS TO THE LEADERS

The Global Partnership for Financial Inclusion (GPFI) is the main implementing mechanism of the G20 Financial Inclusion Action Plan endorsed by G20 Leaders at the Seoul Summit. Through the creation of the GPFI in 2010, the G20 recognized at the highest level the importance of supporting financial inclusion and sought to transform ideas into action in order to achieve the vision of universal access to, and usage of, financial services. Since its launch the GPFI functions as an inclusive platform for G20 countries, non-G20 countries, and relevant stakeholders for peer learning, knowledge sharing, policy advocacy and coordination. The GPFI’s support for implementation of the G20 Principles for Innovative Financial Inclusion recognizes the importance of national leadership and commitments to concrete actions and strategies to promote financial inclusion, particularly in emerging and developing countries.

The GPFI implementing partners are: Alliance for Financial Inclusion (AFI), the Consultative Group to Assist the Poor (CGAP), the International Finance Corporation (IFC), the Organization for Economic Cooperation and Development (OECD) (joined as an implementing partner in 2013) and the World Bank. In July 2013 the GPFI reached a mutual agreement with H.M. Queen Máxima of the Netherlands, UN Secretary General’s Special Advocate for Inclusive Finance for Development, extending her term of designation as the Honorary Patron of the GPFI for another two year period. The GPFI deeply honors her involvement and looks forward to the continued mutually beneficial association.

Building on the work summarized in the GPFI report, and described in more details in the corresponding deliverables, the GPFI elaborated 4 recommendations for Leaders to endorse:

- to analyse the work which already has been done and develop further priorities for 2014 and beyond with an updated Financial Inclusion Action Plan which sets the stage in particular to: increase private sector involvement; harness innovative mechanisms such as mobile instruments and technology, especially in remittances area; identify how to tackle the bottleneck in uptake by increasing incentives to the poor to take up financial services and to improve financial literacy and financial consumer protection of the vulnerable groups such as women, migrants and youth.

- to call upon relevant SSBs: (i) to continue their progress to integrate consideration of financial inclusion in their work, consistent with their respective mandates; (ii) participate in relevant activities of the GPFI and engage GPFI representation in relevant activities of the SSBs; and (iii) give attention to emerging issues in financial inclusion of relevance to multiple SSBs.

- as the SME finance gap in the global economy remains large, to call upon the IFI/DFIs to further support country efforts and find innovative approaches and tools to address the SMEs finance challenges and constraints, and to call upon governments to continue especially to strengthen the financial markets infrastructure to lower costs of serving SMEs responsibly.

- to call upon relevant government agencies and development partners to assess the current state of the financial inclusion in countries in order to sustainably improve the situation and to monitor the effects of the policy interventions, particularly using the G20 Set of the Financial Inclusion Indicators.
EXECUTIVE SUMMARY OF THE GPFI WORK

Principles and Standard Setting Bodies

The GPFI’s work on promoting the G20 Principles for Innovative Financial Inclusion has focused on continuing to support developing & emerging countries to meet the commitments they have made under the Maya Declaration, in addition to supporting the mobilization of new country commitments. A total of 39 countries have now made financial inclusion commitments under the Maya Declaration, with 22 of these commitments taking place since Los Cabos. Many countries are now demonstrating strong progress towards implementation of the G20 Principles by meeting their commitments to the Maya Declaration. To provide support for the 17 countries committing to develop national strategies as well as cross-sector coordination mechanisms under the G20 Financial Inclusion Peer Learning Program, the Alliance for Financial Inclusion (AFI) has launched a Financial Inclusion Strategy Peer Learning Group, and the World Bank Group is providing technical assistance and capacity building support through its Financial Inclusion Support Framework.

The GPFI has led focused engagement with the SSBs on financial inclusion. This work seeks to catalyze progress on financial inclusion by the SSBs consistent with their respective mandates, and harness the influence of the G20 to help ensure the global regulatory environment supports national policy makers to promote innovative financial inclusion. In October 2012 the GPFI held a high level conference with the SSBs at the Bank for International Settlements, hosted by the Financial Stability Institute, entitled Promoting Financial Inclusion through Proportionate Standards and Guidance, for which three issues papers were prepared. The conference brought together representatives from the five global SSBs, along with policy makers and regulators from G20 and non-G20 countries.

The subgroup has also continued to focus on incorporating financial inclusions into all types of financial sector assessments. The World Bank, in conjunction with the GPFI, is finalizing updated guidance on treatment of financial inclusion within FSAPs, and will conduct further seminars and training with staff. In early 2013, FATF adopted a new assessment methodology that explicitly recognizes financial exclusion as one of the risks which may require analysis when assessing a country's effectiveness at combatting money laundering and terrorist financing.

SME Finance

The SME Finance Challenge program has made significant and steady progress so far and all winners received initial disbursements from their G20/GPFI awards, which total over $23 million and received around $120 million in additional funding from development financial institutions and bilateral donors that has been directly channeled to individual challenge winners. Additionally, the implementation of the SME Finance Compact launched in 2012 is ongoing with the new AFI working group to support peer learning amongst regulators as an important initial step.
Building upon the 2010 Stocktaking Report and to further advance SME finance in G20 and non-G20 countries, an updated report is being prepared by the SME Finance Sub-group to reflect current gaps and challenges SMEs are facing and some policy responses on specific areas. A brief update to the 2010 SME Finance Stocktaking has been prepared for Finance Ministers Meeting in July, 2013 (see in Annex 1). Under the SME Finance Forum the Women’s Finance Hub was launched in April 2013 as a web based platform to highlight good practices and support knowledge exchanges in women entrepreneurship. Furthermore, building on the SME Finance Impact Assessment Framework developed in 2012; the World Bank Group will produce technical notes as a complement to provide practical guidance and insights on applying the framework to specific interventions. An initial technical note will be prepared by the end of Russia’s Presidency in close consultation with the SME Finance Forum and AFI SME Finance Working Group, to start the process. The Sub-group will also report on SME specific issues in relation to consumer protection regulation and SME financial literacy in cooperation with the subgroup on financial consumer protection and financial literacy.

Regarding data harmonization in SME Finance portfolio of IFI/DFIs, in concert with the wider data harmonization effort now pursued by the G20, it is planned to agree a standard set of indicators and a common reporting system that can improve data quality and reduce administrative costs of compliance.

Data and Measurement

Following the endorsement of the G20 Basic Set by G20 leaders at Los Cabos Summit in Mexico, the G20 Basic Set was populated and made available through web access. The G20 Basic Set was then successfully launched in April 2013 at a day of financial inclusion events in the sidelines of the World Bank and International Monetary Fund Spring Meetings.

Since this successful launch the Data and Measurement sub-group together with their implementing partners (AFI, CGAP, IFC, and the World Bank) have undertaken create an Extended Set of Financial Inclusion Indicators, incorporating indicators on the quality of financial service provision, with particular focus on financial literacy and market conduct/consumer protection in cooperation with the OECD/INFE. In addition, indicators on usage other than a basic bank account and loan have been incorporated, as well as increased coverage of access points, taking explicit cognizance of mobile services. The aim of this exercise is to enable policy makers at country level to establish the most comprehensive picture of financial inclusion with available data.

To be meaningful, goals or targets set by countries require a strategy, including coordination and collaboration with the private sector, and effective measurement and monitoring systems to track progress, identify possible bottlenecks, and provide feedback loops to policy reforms and strategic choices. The Data and Measurement subgroup is developing a position note to inform the GPFI in terms of what approach to financial inclusion target setting should be supported, linking the G20 Basic Set of Financial Inclusion Indicators to setting national targets.
Financial Consumer Protection and Financial Literacy

The establishment of the new subgroup on financial consumer protection and financial literacy under the G20 Russia’s Presidency represents a major milestone in the development of GPFI work towards improved and sustainable financial inclusion. The subgroup has three co-chairs (i.e. Russia, China and the United States) and four implementing partners (AFI, CGAP, OECD and the World Bank group). Together they have established a term of reference and work plan for the subgroup that takes into account work already developed within GPFI and at the international level on financial literacy and consumer protection while ensuring that the needs for financial literacy and financial consumer protection of particular vulnerable groups (including youth, women, migrants) are adequately identified and addressed in the financial inclusion context. The subgroup also liaised with the GPFI subgroup on data and measurement to prepare an extended set of financial inclusion indicators, incorporating indicators on financial literacy and consumer protection aspects. It also supported and provided inputs in the progress reports prepared by the OECD/INFE and the World Bank on 1) tools to measure financial literacy and evaluate financial education programmes, 2) women and finance as well as 3) youth and finance. It was also informed and welcomed the development of the G20 Russia/OECD Publication on National Strategies for Financial Education to be delivered to the Leaders in September, the updated report of the G20/OECD Task Force on Financial Consumer Protection on three of the High level principles (i.e. disclosure, complaint handling and business conduct) and World Bank/FinCoNet Survey on Financial Consumer Protection.

It is also looking forward to providing substantial inputs for the organization of the GPFI Forum and plenary in October 2013.
WHY FINANCIAL INCLUSION REMAINS A PRIORITY FOR THE G20

The World Bank Global Financial Inclusion (Global Findex) Database indicates that 2.5 billion adults globally—about half the total adult population—have no access to financial services delivered by regulated financial institutions. While account penetration is nearly universal in high-income economies, with 89 percent of adults reporting that they have an account at a formal financial institution, it is only 41 percent in developing economies.

Instead, those in developing economies must depend on informal mechanisms for loans, savings and to protect themselves against risks such as uneven cash flows, seasonal incomes and unplanned needs such as sickness. Due to a lack of access, the poor are forced to rely on moneylenders for credit at high rates of interest, they use substitutes such as livestock or gold as a form of savings, and in emergencies they often have to pawn assets.

The absence of financial inclusion can also contribute to slower economic growth and persistent income inequality. On the latter, it is women who are most disadvantaged in developing economies. While 46 percent of men have a formal account, only 37 percent of women do. Indeed, there is a persistent gender gap of 6 to 9 percentage points across income groups within developing economies. Allowing broad access to financial services, without price or non-price barriers to their use and offered in a responsible manner, have been shown to benefit poor people and other disadvantaged groups. The availability of capital will allow poor people to realise small business opportunities, with flow on welfare effects.

Financial inclusion also has many direct benefits to poor households that are using loans or savings to accelerate consumption, absorb shocks such as health issues, or make household investments in durable goods, home improvements or school fees (Collins, Morduch, Rutherford, and Ruthven 2009). Other financial products, such as insurance, can also help the poor manage risks. Finally, research shows that financial inclusion can result in women’s economic empowerment.

Therefore, the impact of financial inclusion goes well beyond MDG 1 to other Millennium Development Goals. Whilst the post 2015 goals are yet to be agreed, the same themes are likely to remain highly relevant. There is also macroeconomic evidence to show that economies with deeper financial intermediation tend to grow faster and reduce income inequality (Beck, Demirgüç-Kunt, and Levine 2007).

G20 Leaders have long recognized that financial inclusion is a key element for sustainable economic development and that it promotes integrity for the global and local financial system. In 2009, they committed to “support the safe and sound spread of new modes of financial service delivery capable of reaching the poor”. This lead to the development of the G20 Principles for Innovative Financial Inclusion, endorsed by G20 Leaders at the Toronto Summit in 2010.

At the G20 summit in Seoul in November 2010, the Leaders of the G20 included financial inclusion as one of the main pillars of the global development agenda and endorsed the G20
Financial Inclusion Action Plan. They also established the Global Partnership for Financial Inclusion (GPFI) to implement the G20 Financial Inclusion Action Plan.

The original focus of the Action Plan and thus the work of the GPFI were on: engaging Standard Setting Bodies on financial inclusion; finance for Small and Medium Enterprises (SMEs); and improving financial inclusion data. At the Cannes Summit in November 2011, G20 Leaders tasked the GPFI to continue to focus on these three areas in implementing the G20 Financial Inclusion Action Plan. In 2011, they endorsed the G20 High-level Principles on Financial Consumer Protection developed by the G20/OECD Task Force and the OECD/INFE High-Level Principles on National Strategies for Financial Education in 2012. G20 Leaders also called for the GPFI to increase its focus on consumer protection and financial literacy issues.

The G20 Russia’ Presidency has responded to this new call by Leaders, suggesting measures to promote access to financial services be balanced by increased attention to consumer protection and financial literacy. In addition, there has been an increase in dealing with the specific challenges faced by women, youth and migrants.

In 2013, the GPFI formed the Financial Consumer Protection and Financial Literacy subgroup in order to increase efforts to address these two issues. The focus for this subgroup will be on developing guidance for low income countries, women, youth and migrants.

The need for the G20 to focus on financial inclusion is greater now than ever. The latest research from the Microcredit Summit Campaign indicates that the number of poor clients with access to financial services actually fell to 125 million in 2011 from 136 million in 2010. Whilst there were a variety of reasons for this, they included issues such as maturing markets, donor fatigue and a concentration on certain countries and clients to the exclusion of others. Therefore, there is a need to re-energise the drive to expand financial inclusion through new product channels and partnerships.

One opportunity is to use payment services as a gateway for broader financial inclusion. Access to electronic payment services can be a foundation for access to other financial services, particularly so for those in the harder to reach and rural areas. Modern and innovative payment mechanisms combine usage of transaction accounts, leveraging advances in technology to support initiation of payments through a variety of new transaction channels like mobile phones and mobile POS terminals; and leveraging business correspondents/agents to provide a range of payment and financial services.

Migrating a large portion of existing payment flows (international workers’ remittances, domestic remittances, agricultural supply chains and G2P payments) to electronic payment mechanisms can provide a strong impetus to the development of innovative payment mechanisms and promote greater use of financial services. Remittances sent by migrant workers are estimated to have exceeded US$400 billion in 2012 representing a lifeline for approximately 700 million people and a principal point of financial access for the poorest segment of the population.
The G20 could play a critical role in creating a conducive environment for development of efficient and innovative payment mechanisms by (i) encouraging the development of an enabling legal, regulatory and oversight framework; (ii) encouraging the regulators and overseers of payment systems and the other stakeholders such as ministries of finance and private sector representatives to develop a clear strategy for expansion of electronic payment mechanisms and for the development of a robust national payments infrastructure; and, (iii) catalyzing private sector actions to develop efficient payment products and financial services that promote financial inclusion.
WORK UNDERTAKEN, ACHIEVEMENTS AND PROSPECTS

In its third year of existence the GPFI has continued to facilitate and progress meaningful and successful collaboration among its members and supporting partners, leading to documented progress and concrete outputs. The main achievements and perspectives of each Sub-group are summarized below; for more comprehensive information, related deliverables and reports are referenced at the end of this report.

Principles and Standard-Setting Bodies (SSB) subgroup

The work of this Subgroup is split into three areas: (A) Promoting the G20 Principles for Innovative Financial Inclusion; (B) Engaging the global Standard Setting Bodies (SSBs), and (C) Incorporating financial inclusion into all types of financial sector assessments.

(A) Promoting the G20 Principles for Innovative Financial Inclusion

The GPFI’s work in this area has focused on continuing to support developing & emerging countries to meet the commitments they have made under the Maya Declaration, in addition to supporting the mobilization of new country commitments. A total of 39 countries have now made financial inclusion commitments under the Maya Declaration, with 22 of these commitments taking place since Los Cabos. Many countries are now demonstrating strong progress towards implementation of the G20 Principles by meeting their commitments to the Maya Declaration:

- reflecting progress in Leadership and Cooperation, Nigeria published a National Financial Inclusion Strategy in October 2012, and Mexico’s National Financial Inclusion Council has begun to implement the country’s national strategy;
- advancing the implementation of the Innovation and Diversity principles, the Philippines’ first mobile microfinance bank opened more than 100,000 deposit accounts in its first six months;
- taking forwards the Principles of balanced regulatory Framework and Proportionality, Ethiopia approved a mobile and agent regulatory banking framework effective from January 2013 and Peru’s congress approved a bill to regulate the use of electronic money;
- implementing the principles of consumer Empowerment and Protection, Fiji from 2013 is providing financial education to 200,000 students as part of the school curriculum, and Namibia and Zambia have launched Financial Education Strategies;
- reflecting the importance of the Knowledge principle and sound data to inform policy, Brazil has launched a Financial Inclusion Index, and Rwanda has completed a demand-side survey indicating strong progress towards the country’s target of 80% of adults having access to financial services by 2017.

National Financial Inclusion Strategies play an important role in providing an organizing framework for implementation of national commitments. To provide support for the 17 countries committing to develop such strategies as well as cross-sector coordination mechanisms under the G20 Financial Inclusion Peer Learning Program, the Alliance for Financial Inclusion (AFI) has
launched a Financial Inclusion Strategy Peer Learning Group, and the World Bank Group is providing technical assistance and capacity building support through its Financial Inclusion Support Framework.

(B) Engaging the global Standard Setting Bodies

Following the G20 Leaders’ call at Los Cabos, the GPFI has led focused engagement with the SSBs on financial inclusion. This work seeks to catalyze progress on financial inclusion by the SSBs consistent with their respective mandates, and harness the influence of the G20 to help ensure the global regulatory environment supports national policy makers to promote innovative financial inclusion. In October 2012 the GPFI held a high level conference with the SSBs at the Bank for International Settlements, hosted by the Financial Stability Institute, entitled Promoting Financial Inclusion through Proportionate Standards and Guidance, for which three issues papers were prepared. The conference brought together representatives from the five global SSBs, along with policy makers and regulators from G20 and non-G20 countries. It provided an opportunity for the SSBs to report their progress and challenges on incorporating financial inclusion objectives into their work, and gave developing countries an opportunity to highlight the challenges they face in implementing global standards while pursuing a financial inclusion agenda. It also advanced understanding of linkages between financial inclusion, financial stability, financial integrity and financial consumer protection, based on a GPFI-commissioned report that examined South African experience regarding these linkages. Further studies into these linkages are set to take place in Russia and Pakistan during 2013.

The GPFI and its implementing partners and its Honorary Patron have supported or helped to catalyze (among others) the following outcomes:

- the Basel Committee on Banking Supervision (BCBS) reinforced the concept of proportionality in issuing revised Basel Core Principles for Effective Banking Supervision (BCPs) in 2012, which acknowledge financial inclusion as potentially complementary to banking supervisors’ core responsibility to protect safety and soundness, and launched a Financial Inclusion Work stream through its outreach arm, the Basel Consultative Group (BCG);

- the Committee on Payment and Settlement Systems (CPSS) released a report on innovations in retail payments, noting financial inclusion as “an important driving force for innovations” and commenced a work stream on nonbanks in retail payments;

- the Financial Action Task Force (FATF) published revised guidance on financial inclusion in 2013, which builds on the comprehensive risk-based approach embedded in its revised 2012 Recommendations, as well as updated guidance on a risk-based approach to prepaid cards, mobile payments and internet-based payment services; in addition financial exclusion is now formally recognized by FATF as a money laundering and terrorist financing risk and as a factor to consider in assessing country-level compliance with the FATF Recommendations;
the International Association of Deposit Insurers (IADI), through its Subcommittee on Financial Inclusion and Innovation, analyzed results of a range of practice survey on deposit insurance and financial inclusion prepared a research paper “Financial Inclusion and Deposit Insurance”;

the International Association of Insurance Supervisors (IAIS) issued an application paper on inclusive insurance markets based on the 2011 revised Insurance Core Principles, while also formalizing its engagement on this subject through establishment of Subcommittee on Financial Inclusion, rolling out an inclusive insurance self-assessment program in which more than 50 IAIS member jurisdictions have participated, and strengthening the Access to Insurance Initiative – which is one of the key stakeholders of the G20 GPFI – as its Implementing Partner.

H.M. Queen Máxima of the Netherlands, Honorary Patron of the G20 GPFI and UNSGSA, addressed the FATF Plenary for a second time in June 2013, recognizing the good work and leadership of FATF while calling attention to the continued challenges and opportunities for widespread application of proportional and risk-based approaches in diverse country contexts. The FATF Plenary confirmed that financial inclusion will be a full part of the FATF work program and priorities going forward, across work streams and working groups.

Under Australian leadership in 2014, contemplated activities of the GPFI SSB work stream include the updating of the 2011 GPFI white paper on financial inclusion and standard setting and the organization of a 2nd GPFI Conference on SSBs and Financial Inclusion, as well as encouraging and supporting the continuation of financial inclusion-linked activities by the SSBs, including relevant activities carried over from 2013.

(C) Incorporating financial inclusion into all types of financial sector assessments

The subgroup’s work in this area has focused on Financial Sector Assessment Programs (FSAPs), and FATF’s assessment methodology. Over the past year the World Bank has formalized the incorporation of analysis of financial inclusion-related issues into the comprehensive country level IMF-World Bank FSAPs. Dedicated training with World Bank staff was conducted and an updated Guidance Note for Access to Finance in FSAP assessments prepared. There have been over 100 FSAP exercises with specific financial inclusion analysis, including dedicated technical notes in many cases. These produce actionable recommendations, with suggested responsibilities and timelines, the implementation of which is supported by technical assistance, including through FIRST Initiative funding.

The World Bank, in conjunction with the GPFI, is finalizing updated guidance on treatment of financial inclusion within FSAPs, and will conduct further seminars and training with staff. The World Bank will continue to expand the use of financial inclusion assessments to inform and underpin reforms, including through the newly launched Financial Inclusion Support Framework, which will fund and provide technical support for both assessments and for implementation of actionable recommendations.
In early 2013, FATF adopted a new assessment methodology. The methodology explicitly recognizes financial exclusion as one of the specific risks which may require analysis, and lists financial inclusion as a possible topic of concern in the analysis of a country's effectiveness at combating money laundering and terrorist financing.

**SME Finance Sub-group**

The SME finance Sub-group continued its work aiming at realizing access to SME finance at the country level and deepening the analytical work and tools supporting country level work.

**(A) Realizing access to finance for SMEs at the country level**

**Implementing the SME Finance Compact**

At the Los Cabos Summit the SME Finance Compact was launched to feed into the G20 Financial Inclusion Peer Learning Program. It has been developed to provide countries making financial inclusion a priority and SME finance a key focus of their national action plan coordinated support to help implementing specific SME finance commitments. The newly launched Financial Inclusion Support Framework (FISF) will provide comprehensive programs of technical assistance and capacity building support to up to 15 countries to accelerate the implementation of reforms and initiatives to meet financial inclusion targets and strategies. The FISF can support the SME Finance Compact through countries prioritizing SME Finance in FISF country programs.

Additionally, the GPFI has recognized the importance of supporting effective modalities for SME Finance peer learning, and the important role of regulators and policymakers in creating a positive policy environment to bolster SMEs’ access to finance. Accordingly, the SME Finance sub-group welcomes the decision of the members of the Alliance for Financial Inclusion (AFI), taken at an SME Finance Policymakers' Roundtable held in Bangkok in March 2013, to establish a new Working Group dedicated to peer learning on SME Finance challenges and policy solutions. The Working Group will focus on:

- defining the SME Finance concept and related terms in order to reach a common understanding on terminology across the Network;
- stock-taking amongst AFI Members in order to produce a database or catalogue of current SME Finance policy initiatives across the Network;
- producing technical guidance notes on SME Finance related issues identified by Members as areas of priority; and
- promoting the adoption of international good practices, based on successful policy solutions identified in the course of the Group’s work.

The Working Group which is supported by G20 GPFI members will liaise closely with the GPFI SME Finance subgroup and the SME Finance Forum to ensure complementary work plans. Based on demand, the AFI Working Group will also assist to identify countries with an interest in being supported by the SME Finance Compact.
The AFI SME Finance Working Group will be formally launched at the September 2013 Global Policy Forum in Kuala Lumpur, Malaysia.

**SME Finance Challenge**

The G-20 and GPFI members collectively committed to mobilizing the funding needed to implement 14 winning proposals of the SME Finance Challenge from development banks and interested bilateral donors. The SME Finance Innovation Trust Fund was created with a total funding of $28 million contributed from Canada, Korea, the Netherlands, United Kingdom, and the United States. In October 2011, implementation of the winning proposals was started and the administration of the Challenge Program was transferred to the International Finance Corporation (IFC). Concurrently, some $119.7 million in additional funding from development financial institutions and bilateral donors has been directly channeled to individual challenge winners, and a further $90 million is expected. Following the establishment of the Global SME Finance Forum, the administration of the SME Finance Challenge Program was transferred from IFC in July 2012.

Thirteen of the fourteen winners of the G-20 SME Finance Challenge received performance-based grants with a total grant funding of USD23 million. The Challenge program has made significant and steady progress so far, with some $7,325,843 was disbursed by January 31, 2013. Most grant recipients are expected to meet their targets, either fully or partially, and receive their second tranche within the second half of 2013. By 31 December 2012 the grantees assisted 1064 SMEs to receive 4481 loans for just over $59 million. An interim review of the program scheduled to begin later this calendar year will draw lessons on the overall process and how it can be improved. More detailed, rigorous impact monitoring is planned for individual grantees to add to our understanding of the particular contributions of specific innovations. Regular progress reports on the grantees are made available through the SME Finance Forum, which holds periodic winners’ meetings to promote peer learning and support.

**(B) Deepening the Analytical work and tools supporting country level work and fostering knowledge sharing**

**Framing Paper on SME Finance for jobs and growth**

A brief update to the 2010 SME Finance Stocktaking has been prepared for the July Finance Ministers meeting which considers new findings substantiating the contribution of the private sector, and of small and medium enterprises (SMEs) in particular, in the creation of new jobs and investment. These findings further illustrate the key role access to finance plays in SMEs’ ability and willingness to add jobs—including the special circumstances of fast-growing SMEs, or “gazelles.” The new findings detail availability and gaps in SME financing, including for specific subsectors such as women-owned firms and agri-enterprises. They also include key private sector innovations pioneered by the SME Finance Challenge winners and other private sector institutions, focusing on sector opportunities (e.g., agribusiness and energy), product innovation (e.g., expanded local currency options), and risk management alternatives. The new findings and trends highlight the potential of collaborative platforms emerging from the G-20/GPFI process that combine resources to improve SME access to finance, and promote
collective action to tackle the major outstanding issues and obstacles faced by SMEs. The update is the first step of a two-stage process that will conclude in the next presidency with case studies of successful G20 country initiatives reducing the SME finance gap.

Women’s Finance Hub

Under the SME Finance Forum – initiated by the Sub-group in 2012 as global web-based knowledge sharing platform and hosted by IFC – the new Women’s Finance Hub was launched at the IMF/WB Spring meetings in 2013 to highlight good practices and support knowledge exchanges to address the gaps and challenges that women faces in starting and growing their businesses.

SME Finance Assessment Toolkit

A mini-series of Technical Notes will be produced as a complement to the Impact Assessment Framework for SME Finance that was produced by the World Bank for the SME Finance sub group in 2012. These notes will provide practical guidance and insights on applying the Impact Assessment Framework for widely used SME Finance interventions and reforms, such as partial credit guarantee schemes or lines of credit. The World Bank will prepare an initial note by the end of this Presidency to start off the series, consulting closely with the SME Finance Forum and AFI SME Finance Working Group.

SME Financial Literacy and Consumer Protection

The following three products, all work in progress, will be completed by the end of the presidency in co-operation with the subgroup on financial consumer protection and financial literacy:

- A summary presentation on SME Financial Capability, outlining knowledge and resource gaps in SME financial education, a rationale for a training approach being adopted by IFC, and recommendations
- A six page outline curriculum for SME financial literacy (content, duration, methodology, quality assurance)
- An initial set of more detailed modules within this curriculum, Keys to Financial Success, including: cash flow management, financing products and services, managing loans, and qualifying for funding.

The SME finance Sub-group will provide in the coming months in cooperation with the newly established Sub-group on Financial Consumer Protection and Financial Literacy an input to capture SME specific issues to be included in the deliberations on consumer protection regulation.

(F) Private sector engagement strategy

A number of initial engagements have been organized around pre-planned regional and global financial sector events. The work of the G20/GPFI in SME Finance was shared with regional meetings of bankers organized by the IFC in Sao Paolo (for Latin America) and Dubai (for the
Middle East and North Africa). A planned presentation to the annual summit meeting of the Global Banking Alliance for Women in June in Istanbul was postponed until this coming September. There are plans for further presentations to private sector audiences at the GPFI meeting in Russia in October, a south Asia regional meeting of financial institutions in November, and a global meeting of MSME-focused financial institutions in April 2014.

(G) Harmonization of SME reporting

The IFI/DFI Working Group on SME Finance discussed the findings of an initial small sampling of data from eight of its members. This culminated in a face-to-face meeting in June in Tunis which identified key issues to be resolved before moving to a wider pilot data harmonization effort. The new pilot should involve at least 100 financial institutions funded by two or more Working Group members. The concept note for the pilot will be prepared for the Working Group’s review by IFC and MIX by the end of July, with feedback due by September.

Data and Measurement Sub-group

The Data and Measurement sub-group focusses on the measurement of financial inclusion, through the standardization of data definitions and the promotion of measurement as a key tool in policy formulation and target-setting. The agreed data definitions are encapsulated in financial inclusion indicators. Since the Los Cabos Summit, the Data and Measurement sub-group has focused on:

- Launching the G20 Basic Set of Financial Inclusion Indicators (“the G20 Basic Set”);
- reaching agreement on an extension of the G20 Basic Set to cover alternative delivery channels, further appropriate usage indicators, quality of financial service provisioning, financial literacy and consumer protection; and
- working on a position note to inform the GPFI in terms of what approach to financial inclusion target setting should be supported.

(A) Launching the G20 Basic Set

Following the endorsement of the G20 Basic Set by the G20 Leaders at the Los Cabos Summit in Mexico, the G20 Basic Set was populated and made available through web access. The G20 Basic Set was then successfully launched in April 2013 at a day of financial inclusion events in the sidelines of the World Bank and International Monetary Fund Spring Meetings. This event was attended by representatives from across the globe. Other outreach activities have included a series of blogs promoting the website and outreach to non-G20 members.

(B) Expanding the Basic Set

Since this successful launch the Data and Measurement sub-group together with their implementing partners were developing an extended G20 Set of Financial Inclusion Indicators, incorporating indicators on the quality of financial service provision, with particular focus on financial literacy and market conduct/consumer protection. In addition, indicators on usage other
than a basic bank account and loan have been incorporated, as well as increased coverage of access points, taking explicit cognizance of mobile services. The aim of this exercise is to enable policy makers at country level to establish the most comprehensive picture of financial inclusion with available data. In selecting the indicators, a few guidelines were taken into account including a manageable number of indicators in the list, indicators with data available now, indicators which are relevant from an inclusion perspective and reflecting as many dimensions of the of the financial inclusion landscape as currently possible.

The extended set formed the G20 Set of Financial Inclusion Indicators in order to assist in focusing global efforts on measuring and sustainably tracking progress on financial inclusion globally. However, the preferred agent for the collection of data and monitoring of inclusion indicators remains the country itself, with the rich framework being developed by the GPFI and implementing partners to guide and harmonize and inform country efforts.

(C) Note to inform goal setting

An increasing number of countries are recognizing the role of inclusive financial systems in supporting and reinforcing broader development goals. As such, the GPFI applauds and recognizes countries that have set ambitious goals to expand financial inclusion. These goals often translate into national targets. Financial inclusion targets can help galvanize action among stakeholders and raise the level of ambition for country governments, development partners, and provide a focal point for the private sector. Over 40 countries have set headline goals and targets for financial inclusion in the last 2 years. The G20 Financial Inclusion Peer Learning Program and the Alliance for Financial Inclusion’s Maya Declaration played key roles in enabling and communicating these efforts. To be meaningful, goals or targets set by countries require a strategy, including coordination and collaboration with the private sector, and effective measurement and monitoring systems to track progress, identify possible bottlenecks, and provide feedback loops to policy reforms and strategic choices. The Data and Measurement sub-group is developing a position note to inform the GPFI in terms of what approach to financial inclusion target setting should be supported, linking the G20 Set of Financial Inclusion Indicators to setting national targets. This will be used as part of our outreach events and discussed during the 2013 GPFI Plenary and Forum in Saint Petersburg.

Financial Consumer Protection and Financial Literacy Sub-group

This subgroup was established in March 2013 at the initiative of the G20 Mexican Presidency and under the G20 Russia’s Presidency to advance the work of the GPFI on Principle 4 (Financial consumer protection) and Principle 5 (Empowerment) of the Principles on Innovative Financial Inclusion endorsed by G20 Leaders in 2010 and to make the connection with the G20 High-level Principles on Financial Consumer Protection and the OECD/INFE High-level Principles on National Strategies for Financial Education approved by G20 Leaders respectively in 2011 and 2012.
The subgroup’s co-chairs are Russia, China and the United States and the key implementing partners are AFI, CGAP, OECD and the World Bank Group.

The subgroup held its first meeting on 15 June 2013 and finalized its first work plan which concentrates in 2013 on: A) Finalizing the establishment of the Sub-Group; B) Mapping of relevant (international and GPFI) work on financial consumer protection and financial literacy as it relates to financial inclusion; C) Responding to the G20 Leaders’ and Finance Ministers’ calls on financial consumer protection and financial literacy outputs in coordination with relevant partners; and D) Contributing to the organization of the GPFI Forum and Plenary.

A) Finalizing the establishment of the subgroup

As one of its first tasks, members of this subgroup supported the organization of the conference "Empower Consumers of Financial Products and Services through Improved Financial Literacy/Capability and Effective Consumer Protection Systems" (hosted by the G20 Russian Presidency, OECD and the World Bank), in Moscow, 13 and 14 June. It also developed the terms of reference for the subgroup and a 2013 work plan that form part of the overall GPFI term of reference and work plan respectively.

B) Mapping existing GPFI and international work on financial consumer protection and financial literacy

The subgroup also embarked in an in-depth mapping of existing GPFI and international work in these domains. The deliverable, is expected to be completed in July 2013, will identify gaps and areas of potential synergy and complementarity in work on financial literacy and consumer protection in the context of financial inclusion within the GPFI and with the international initiatives on financial literacy and financial consumer protection in the context of financial inclusion. It will include:

- A note summarizing relevant work of the other three GPFI Sub-Groups and identifying areas of synergy and collaboration; and
- A broader report identifying relevant international work on financial literacy and consumer protection in the context of financial inclusion, to support and maximize the additionality of the work of the Sub-Group and the GPFI more generally. (see Annex 1)

C) Addressing G20 Leaders’ and Finance Ministers’ calls relative to financial education, literacy and consumer protection in co-operation with relevant partners

One of the central tasks of the Sub-Group in 2013 has been to address, together with key international organizations and bodies as appropriate, G20 calls relative to financial literacy and consumer protection in the context of financial inclusion. These tasks notably included the following:

- Coordinate with GPFI Co-Chairs and Implementing Partners to expand the G20 Basic Set of Financial inclusion indicators to cover qualitative issues relevant to
financial literacy and consumer protection. This has notably involved an extensive mapping of existing tools to measure financial literacy and financial consumer protection (including WB and OECD/INFE tools on financial capability/literacy) and a review and consultative process among all the Implementing Partners concerned to finalize the expanded set of financial inclusion indicators.

- Provide inputs and coordinate with the OECD/INFE and the World Bank to develop the progress report on barriers for women and youth to gain access to financial services and financial education. The progress report was initially prepared by OECD/WB based on the work they are conducting respectively on financial education for women and youth and financial access for women. The note was transmitted to the GPFI subgroup for information together with background documents including the OECD publication on financial education and women and dedicated OECD/INFE policy Guidance on Addressing Women and girls’ needs for financial education and awareness (circulated at the first subgroup meeting on 15 June).

- Co-operate and stay informed on the progress of other G20 related mandates and provide inputs related to financial inclusion. This has notably encompassed:
  
  o Work of the OECD/INFE and the World Bank on the development of practical tools for financial literacy measurement and evaluation of programmes;
  
  o G20 Report on the status of national strategies for financial education developed and coordinated by the OECD and Russia;
  
  o Updated report of the G20/OECD task force on financial consumer protection to support the G20 High-Level Principles on Financial Consumer protection, especially as they relate to excluded and low income population, and the development of practical/technical tools by the World Bank and CGAP;
  
  o FinCoNet status report on consumer protection supervisory tools in the area of credit and banking based on work undertaken by FinCoNet members and observers and the World Bank global survey on Financial Consumer Protection; and
  
  o Implementation of the G20 Financial Inclusion Peer Learning Program.

D) Contributing to the organization of the GPFI Forum and Plenary

The Sub-Group co-chairs and implementing partners are also expected to contribute content relevant to financial literacy and financial consumer protection and otherwise assist in the organization of the GPFI Forum and Plenary of October 2013.

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1. As set out in the 2013 G20 Finance Communiqué, February (par.23)
2. 2013 G20 Finance Communiqué, February (par.23)
3. 2013 G20 Finance Communiqué, February (par24.)
OUTREACH AND COMMUNICATION

The GPFI enhances collaboration and knowledge sharing among a broad set of partners and stakeholders, in complement to its initiatives on policy, standards, data, research and best practices to support countries in their activities.

Once a year, the GPFI meets with all G20 members and implementing partners, interested non G20 countries and other stakeholders. The GPFI Forum was held on 1 October 2012 in Cape town, South Africa. This year, the GPFI Forum will be held in St- Peters burg (Russia), 21-22 October 2013 and will include a review of results achieved and key deliverables such as the extended set of the indicators as well as GPFI work plan moving forward.

The leadership and advocacy of H.M. Queen Máxima of the Netherlands, UN Secretary General’s Special Advocate for Inclusive Finance for Development and Honorary Patron of the GPFI has been very effective for raising awareness, communicating challenges, opportunities and priority actions, and forging consensus among diverse stakeholders. Her outreach also enhances the synergies between G20 and UN processes and also other global institutions, and encourages national-level commitment and action.

The GPFI held several large events to reach out to and convene diverse stakeholders, and share knowledge and policy guidance, including:

- “Financial Access for Women and All” High-level event was held on April 21, 2013 by the G20 Russia’s Presidency in cooperation with the World Bank and the IFC with the aim to advance financial inclusion for poor people with special focus on women.

- On 13-14 of June 2013 The G20 Russia’s Presidency-World Bank-OECD Conference on Empowering Consumers of Financial Products and Services through Improved Financial Literacy and Effective Consumer Protection. During two-day Conference high-level Russian, G20 countries, OECD and World Bank officials and experts explored strategies for developing financial literacy and capability supported by the Russian Financial Literacy Trust Fund (Russia/World Bank/OECD Trust Fund on Financial Literacy and Education) and building effective consumer protection systems.

- The annual meetings of the IFI/DFI SME Working Group was held in Tunis on May 13-14, 2013.

- The SME Finance Forum website and the Women's Finance Hub were also launched during this year.

The GPFI website (www.gpfi.org) was updated to include the main GPFI documents and materials, timely information on upcoming events and achieved progress. This website is also a powerful platform to serve as a knowledge bank to collect and disseminate resources, best practices, and analytical work. In addition, the GPFI website references relevant partners’ key links.

The expansion of available data on financial inclusion at a global level, as well as in more countries, in the past several years has proved to be a powerful force to draw attention to the issues, as well as to galvanize action. The GPFI will continue to deepen available data, including
on quality and usage of financial services, and to work with GPFI and G20 members and partners to disseminate updated data in user-friendly forms. Gpfi.org serves as a portal to the G20 Basic Set of Financial Inclusion Indicators, and the related website that provides interactive access to the underlying data sets of the International Monetary Fund and the World Bank that populate the Basic Set.

IV – REFERENCES

GPFI productions:
Implementing the G20 Principles for Innovative Financial Inclusion: Bringing the Principles to Life – Eleven Country Case Studies, Sub-group n°1, 2011;
Global Standard-Setting Bodies and Financial Inclusion for the Poor: Toward Proportionate Standards and Guidance, Sub-group n°1, 2011;
Global Financial Sector Standard-Setting Bodies and Financial Inclusion: Case studies from Brazil, Kenya, Mexico, the Philippines and South Africa, Sub-group n°1, 2011;
G20 SME Finance Policy Guide, Sub-group n°2, 2011;
Strengthening Access to Finance for Women-Owned SMEs in Developing Countries, Sub-group n°2, 2011;
Financial Inclusion Data – Assessing the Landscape and Country-level Target Approaches, Sub-group n°3, 2011.
Innovative Agricultural SME Finance Models, Sub-group no 2, 2012;

Other important references:
The G20 Leaders Pittsburgh Declaration, 2009;
The Seoul Development Consensus for Shared Growth, 2010;
Beck, T., A. Demirgüç-Kunt, and R. Levine, 2007, Finance, Inequality and the Poor, World Bank

All these references and more relevant documentation and links can be found on the GPFI website (www.gpfi.org).

ANNEX 1

Global Mapping of Consumer Protection & Financial Literacy Initiatives

This mapping of Financial Consumer Protection and Financial Literacy (FCPFL) activities is meant to provide the G20 Global Partnership for Financial Inclusion (GPFI), namely its FCPFL Sub-Group, with an overview of existing international policy work, resources and relevant players in the field. It is also informed by the Global Mapping Report “Progress in Responsible Financial Inclusion” which will be published by IFC and BMZ in 2013 on behalf of the Community of Practice, the Responsible Finance Forum.

This mapping exercise includes the most significant (headline) initiatives, from a scale and scope standpoint, of GPFI implementing partners, international organizations and networks, but is by no means exhaustive. The introductory diagram serves as a quick at-a-glance visual representation, later described in more detail in the accompanying narrative. To the extent possible, initiatives are categorized under either consumer protection or financial literacy.

INTERNATIONAL ORGANIZATIONS

Consultative Group to Assist the Poor (CGAP)

Consumer Protection Initiatives:

- CGAP has developed a range of publications exploring consumer protection-related issues such as over-indebtedness (2011), consumer protection regulation for branchless banking (2011), consumer protection regulation in micro-insurance (2012), designing disclosure

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This document is prepared by the World Bank on behalf of the GPFI. It is comprehensive document, but may not include all key stakeholders and initiatives and will require further update.

- CGAP is working with standard setting bodies (SSBs) to advocate for effective financial consumer protection. In particular, CGAP chairs the Financial Inclusion Workstream launched by the Basel Committee on Banking Supervision (BCBS) to conduct a practice survey supporting new BCBS guidance for banking supervisors on financial inclusion topics, including financial consumer protection. In addition, CGAP led the development of a white paper on behalf of the GPFI in 2011, which examined the current and future opportunities for the five most relevant SSBs to advance financial inclusion. The paper has a section on effective consumer protection, focusing on contexts with high levels of financial exclusion and low levels of capacity among regulators and supervisors.

- CGAP is engaged in a number of country-level experimentation and learning in the DRC, Ghana, Kenya, Malaysia, Mexico, the Philippines, Senegal, and Tanzania. For instance, CGAP has conducted a series of field experiments to identify and diagnose the key issues in disclosure of product information for low-income consumers in basic savings and credit products in Mexico. In Senegal and Kenya, CGAP conducted consumer research and a diagnostic assessment of the particular providers and products serving low-income consumers in order to map out a strategy for policymakers and industry players to improve consumer protection for that segment of the market.

**International Finance Corporation (IFC)**

**Consumer Protection Initiatives:**

- IFC has been active since 2009 in embedding responsible finance through its Global Responsible Finance Program, with a portfolio of over 50 projects/programs, in more than 25 countries/regions through over 75 financial institutions that are at various levels of capacity building/implementation.

- IFC provides comprehensive investment and advisory services that cover financial products and services across micro and retail finance, insurance, housing, payments/m-banking, credit bureau reporting, risk management, among others. This includes knowledge guides, publications and diagnostic tools developed within IFC’s Access to Finance Business Line.

- IFC is co-founder with BMZ and CGAP of the Responsible Finance Forum and collaborates with leading networks and partners in advancing responsible finance globally, including the Microinsurance Network, Smart Campaign and GPFI.

- In collaboration with BMZ, the IFC prepared a Global Mapping and Selected Case Studies on Progress in Responsible Financial Inclusion in 2013.

**Financial Literacy Initiatives:**

- IFC provides financial awareness and education on managing debt for consumers in select over-indebted markets in Europe & Central Asia and South Asia; ongoing work involves
sector/industry training and capacity building on the importance of credit bureau reporting for consumers and managing credit risk among financial services providers.

- The IFC, in partnership with Operation HOPE, launched in 2007 the South African Banking on Our Future Program, promoting financial literacy education among South Africa's youth.

Organization for Economic Cooperation and Development (OECD)

Consumer Protection Initiatives:

- The G20/OECD Task Force on Financial Consumer Protection developed the High-Level Principles on Financial Consumer Protection, endorsed in 2011 by the G20 leaders and adopted by the OECD Council as a Recommendation in July 2012. The Task Force membership includes OECD, FSB and G20 countries and 10 international organizations and continues to monitor policy, regulatory and supervisory practices to enhance financial consumer protection. Currently the Task Force is focused on identifying effective approaches to support the implementation of three (disclosure and transparency, responsible business conduct of financial services providers, and authorised agents and complaint handling and redress) of the ten principles, with an update report being submitted to the G20 leaders in time for the St. Petersburg Summit, September 2013.

- OECD work includes developing relevant recommendations on good practices for example; OECD Recommendation on Good Practices on Financial Education and Awareness Relating to Credit (2009); Recommendation on Good Practices for Insurance Claims Management (2004).

- The OECD Directorate for Financial and Enterprise Affairs works with the Committee on Financial Markets (CMF) and the Insurance and Private Pensions Committee (IPPC) and coordinating with other relevant OECD bodies to enhance financial consumer protection by determining what is required to help consumers gain the confidence knowledge, information, security and choices they need to fully participate in financial markets.

Financial Literacy Initiatives:

- In 2002, the OECD developed a comprehensive project on financial education under the aegis of the OECD Committee on Financial markets and the Insurance and Private Pensions Committee. This led to the development a series of policy instruments on financial education including a first general recommendations on financial education and awareness (2005) and three sector-specific recommendations related to insurance (2008), private pensions (2008) and credit (2009).

- The International Network on Financial Education (INFE) was created in 2008 by the OECD to gather worldwide expertise on financial education and pursue the development of this project. The OECD/INFE now comprises 107 countries and 240 public institutions and relevant international organizations, and develops global policy instruments on financial education, including:
High-level Principles on National Strategies for Financial Education endorsed by G20 leaders in 2012. Follow up work in 2013/2014 will involve a report on national strategies for financial education, international guidelines on the role of private and civil sectors in financial education and a policy handbook on the implementation of national strategies;

Policy instruments on strategic areas including: principles on evaluation of financial education programs, guidelines on financial education in schools and policy guidance on addressing women’s and girls’ needs for financial education and awareness;

Research, reports and implementation toolkits on priority topics, particularly (i) financial education in schools/for youth; (ii) the role of financial education in financial inclusion, including a dedicated workstream on migrants; (iii) empowering women through financial education and awareness; (iv) long term saving and investment;

Tools on measuring financial literacy and evaluating financial education programs;

A database of financial literacy worldwide (20 countries covered).

The OECD Program for International Student Assessment (PISA), testing the attainment of 15-year-olds in mathematics, reading and science across 65 countries, introduced a financial literacy assessment in 2012 and 2015 to provide an international benchmark on the level of financial literacy of young people (18 countries covered). The first results will be available in June 2014.

The OECD has launched a financial education database—the International Gateway for Financial Education, serving as a global clearinghouse on financial education, providing access to a comprehensive range of information and resources on financial education issues worldwide.

United Nations Capital Development Fund (UNCDF)

Consumer Protection Initiatives:

UNCDF programs support the training of financial services providers, government and other stakeholders on the implementation of principles of client protection. In several countries, UNC DF is working with the government and private sector to develop and test strategies for building financial capability at the client level.

UNCDF is working on a 3 year joint program with the Government of Lesotho and UNDP to Support Financial Inclusion in Lesotho, through which UNC DF is supporting the Ministry of Finance on the formulation of a national strategy that will combine financial education and consumer protection with financial inclusion.

Financial Literacy Initiatives:
A joint UNCDF-UNDP project, Enhancing Access to Financial Services (EAFS), develops new initiatives for financial education in Nepal, by delivering training on financial literacy to financial service providers and representatives from the Central Bank.

UNCDF, through the Pacific Financial Inclusion Program co-funded with AusAid and the European Union, partnered with the Fiji Ministry of Education in 2011 to manage the Fiji Financial Education Curriculum Development (FinED Fiji) Project and introduce financial education within the school core curriculum by the 2013 school year.

UNCDF will include a financial education component in the formulation of a national financial inclusion strategy for Lesotho.

Her Majesty Queen Máxima of the Netherlands, the United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development (UNSGSA) and Honorary Patron of the G20 Global Partnership for Financial Inclusion (GPFI)

Responsible Finance and Consumer Capability Advocacy:

- Queen Máxima encourages universal access for individuals and enterprises, at a reasonable cost, to a wide range of financial services, provided by diverse responsible and sustainable institutions. She works in partnership with stakeholders globally to raise awareness, encourage leadership and commitment, and foster action.
- Queen Máxima considers responsible finance and consumer capability integral to inclusive finance for development as they empower clients to make sound and informed choices. She advocates for consumer protection, enhanced financial literacy, responsible investing, appropriate regulation of financial services and for high-quality data that sheds light on how households and enterprises use and benefit from inclusion in the formal financial system.
- Queen Máxima encourages holistic, cross-sector approaches and coordination, including the integration of consumer protection and financial education into national financial inclusion strategies. She welcomes the many national financial education strategies that are being implemented or prepared, and encourages the engagement of all relevant stakeholders in formulation, implementation and monitoring of progress.
- Queen Máxima was instrumental in creating the Principles for Investors on Inclusive Finance (PIIF) in 2011, which provide a framework for responsible investment in inclusive finance and are now housed within the UN-backed Principles for Responsible Investment (PRI).
- In her own country, Queen Máxima is a member of the Committee for Entrepreneurship and Finance and Honorary Chair of the Dutch Money Wise Platform.

The World Bank Group

Consumer Protection Initiatives:

- The World Bank developed Good Practices for Financial Consumer Protection, which informed Financial Consumer Protection and Literacy Diagnostic Reviews conducted by the Financial Inclusion & Infrastructure Practice in over 20 countries, providing a
systematic analysis of the legal, regulatory and institutional frameworks for consumer protection in financial services and programs of financial education per country.

- The World Bank Financial Inclusion & Infrastructure Practice provides technical assistance for financial consumer protection reforms and initiatives to country governments and regulators.
- The World Bank Financial Inclusion & Infrastructure Practice, in conjunction with the Financial Consumer Protection Network (FinCoNet), launched the Global Survey on Consumer Protection and Financial Literacy, which aims to collect information from over 100 countries around the world on their financial consumer protection and financial literacy framework and implementation arrangements.

**Financial Literacy Initiatives:**

- The World Bank Financial Inclusion & Infrastructure Practice has been developing methodologies to measure financial capabilities and evaluate financial capability enhancing programs, with a focus on low and middle income countries. This work notably includes (i) a Financial Capability survey instrument conducted in 14 client countries, assessing levels of financial behaviors, attitudes, skills and knowledge and providing information to strengthen existing consumer protection frameworks; (ii) a review of existing Financial Capability and Literacy Measurement surveys and instruments; and (iii) an impact evaluation toolkit along with a series of 17 Impact Assessments of financial capability enhancing programs in client countries.
- The World Bank Financial Inclusion & Infrastructure Practice developed a SmartKit including a number of financial literacy and capability case studies, to better understand the institutional arrangements behind successful programs, as well as issues faced in implementation and the significance of impact evaluation results for more widespread adoption.
- In 2008 the Russia Federation initiated Trust Fund for Financial Literacy. This Trust Fund administrated by the World Bank in cooperation with OECD to: support international research to measure financial literacy; assess the effectiveness of various approaches to financial education; and disseminate best practices and lessons learned.
- The World Bank Development Research Group is involved in a number of financial literacy and education pilots funded by the Russia Trust Fund, in Australia, Brazil, the Dominican Republic, India, Kenya, Malawi, Mexico, New Zealand, Nigeria, South Africa, and Uganda.

**DEVELOPMENT BANKS**

The African Development Bank (AfDB)

**Financial Literacy Initiatives:**
• The AfDB supports the Making Finance Work for Africa (MFW4A) Partnership, a G8 initiative launched in 2007 to establish a common platform for knowledge sharing on financial sector development in Africa. Some of the resources provided by MFW4A are focused on financial capability.

The Asian Development Bank (ADB)

Consumer Protection Initiatives:
• ADB’s “Development of a Strategic Framework for Financial Inclusion” project in Thailand aims at supporting the Government's initiative to promote financial inclusion, by addressing, among other things, the absence of a system for consumer protection, particularly for the microfinance industry which lags far behind in terms of a policy, supervisory and regulatory framework compared to regional peers.

Financial Literacy Initiatives:
• ADB funds a number of projects with a financial literacy component, including a project in the Philippines seeking to enhance midwives’ entrepreneurial and financial literacy, and a Nationwide Financial Literacy Program, a State Bank of Pakistan initiative, the first Pakistani financial awareness program geared towards low-income households delivered via workshops and street theatres.

The Inter-American Development Bank (IDB)

Consumer Protection Initiatives:
• IDB supports a range of financial consumer protection projects, from strengthening Paraguay’s consumer protection system by developing a consumer protection electronic database that includes systematized information on case law, legislation, regulations, and standards, to promoting the implementation of good practices regarding information disclosure and transparency in the microfinance industry in Guatemala.

Financial Literacy Initiatives:
• The IDB manages the Financial Innovation and Research Fund, funded by the Citi Foundation, which evaluates new business models to deliver asset building products to recipients of Conditional Cash Transfers across Latin America and the Caribbean, with a priority given to efforts that include financial education activities.
• The IDB supports other financial literacy initiatives, including a project in Trinidad and Tobago aiming at improving the financial literacy of at least 300 small and micro entrepreneurs.

BILATERAL DONORS
The Australian Agency for International Development (AusAID)

Financial Literacy Initiatives:

- AusAID funded a number of financial capability-related projects, including a project to empower consumers in Fiji with increased credit knowledge, focusing particularly on women and vulnerable groups in villages, squatter settlements and outer island communities, as well as a multimedia project on financial education in the Philippines.

The Federal Ministry for Economic Cooperation and Development (BMZ)

Consumer Protection Initiatives:

- In 2010, BMZ initiated with IFC and CGAP, the Responsible Finance Forum, a Community of Practice to strengthen international knowledge exchange on responsible finance. The CoP gathers a growing number of development institutions and financial sector stakeholders and has a common understanding of responsible finance, which includes financial consumer protection regulation, industry self regulation and the enhancement of consumer capabilities. BMZ also supports the Alliance for Financial Inclusion (AFI), the Partnership Making Finance Work for Africa (MFW4A), the Access to Insurance Initiative (A2ii), the Microinsurance Network (MIN) and the Consultative Group to Assist the Poor (CGAP) who all have a strong focus on responsible finance in their work. On behalf of BMZ, KfW Development Bank encourages the financial institutions they support to adopt fair and transparent practices with their customers and good corporate governance, as board members of such institutions. KfW designed a due diligence check list for its staff in an effort to mainstream responsible finance and established a responsible finance contract clause.

- On behalf of BMZ, GIZ is advising its partners (central banks, ministries of finance, consumer protection agencies, microfinance associations and other stakeholders) on consumer protection issues. For example, the GIZ Program for Sustainable Economic Development in Ghana collaborates with the 'Investigation and Consumer Reporting Office' at the Bank of Ghana and supports financial service providers to establish consumer protection mechanisms. In China, GIZ is supporting the Government in designing and implementing an out-of-court Ombudsman system in order to provide banking consumers with an efficient dispute resolution mechanism.

- Savings Banks Foundation for International Cooperation (SBFIC) provides capacity building for financial institutions regarding responsible treatment of customers and prevention of over-indebtedness.

Financial Literacy Initiatives:

- On behalf of BMZ, GIZ is advising its partners (Central Banks, Ministries of Finance, Ministries of Education) in several countries in Africa and Asia on financial literacy. For example the GIZ Program for Sustainable Economic Development in Ghana aims to
improve financial literacy and consumer education through awareness campaigns which are developed together with relevant microfinance associations. Current activities focus on the promotion of consumer protection and the introduction of a financial education curriculum in secondary schools.

- In Namibia, GIZ supports on behalf of BMZ the national “Financial Literacy Initiative” which comprises of more than 30 public, private and civil society institutions and aims at streamlining and strengthening financial education activities to entrepreneurs and individuals in Namibia.
- Savings Banks Foundation for International Cooperation (SBFIC) supports its partners in improving financial literacy of their clients to better manage personal and household finances and become informed and effective consumers of financial services.

**The UK Department for International Development (DFID)**

**Financial Literacy Initiatives:**

- Through its Financial Education Fund, DFID supports educational projects that aim to help poor people increase their financial knowledge and ability across Sub-Saharan Africa. The first round of grantee projects ranged from a TV drama watched by over 10 million people in East Africa to on-site training for mine-workers in South Africa and developing a national strategy for financial education with Bank of Zambia.

**SUPPORT NETWORKS & ASSOCIATIONS**

**Alliance for Financial Inclusion (AFI)**

**Consumer Protection Initiatives:**

- The Maya Declaration (2011), the AFI member commitment to financial inclusion, includes principles related to integrating consumer protection and empowerment as key pillars of financial inclusion.
- The AFI network launched the Consumer Empowerment and Market Conduct (CEMC) Working Group as a platform for policymakers to advance policy and regulatory issues related to their consumer empowerment initiatives and market conduct regulations. The primary objective of the CEMC Working Group is to develop a common understanding of good practices and cost-effective policy tools, and to promote their adoption at national level as well as in a broader international context. The Working Group leads discussions and knowledge-sharing activities on policies and regulations in five priority areas, including three consumer-protection related ones: (i) transparency and disclosure; (ii) sales and marketing practices, and (iii) avenues for help and redress, for which it publishes guideline notes. CEMC shares its results and collaborates with partners through the GPFI Sub-Group on consumer protection, and will continue to work on developing indicators for consumer protection and the quality dimensions of financial inclusion.
Financial Literacy Initiatives:

- AFI’s CEMC Working Group leads discussions and knowledge-sharing activities on policies and regulations in five priority areas, including financial literacy, capability, and awareness, for which it published a guideline note.

The Association of Bank Supervisors of the Americas (ASBA)

Consumer Protection Initiatives:

- Last year, ASBA conducted a regional survey on consumer protection,
- ASBA, in conjunction with CGAP, has started a Consumer Lending Working Group.

ACCION’s Centre for Financial Inclusion (CFI)

Consumer Protection Initiatives:

- CFI was the initiating body of the Smart Campaign, which is a global effort to unite microfinance leaders around a common goal: to keep clients first, as the driving force of the industry. The Smart Campaign focuses on appropriate product design and delivery, prevention of over-indebtedness, transparency, responsible pricing, fair and respectful treatment of clients, privacy of client data, as well as complaint resolution mechanisms. So far, the Campaign has been endorsed by over 1,260 microfinance institutions and 540 industry associations, networks, donors, and investors.

Financial Literacy Initiatives:

- ACCION’s Financial Literacy Modules help low-income clients better manage their personal and household finances and become informed and effective consumers of financial services. For instance, in India, ACCION partnered with 33 microfinance institutions across the country to train more than 38,000 individuals in basic financial planning.

The International Financial Consumer Protection Network (FinCoNet)

Consumer Protection Initiatives:

- G20 Finance Ministers and central bank Governors recognized the importance of FinCoNet as a global network of market conduct financial authorities. This network comprises public entities which have a financial market conduct and financial consumer protection supervision mandate. Its focus is primarily on supervisory issues related to banking and credit. In addition to working with the World Bank to add relevant questions to the Global Survey on Consumer Protection and Financial Literacy, FinCoNet is identifying gaps, weaknesses and promising solutions in the area of responsible lending,
from a consumer protection supervisory perspective. It also participates actively to the G20/OECD Task Force.

The International Association of Deposit Insurers (IADI)

Consumer Protection Initiatives:

- In 2010, the IADI created the Financial Inclusion and Innovation Subcommittee (FII) in response to the G20 recommendations. The Guidance Paper on Public Awareness of Deposit Insurance Systems released in November 2012 contains the section “III, 3 B Reinforcing Consumer Protection” which discusses enhancing consumer protection through the focus of public awareness campaigns by deposit insurance systems.

The International Association of Insurance Supervisors (IAIS)

Consumer Protection Initiatives:

- In 2008, the IAIS created a Market Conduct Subcommittee, charged with developing international supervisory standards on insurers’ behavior in the marketplace, focusing on disclosure and transparency of information to policyholders, consumer protection and coordination between supervisory or other bodies dealing with aspects of market conduct of insurers and intermediaries.

The International Organization of Securities Commissions (IOSCO)

Consumer Protection Initiatives:

- After the financial crisis, IOSCO took on the task of exploring the different approaches to educating retail investors on all issues relevant to their investments. As part of this work, IOSCO launched an Investor Education Gateway, an online tool that aims to enhance the sharing of investor education information among IOSCO members and the public. In addition, and in conjunction with the International Forum for Investor Education, the IOSCO organizes an annual Global Investor Education Conference to improve the effectiveness of investor education programs around the world.

The Microinsurance Network

Consumer Protection Initiatives:

- The Microinsurance Network’s Consumer Protection Task Force contributes to the effective implementation of consumer protection in microinsurance through consolidation and dissemination of experience and case studies, as well as the provision of guidance on good practice.
Citi Foundation

Financial Literacy Initiatives:

- Citi Foundation supported Microfinance Opportunities to launch the Global Financial Education Program, a large-scale, global initiative to build financial capabilities of low-income individuals in developing countries via print, radio, television and street theater. To date, the Program has reached about 30 million people with more than 450 participating organizations in 60 countries.
- The Citi Foundation is the lead funder for The Financial Capability Innovation Fund, managed by the Centre for Financial Services Innovation, aiming at reducing the number of unbanked households in the U.S. and improving consumer financial decision making. The Financial Capability Innovation Fund supports nonprofit-led projects designed to help consumers better manage their finances and achieve financial prosperity by promoting financial capability.
- The Citi Foundation organizes the Citi-FT Financial Education Summit, an annual global forum on financial capability.
- Additionally, the Foundation is funding a range of partners around the world to help countries develop national strategies around financial capability and incorporate financial capability training into national curriculums.

MasterCard Foundation

Consumer Protection Initiatives:

- The MasterCard Foundation and SEEP Network launched a four-year partnership to strengthen and develop the capacity of microfinance industry associations in Sub-Saharan Africa. This partnership will enable African microfinance associations to mainstream client protection principles, so that clients benefit from the responsible delivery of financial services. Similarly, the MasterCard Foundation and ACCION International launched a two-year partnership to support the promotion and implementation of client protection principles among microfinance networks.

Financial Literacy Initiatives:

- The MasterCard Foundation has launched a number of programs which seek to increase financial literacy for disadvantaged youth in developing countries, including notably:
  - Supporting the scaling and expansion of Aflatoun, a social and financial education curriculum delivered in 36 countries to over 27,000 disadvantaged youth from 15 to 18 years old. The curriculum incorporates “learning by doing” activities including savings clubs, enterprise creation, and community projects.
- Supporting the scaling of Camfeld (Campaign for Female Education), a girl-centered program delivering financial literacy and business training, in Ghana and Malawi.
- Partnering with Equity Group Foundation in Kenya to scale up financial education to youth and women micro-entrepreneurs, using a “training of trainers” model.
- Funding a new set of financial education material developed by Microfinance Transparency, and aimed at tackling common issues in the microfinance sector.