
G20 Financial Inclusion Action Plan Progress Report 2010-2014

2 March 2015



GPFI

Global Partnership
for Financial Inclusion

I. Introduction

In September 2009, G20 leaders presented a Framework for Strong, Sustainable and Balanced Growth which included a commitment *“to support the safe and sound spread of new modes of financial service delivery capable of reaching the poor and, building on the example of micro finance, will scale up the successful models of small and medium-sized enterprise (SME) financing.”*

In order to take this commitment forward, the G20 Financial Inclusion Experts Group (FIEG) was formed to identify lessons learned on innovative approaches to providing financial services, promote successful regulatory and policy approaches and elaborate standards on financial access, financial literacy, and consumer protection. In addition, through the G20 SME Finance Challenge, the G20 sought proposals from the private sector on using public finance to increase the flow of private finance on a sustainable and scalable basis.

The FIEG developed the G20 Principles for Innovative Financial Inclusion, which were endorsed by Leaders at the Toronto summit in 2010. These Principles and the SME Finance Challenge were important first steps towards building a framework to improve access to a full range of financial services for unserved and underserved individuals, micro, small and medium enterprises. G20 Leaders felt that more should be done to promote financial inclusion and in 2010 also endorsed a G20 Financial Inclusion Action Plan and established the Global Partnership for Financial Inclusion (GPFI) to coordinate and implement the Action Plan.

This Report looks back on the work of the G20 over the past five years, to take stock of achievements to date and the progress of the GPFI in meeting the original objectives of the FIAP and additional commitments made by G20 Leaders since 2010. The report also provides a full list of documents produced by the GPFI.

II. Progress on the Financial Inclusion Action Plan and additional G20 commitments

The Financial Inclusion Action Plan has two main implementation steps and seven action areas that leveraged the high-profile and economic leadership of the G20 to advance financial inclusion.

Implementation steps:

- A) Establish a Global Partnership for Financial Inclusion
- B) Mobilize Funding for Financial Inclusion

Key Action Items

1. Commitment to implement G20 Principles for Innovative Financial Inclusion under a shared vision of universal access
2. Further Encourage Standard Setting Bodies (SSBs)
3. Work with the private sector
4. Improve data
5. Support capacity-building and training

6. Improve national, regional and international coordination
7. Integrate Financial Inclusion into all types of Financial System Assessments

Since the launch of the Financial Inclusion Action Plan (FIAP), successive G20 Presidencies have endorsed the key components of the FIAP (see Annex A) and added additional commitments on:

- financial education and financial consumer protection;
- financial services for vulnerable groups including youth and women;
- expanding opportunities for innovative technologies to advance financial inclusion; and
- reducing the cost of remittance transfers.

Implementation Steps

A) Establish a Global Partnership for Financial Inclusion

The G20 will establish a GPFI, a consultative mechanism including non-G20 countries and other key stakeholders to maximize the impact of the G20's work on financial inclusion.

Objective: to have an inclusive partnership mechanism to take forward the G20's work on financial inclusion; facilitate efficient and effective coordination to support various on-going financial inclusion efforts; monitor progress over time; and ensure continuity on financial inclusion in global discussions.

Status: This goal is considered complete.

The GPFI was established in December 2010. It provides an inclusive platform for all G20 countries, and non-G20 countries - in particular developing countries - and relevant stakeholders for peer learning, knowledge-sharing, policy advocacy and coordination on financial inclusion.

The GPFI is led by a troika (current, past and future G20 president). The GPFI's membership includes G20 countries, non-G20 countries and implementing partners. GPFI implementing partners are: Alliance for Financial Inclusion (AFI), Consultative Group to Assist the Poor (CGAP), Better than Cash Alliance (BTCA), International Fund for Agricultural Development (IFAD), Organisation for Economic Cooperation and Development (OECD), and the World Bank Group (including the International Finance Corporation). Governance arrangements for the GPFI are outlined in the GPFI Terms of Reference and available on the GPFI website¹.

The GPFI implements the FIAP and G20 commitments through four subgroups: Regulation and Standard Setting Bodies (SSBs); Small-medium enterprise (SME) Finance; Financial Literacy and Consumer Protection (established in 2013); and Markets and Payment Systems (established in 2014). The Data and Measurement Subgroup completed its work program in 2013. The GPFI convenes at least two meetings annually to discuss the implementation of subgroup work plans and to determine future areas of work.

The work of each subgroup is based on a comprehensive stocktake or mapping of existing practices and initiatives in their respective areas. Based on these stocktakes, individual subgroups undertake a variety of different activities including: engaging with stakeholders, undertaking research, sharing information, convening and attending events, and encouraging the development of tools and diagnostics for financial inclusion. In addition to having as members key partners prominent in the field of financial inclusion, the GPFI reaches out to other financial inclusion initiatives and fora (such as the Responsible Finance Forum and the Access to Insurance Initiative) as well as other G20

¹ www.gpfi.org

working groups (such as the Development Working Group) to create synergies and avoid duplication. All reports prepared by the GPFI are available on its website (www.gpfi.org).

B) Mobilise funding for Financial Inclusion

The G20 will mobilize funding for the implementation of winning proposals of the SME Finance Challenge and increased demand for technical support in the implementation of the G20 Principles for Innovative Financial Inclusion.

Objective: To have a funding framework for the winning proposals of the SME Finance Challenge, through leveraging existing funding mechanisms, and establishing a SME Trust Fund and a possible structured investment fund.

Status: This goal is considered complete.

The G20 and GPFI have catalysed the creation of three new global funding platforms to promote financial inclusion and access to finance for SMEs.

SME Finance Challenge

The G20 launched the SME Finance Challenge in August 2010 in an effort to identify new ideas to finance small businesses and help them grow. The governments of Canada, the United States, the United Kingdom, the Republic of Korea, and the Netherlands contributed \$28 million for this initiative. Fourteen winners were selected based on criteria such as innovation, leverage, social and economic impact, and sustainability. The winning proposals were provided funding based on their needs, including grants for technical assistance or capacity building, risk sharing or first-loss capital, mezzanine capital, and investment capital. The total value of financing facilitated is \$544 million, thanks to additional support leveraged through the attention generated by the G20 awards. The implementation of the SME Finance Challenge is managed by the SME Finance Forum.

Global SME Finance Facility

The Global SME Finance Initiative was created in March 2012 as an investment and technical assistance platform to expand access to finance for underserved SMEs. The UK, IFC and European Investment Bank have contributed \$320 million as the anchor investors. Over the next 10 years, it aims to reach a million SMEs in difficult and low-income markets and generate jobs and growth. So far, the initiative has commitments of \$330 million and has facilitated 43 advisory projects and 20 investment projects in 23 countries. Based on commitments to date, 214,000 SME loans will be provided by 2015 including 53,000 to women-owned SMEs.

Financial Inclusion Support Framework

The Financial Inclusion Support Framework (FISF) was established in April 2013. It aims to accelerate the expansion of financial inclusion through enabling the achievement of country commitments and targets. An initial \$25 million in core support was provided by the Netherlands, with subsequent funding contributions from the Bill & Melinda Gates Foundation and the World Bank Group (including over \$500 million in financing to support policy reforms).

Full-scale tailored programs of technical assistance, data, and capacity-building are offered to national financial inclusion leads (typically finance ministries or regulators). The first full-scale FISF country programs have been launched for Rwanda, and two further programs are being finalized (Indonesia and Mozambique). The program is projected to expand to 15 countries.

FISF country programs cover areas including SME finance, financial consumer protection, financial literacy, payments systems, digital payments, and remittances. FISF supports the dissemination of GPF working group guidance and outputs (for example the SME Finance Compact, Good Practices, G20 High Level Principles, Remittance cost reduction efforts, and reforms to unlock private sector innovation and investment).

Key Action Items

1. Commitment to implement G20 Principles for Innovative Financial Inclusion under a shared vision of universal access

Each G20 member commits to a concrete step(s) to implement the G20 Principles for Innovative Financial Inclusion under a shared vision of universal access driven by a country-led approach .

Objective: To demonstrate G20 leadership in implementing the G20 Principles for Innovative Financial Inclusion.

Status: This action is considered complete.

The G20 Principles for Innovative Financial Inclusion (see Annex B) were endorsed by G20 Leaders at the Toronto Summit in 2010. The GPF (through the Regulations and Standard Setting Bodies subgroup) focussed initially on promoting awareness of the G20 Principles for Innovative Financial Inclusion.

In 2011, the subgroup published a set of eleven country case studies “Bringing the Principles to Life”, showcasing how each of the Principles have been implemented in practice, the challenges faced, and lessons learned. In 2011 and 2012, the AFI Maya Declaration and the G20 Peer Learning Program were launched to mobilize concrete national commitments and encourage the development of national financial inclusion strategies as frameworks to implement the Principles. More recently the subgroup has focussed on catalysing support for the countries that have already made commitments, and supporting monitoring and reporting to G20 Leaders on the progress in implementation.

Advancing the dissemination and adoption of the G20 Principles for Innovative Financial Inclusion at both global and country levels proved to be highly effective. This has been evidenced by the many references to the Principles internationally and by the number of countries making commitments under the Maya Declaration and participating in the G20 Financial Inclusion Peer Learning Program.

2. Further Encourage Standard Setting Bodies (SSBs)

G20 Leaders recognise commitments by SSBs to support financial inclusion and encourage SSBs to further explore coordinated information sharing on the complementarities between financial inclusion and their own mandates.

Objective: To support and catalyse SSBs’ progress on financial inclusion within the context of their respective mandates and to share the information with each other and other stakeholders.

Status: This action is considered on-going.

There has been a progressive mainstreaming of financial inclusion within the SSBs. Notwithstanding full agendas on core areas of their mandates, all the SSBs have now recognized the potential complementarity of financial inclusion and have addressed relevant issues in their standards and guidance, most going so far as to establish relevant standing bodies or work streams. The principle

of proportionate regulation and supervision – so critical to financial inclusion – is now embedded in SSB standards, guidance, and thinking. Similarly, there is increasing understanding of interdependence of financial inclusion, stability, integrity and consumer protection throughout the SSBs.

Communication among SSBs on financial inclusion, launched with the high-level meetings convened by the UNSGSA/Honorary Patron of the GPF and the BCBS Chair and taken forward in initiatives such as the white paper and the 2012 conference, has been effective in shifting thinking on the many financial inclusion issues of relevance to multiple SSBs. There is increasing recognition of the need for collective engagement on such issues (as reflected in the G20 Leaders' recommendations to the SSBs endorsed at the St. Petersburg Summit).

The GPF (through the Regulations and Standard Setting Bodies subgroup) engages with six SSBs:

- Financial Action Task Force (FATF);
- Basel Committee on Banking Supervision (BCBS);
- Committee on Payments and Market Infrastructures (CPMI);
- International Association of Insurance Supervisors (IAIS);
- International Association of Deposit Insurers (IADI); and since 2013
- International Organization of Securities Commissions (IOSCO).

The 2011 paper *Global Standard Setting Bodies and Financial Inclusion for the Poor – Towards Proportionate Standards* set the scene for discussions with the SSBs. This led to ground-breaking dialogue among the SSBs through high-level meetings (2011, 2012 and 2014) convened by Queen Máxima of the Netherlands (the United Nations Secretary Generals' Special Advocate for Inclusive Finance for Development (UNSGSA) and Honorary Patron of the GPF) and the BCBS chair, and GPF Conferences on SSBs and Financial Inclusion (2012 and 2014) hosted by the Financial Stability Institute of the Bank for International Settlements.

The Subgroup's work to document and monitor implementation of the Principles has led to very important lessons, including: (i) the critical importance of both political and regulatory leadership to implement the principles, with more than 20 countries committing at the highest level to develop national financial inclusion strategies; (ii) the potential opportunities offered by new technologies to achieve dramatic increases in financial inclusion - for example with 20 countries making commitments to expand the provision of mobile financial services; and (iii) a focus on financial literacy and consumer protection to ensure those new to the financial sector are not exploited – with more than 30 countries making commitments in these areas.

The Subgroup's engagement with the SSBs has led to significant insights regarding: (i) proportionate approaches to regulation and supervision for financial inclusion; (ii) risks of financial exclusion; (iii) changing risks and benefits that accompany progress on financial inclusion; (iv) the importance of country context in fashioning enabling and protective policy environments for financial inclusion; and (v) recognizing linkages among financial inclusion, stability, integrity and consumer protection.

Going forward, the Subgroup will build on these lessons, while also focusing on the changing landscape accompanying digital approaches to financial inclusion, facilitating international and domestic remittances and their financial inclusion potential, and integrating financial inclusion more effectively and consistently into financial sector assessments.

3. Work with the private sector

G20 Leaders recognise that the private sector is key for extending financial inclusion and encourage further private sector activities to increase access to financial services, consistent with the G20 Principles for Innovative Financial Inclusion.

Objective: To harness public and private sector cooperation on efforts aimed at increasing the delivery of financial services to households and MSMEs.

Status: This action is considered ongoing. It is included as one of the cross-cutting themes of the 2014 FIAP and will be addressed by all subgroups.

The (2010) Financial Inclusion Action Plan outlined three areas in which the GPFI could work: enhancing dialogue and information sharing, including by leveraging the IFC's network; create a knowledge base on efficient and effective interventions for SME financing; and to support private sector efforts by encouraging and appropriate regulatory environment and strong financial infrastructure.

The SME Finance subgroup has led efforts in these areas by creating platforms for funding through the SME Finance Challenge and Global SME Finance Facility and knowledge platforms such as the SME Finance Forum and the Women's Finance Hub.

The SME Finance Forum brings together financial institutions, technology companies, and development finance institutions to share knowledge, spur innovation, and promote the growth of SMEs. It was launched in April 2012 by the GPFI and is managed by the World Bank Group.

The Forum uses online knowledge-sharing to reach geographically dispersed stakeholders in a cost-effective way. Its interactive website (www.smefinanceforum.org) contains some 1,900 knowledge resources on SME finance policy, products and successful business models. It has interactive datasets on supply and demand for SME finance world-wide. In addition, the Forum's nearly 3,000 member-strong LinkedIn group has logged more than 1,400 online discussions and facilitated the exchange of ideas between financial institutions and policy makers.

The Forum also acts as a convener and supports peer-learning activities among banks, policy makers, and financial technology providers. The Forum has organized and supported key SME finance events with stakeholders including AFI, Asian Development Bank, African Development Bank, Finovate, World Bank Group, Multilateral Investment Fund, FMO and the OECD.

Women-run SMEs in emerging markets remain financially unserved or underserved, facing the same problems of all SMEs plus an additional set of gender-specific obstacles that vary by country and region. The Forum expanded its services in this area, launching the Women's Finance Hub in April 2013.

In addition to the funding and knowledge platforms, the GPFI gains insights into the needs of the private sector and their initiatives to promote financial inclusion through GPFI members and implementing partners. The GPFI's focus has largely been on outreach and presenting the work of the GPFI to other groups. In 2014, the GPFI hosted two events which focused on bringing the views

of the private sector on broader aspects of its work to the GPF and connecting fintech companies from across the globe to discuss their work.

Going forward, it will also be important to incorporate private sector participation in the dialogue conducted by other subgroups. For example, communications by the Regulation & SSB subgroup with and among the SSBs will require differentiated approaches in relation to different topics, taking into account the current degree of engagement of the different SSBs with the private sector.

Much of the work of the new Markets and Payment Systems subgroup will involve the private sector, such as in regard to remittances (both banks and non-bank RSPs), telecom companies, technology providers, credit card companies and other financial sector players. Therefore, the subgroup will develop partnerships with private sector actors in the payment space, with the objective of improving cooperation in efforts to expand responsible financial inclusion through emerging technologies and appropriate business models.

4. Improve data

G20 Leaders encourage improving the quality of measurement and data on financial inclusion (of households/individuals and MSME). A Financial Inclusion Task Force on Data and Measurement under the umbrella of the GPF will take the leadership in the development, with the cooperation of various key stakeholders, of analytic tools to assist governments in assessing the state of financial inclusion in their economies and the best policy tools to rectify the identified gaps.

Objective: To contribute to and strengthen the global dialogue on financial inclusion data and measurement on progress.

Status: This action is considered complete. Data and measurement will continue to be addressed in individual subgroups.

The Data and Measurement subgroup has strengthened the global dialogue on financial inclusion data. It has addressed the challenges of lack of comparable data on financial inclusion by developing first, the G20 Basic Set of financial inclusion indicators and then, in 2013, the complete G20 Set of Financial Inclusion Indicators. This Set captures the three dimensions of financial inclusion - access, usage and quality of services, both for individuals and for small enterprises and provides a common framework to focus national data collection efforts.

The indicators in the set have been populated with publicly available data and made available on-line, serving as a point of reference for policy makers. The work of the sub-group, and the GPF as a whole, played a significant role in embedding the use of data and financial inclusion indicators in policy-making in many developing countries. This has led to a number of success stories, both in the initial formulation of strategies and the subsequent adjustment of strategies, based on active monitoring of outcomes.

The final focus of the subgroup has been on outreach to developing and emerging countries and encouraging peer-learning amongst financial policy makers about the use of the indicators on policy making. Six country case studies were developed, presented and are available on-line for use by interested parties. The sub-group used the AFI Financial Inclusion Data Working Group to reach a wider audience.

Coordination with other global organisations, especially in terms of key messages and support for key initiatives, is crucial. The issue of global financial inclusion targets, which had the potential to instil confusion rather than direction, was addressed through such coordination and led to a

powerful message that national financial inclusion targets are highly desirable, but a single global target is not.

The GPF has worked closely with a number of different group on data to encourage continuity and comparability of data from different sources, including the IFI/DFI Working Group on SME Finance on data harmonization, the IMF on the Financial Access Survey, the OCED/INFE and the World Bank on the Global Findex.

5. Support capacity-building and training

G20 Leaders support capacity building and training including through technical assistance, peer-to-peer learning and regional and international training.

Objectives: Enhance the skills and knowledge of policymakers and financial sector institutions in financial inclusion policy development and implementation including issues such as consumer protection and financial literacy.

Status: This action is considered complete.

The 2010 Financial Inclusion Action Plan identified two actions for the GPF in this area: 1) encourage donors and AFI to scale up efforts to provide capacity building and advisory services to financial institutions and to AFI members; and 2) consider the needs for increased financial support for peer-to-peer learning and providers of technical assistance.

Since 2010, AFI and other organisations have increased their support for capacity building and training on financial inclusion. The GPF's SME Finance Compact, Global SME Finance Facility and Financial Inclusion Support Framework have provided additional funding and focus on financial inclusion.

In 2012, the G20 Financial Inclusion Peer Learning Program was launched. This aim of the program is to promote sharing experience between countries to improve the effectiveness of national financial inclusion strategies and plans. This program is implemented by AFI which has peer learning as a core part of the services it offers.

The GPF has created a number of documents and reports to provide guidance on policies and actions to promote financial inclusion. These documents, listed in Annex C, are used by the GPF and its implementing partners.

6. Improve national, regional and international coordination

G20 Leaders encourage coordination of G20 country actions on financial inclusion with other national, regional and international initiatives on financial inclusion.

Objectives: To strengthen coordination and collaboration between various national, regional and international stakeholders relevant to financial inclusion, recognizing the complementarity between financial stability, financial integrity and financial inclusion, and advance progress towards universal financial inclusion through the implementation of the G20 Principles for Innovative Financial Inclusion.

Status: This action is considered ongoing.

Improved coordination is at the heart of all GPF activities. The G20's convening power brings together funders, researchers and regulators in developing and developed countries to focus on the global issues which impact on financial inclusion.

G20 members are the main public donors for financial inclusion programs in developing countries. Non-G20 countries participate in GPFIs and AFI provides a way to connect with AFI's membership base of central banks and other financial regulatory institutions from more than 90 developing countries. The GPFIs implementing partners are significant researchers and implementers of financial inclusion programs.

Research prepared by the GPFIs draws on members and member networks to ensure the GPFIs' work remains relevant and outreach events are used extensively to share the results of the work of the GPFIs.

In 2015, Turkey's Presidency will ensure that a Low Income Developing Country (LIDC) perspective is present in all relevant aspects of the G20 agenda. This is essential for global growth to be more inclusive. To this end, in the area of financial inclusion, outreach to LIDCs and addressing their specific needs will be an important item in the agenda of the GPFIs.

7. Integrate Financial Inclusion into all types of Financial System Assessments

Recognising the complementarity between financial stability, financial integrity and financial inclusion, G20 Leaders call on governments and relevant national and international bodies to improve the way financial inclusion is built into assessments of financial system performance.

Objective: Improve financial sector assessments, including national financial system/sector assessments and those of other international bodies, to incorporate robust financial inclusion components that yield high quality analysis and actionable recommendations.

Status: This action is considered ongoing.

As a result of growing recognition of the importance of financial inclusion by SSBs and increasing demand particularly from those countries with financial inclusion strategies, financial inclusion is beginning to be addressed in financial system assessments.

FATF's mutual evaluation Assessment Methodology was revised in 2013 to reflect the 2012 revisions to the FATF Recommendations. The methodology includes complementary approaches for assessing technical compliance with the FATF Recommendations and for assessing whether and how the AML/CFT system is effective, including consideration of steps taken to promote financial inclusion and levels of current financial exclusion.

Increasing numbers of countries undergoing assessments under the World Bank/IMF Financial Sector Assessment Program (FSAP) have requested technical notes on financial inclusion and related topics, and steps have been taken to improve guidance to evaluators participating in FSAPs.

Additional G20 financial inclusion commitments since launch of the FIAP: 2011-2014

Financial Consumer Protection and Financial Literacy

In 2013 the GPFIs subgroup on financial consumer protection and financial literacy was created to take forward the following commitments by G20 Leaders (in the 2012 Leaders' Declaration) calling on the OECD/INFE and the World Bank, in cooperation with the GPFIs, to: deliver further tools to promote financial education; and identify barriers women and youth may face in gaining access to financial services and financial education.

The work of the Financial Consumer Protection and Financial Literacy subgroup complements that of the G20/OECD Task Force on Financial Consumer Protection and the OECD International Network on Financial Education (INFE) which have both developed High-Level Principles endorsed by G20 Leaders in 2011 and 2012. It has focused on providing technical inputs to this and other groups and developing guidance and tools specifically targeted to developing and emerging economies.

In 2013, it contributed through the G20/OECD Task Force to the development of Effective Approaches on three of the G20 High-Level Principles on Financial Consumer Protection - transparency and disclosure, complaint handling and responsible business conduct. The development of the effective approaches on other High-Level Principles is in process. In addition, it has contributed to a set of implementing tools to improve financial literacy developed by the OECD/INFE and the World Bank and in particular: tools to measure financial literacy and evaluate financial education programs; a progress report on women and finance; guidance on empowering women and girls through financial education and a related OECD publication; and a progress report on youth and finance including an OECD publication on financial education for youth.

Innovative payment mechanisms and remittances

In May 2014, the GPFi formed a new subgroup, on Markets and Payments Systems, to address the commitment made in 2013 by G20 Leaders to “harness innovative mechanisms such as mobile instruments and technology, especially in the remittances area.” A key input into this analysis has been the World Bank Group’s *Report on G20 Remittance Commitments* published in early 2014.

To inform additional work in this area, the GPFi requested a paper on *The Opportunities of Digitizing Payment* from the World Bank Development Research Group, the Better Than Cash Alliance and the Bill & Melinda Gates Foundation. This paper formed the basis of discussions at the GPFi Forum in Perth on 1 September 2014 which had the theme of *Digitization, remittances and women’s economic empowerment*.

At the urging of subgroup implementing partners the World Bank and the Better than Cash Alliance, and a number of G-20 representatives attending the G-20 GPFi subgroup meeting on markets and payments systems meeting in May 2014, the GPFi Chair sent a letter to Australia’s Sherpa and Deputy Finance Minister to raise awareness of the money transfer operator (MTO) bank account closure issue. The GPFi Chair included a request that they forward the letter to all other G-20 Sherpas and Deputy Finance Ministers. The letter was forwarded to G-20 Sherpas and Deputy Finance Ministers on July 4, 2014.

III. Future work

The Updated Financial Inclusion Action Plan

The GPFi and the G20 have met their two overarching goals and made considerable progress against the action items. Taking into account the progress made by the GPFi, the significant focus on financial inclusion in emerging and development economies and potential of new approaches to achieve access to financial services, an updated Financial Inclusion Action Plan was agreed at the 2014 G20 Leaders Summit in Brisbane. The work will be executed by the subgroups, with the key focus of each summarized below.

Regulation & SSBs Subgroup

Moving forward, there is a need for the subgroup to continue to work with the SSBs to address financial inclusion issues in areas that span their mandates, building on the progress and lessons of the past several years. This includes: overcoming views based on siloed thinking on experience with the “already banked” and the providers and approaches that reach them sustainably; deepening understanding and appreciation of risks of financial exclusion including the pace and variety of innovation and blurring of lines between products; improving evidence on what is distinctive about unbanked and under-banked consumers; implementation of SSB guidance in policy capacity constrained environments; and deepening understanding of the interdependence of financial inclusion, stability, integrity and consumer protection. Finally, a continued focus is anticipated on integrating financial inclusion more effectively and consistently into financial sector assessments.

SME Finance Subgroup

In the future, the subgroup will convert the SME Finance Forum into a sustainable, global public-private partnership, and will roll out the SME Finance Compact to more countries to support the uptake of specific policy reforms. The implementation of the SME Finance Compact will continue in coordination with the AFI SME Finance Working Group, established in 2013 to support peer learning amongst regulators, identify regulatory and policy challenges, develop data indicators for SME Finance, and document successful policy approaches. The implementation of the SME Finance agenda at the country level will also be carried forward through the country level reforms which will be supported in particular by the Financial Inclusion Support Framework. The subgroup will continue to liaise with the G20 finance track in relation to work on SME finance issues.

Data and Measurement Subgroup

The Data and Measurement Subgroup has completed its work program of contributing to and strengthening the toolset, raising the profile and enriching the dialogue on data measurement. The subgroup’s work has led to greater focus on data and measurement, leading to informed policy making and a focus on measurable outcomes through financial inclusion targets, as evidenced in other global frameworks, for example the Maya Declaration in the AFI and the post-2015 development agenda. This is translating into a focus on national strategies and targets in financial inclusion. Further support for this work is better suited to platforms other than a GPFI subgroup, for example AFI’s Peer Learning Initiative and the World Bank’s Financial Inclusion Support Framework. The GPFI recognises the importance of data in policy making and will continue to support the efforts of other organisations and to follow progress in achieving further data harmonisation and use. In addition, individual subgroups within the GPFI will address data issues related to their mandates.

Financial Consumer Protection and Financial Literacy

Moving forward, this subgroup will focus on building the capacity of developing and emerging economies to implement appropriate financial consumer protection and financial literacy programs and identify innovative technologies and best practices in consumer protection and financial education for digital finance. Particular attention will be paid to sections of the population where the greatest gains can be made such as women, youth, migrants and the elderly.

Markets and Payment Systems Subgroup

GPFI members agreed to the establishment of the Markets and Payment Systems Subgroup at the Hobart meeting on 6 May 2014. The subgroup is co-chaired by Australia, Mexico and South Africa. Membership is open to all G20 countries and interested non-G20 countries. Existing implementing partners will support the subgroup, while the BTCA and IFAD accepted invitations to join as implementing partners. The overall goal of the subgroup for the next five years is to advance use of payment systems, including remittances, in the pursuit of increased and sustainable financial

inclusion. The subgroup will focus on emerging technologies and business models and will incorporate strong links to market based approaches through engagement with financial services providers. The subgroup will initially focus primarily on actions related to advancing financial inclusion through remittances, specifically to meet existing G20 commitments to reduce the cost of sending remittances, in co-ordination with the Regulation & SSBs Subgroup.

Subgroup priorities in 2015 include a comprehensive data and information collection effort through a market survey led by the World Bank, to better assess the drivers and effects of bank account closures for money transmitters and the people they serve. Survey results should help the GPI better understand the potential impact of account closures on global remittance costs and volumes, and identify vulnerabilities, as well as risk management practices, across remittance markets. The survey will seek participation and views of money transmitters (in sending and receiving countries), banks providing remittance services, and national governments.

Annex A: G20 Financial Inclusion Commitments

The Pittsburgh Summit, 25 September 2009

The Leaders Declaration

22. To take new steps to increase access to food, fuel and finance among the world's poorest while clamping down on illicit outflows. Steps to reduce the development gap can be a potent driver of global growth

The Leaders Declaration Annex: Core Values for Sustainable Economic Activity and the Framework for Strong, Sustainable and Balanced Growth

44. We commit to improving access to financial services for the poor. We have agreed to support the safe and sound spread of new modes of financial service delivery capable of reaching the poor and, building on the example of micro finance, will scale up the successful models of small and medium-sized enterprise (SME) financing. Working with the Consultative Group to Assist the Poor (CGAP), the International Finance Corporation (IFC) and other international organizations, we will launch a G20 Financial Inclusion Experts Group. This group will identify lessons learned on innovative approaches to providing financial services to these groups, promote successful regulatory and policy approaches and elaborate standards on financial access, financial literacy, and consumer protection. We commit to launch a G20 SME Finance Challenge, a call to the private sector to put forward its best proposals for how public finance can maximize the deployment of private finance on a sustainable and scalable basis

The Toronto Summit, 27 June 2010

The Leaders Declaration Annex III: Enhancing the Legitimacy, Credibility and Effectiveness of the IFIs and Further Supporting the Needs of the Most Vulnerable

20. We have made concrete progress on our commitment to improving access to financial services for the poor and to increasing financing available to small- and medium-sized enterprises (SMEs) in developing countries.

21. Adequately financed small and medium-sized businesses are vital to job creation and a growing economy, particularly in emerging economies. We have launched the SME Finance Challenge aimed at finding the most promising models for public-private partnerships that catalyze finance for SMEs. We are committed to mobilizing the funding needed to implement winning proposals, including through the strong support of the MDBs. We welcome the strong support of the MDBs for scalable and sustainable SME financing proposals, including those from the Challenge in partnership with the private sector. We look forward to announcing the winning proposals of the SME Finance Challenge and to receiving recommendations to scale-up successful SME finance models at the Seoul Summit.

22. We have developed a set of principles for innovative financial inclusion, which will form the basis of a concrete and pragmatic action plan for improving access to financial services amongst the poor. This action plan will be released at the Seoul Summit.

Documents: G20 Principles for Financial Inclusion

Seoul Summit, 12 November 2010

Leaders Declaration

9. Today, the Seoul Summit delivers: The Financial Inclusion Action Plan, the Global Partnership for Financial Inclusion and a flexible SME Finance Framework, all of which will significantly contribute to

improving access to financial services and expanding opportunities for poor households and small and medium enterprises.

Seoul Summit Document

55. We reiterate our strong commitment to financial inclusion and recognize the benefits of improved access to finance to lift the lives of the poor and to support the contribution of SMEs to economic development. We welcome the stock taking report on successful and scalable models of SME financing in developing economies. We have developed the Financial Inclusion Action Plan based on our Principles for Innovative Financial Inclusion as the work program for the coming year.

56. Working with the Alliance for Financial Inclusion, the Consultative Group to Assist the Poor and the International Finance Corporation, we commit to launch the Global Partnership for Financial Inclusion (GPFI) as an inclusive platform for all G20 countries, interested non-G20 countries and relevant stakeholders to carry forward our work on financial inclusion, including implementation of the Financial Inclusion Action Plan. The GPFI's efforts over the next year will include helping countries put into practice the Principles for Innovative Financial Inclusion, strengthening data for measuring financial inclusion, and developing methodologies for countries wishing to set targets. We agree that the GPFI should report to us on its progress at our 2011 Summit in France.

57. Recognizing the vital role of SMEs in employment and income generation, we welcome the strong response to the G20 SME Finance Challenge and the innovative models for scaling up private SME finance that have emerged from the competition and congratulate the winners. We have constructed a flexible SME Finance Framework to mobilize grant, risk capital and private financing by using existing funding mechanisms and the new SME Finance Innovation Fund to finance the winning proposals and other successful SME financing models. We welcome the commitment of Canada, Korea, the United States and the Inter-American Development Bank of \$528 million to the Framework through grants and co-financing.

Cannes Summit, 4 November 2011

Leaders Declaration

78. Recognizing that 2.5 billion people and millions of Small and Medium Enterprises (SMEs) throughout the world lack access to formal financial services, and the crucial importance for developing countries to overcome this challenge, we launched in Seoul an ambitious Global Partnership for Financial Inclusion (GPFI). We commend the ongoing work by the GPFI to foster the development of SME finance and to include financial inclusion principles in international financial standards. We endorse the five recommendations put forward in its report, annexed to this Declaration, and commit to pursue our efforts under the Mexican Presidency.

Los Cabos Summit, 19 June 2012

45. We welcome the FSB study, prepared in coordination with the IMF and the World Bank, to identify potential unintended consequences of the agreed financial regulatory reforms for Emerging Markets and Developing Economies (EMDEs). We encourage continued monitoring analysis and reporting by the FSB and dialogue among the FSB, standard-setters, international financial institutions and national authorities of EMDEs, to address material unintended consequences as appropriate without prejudice to our commitment to implement the agreed reforms.

50. We welcome the progress made by the Global Partnership for Financial Inclusion (GPFI) on implementing the five recommendations set out in its 2011 report and call on the GPFI to continue working towards their full implementation. We endorse the G20 Basic Set of financial inclusion indicators developed by the GPFI. Recognizing the key role that SMEs play in economic development, and poverty reduction, we welcome the launch of the SME Finance Compact that will support developing innovative models and approaches to address the specific access to finance

challenges and constraints faced by developing countries with regards to SME finance. We welcome the forthcoming GPFI conference on standard setting bodies and financial inclusion as a means of helping to create an enabling regulatory environment, and we call on the GPFI to report progress to our Finance Ministers and Central Bank Governors in November. Finally, we support the ongoing effort to create a fourth GPFI subgroup that will focus on consumer protection and financial literacy issues.

51. We acknowledge the efforts of those G20 and non-G20 countries committed to national coordination platforms and strategies for financial inclusion under the “G20 Financial Inclusion Peer Learning Program” and encourage similar efforts to advance effective implementation of the G20 Principles for Innovative Financial Inclusion such as the commitments to concrete actions to promote financial inclusion made by developing and emerging countries under the Maya Declaration, recognizing the ongoing efforts and the support by the World Bank Group and the Alliance for Financial Inclusion, and other stakeholders including the United Nations (UN), and bilateral donors to foster financial inclusion.

52. On financial education, we endorse the OECD/International Network on Financial Education (INFE) High Level Principles on National Strategies for Financial Education, and call on the OECD/INFE and the World Bank in cooperation with the GPFI to deliver further tools to promote financial education, with a progress report to the next Summit. For advancing the financial consumer protection agenda, we take note of the discussion on the Statutes of the International Financial Consumer Protection Network (FinCoNet) and on the issues of formal structure and financial support to ensure the exchange of best practices. We also endorse the Action Plan presented by the G20/OECD Task Force on Financial Consumer Protection to develop effective approaches to support the implementation of the High Level Principles on Financial Consumer Protection, and look forward to an update report by the Leaders’ Summit in St. Petersburg in 2013.

53. We recognize the need for women and youth to gain access to financial services and financial education, ask the GPFI, the OECD/INFE, and the World Bank to identify barriers they may face and call for a progress report to be delivered by the next Summit.

54. We welcome the launch of the Mexico Financial Inclusion Challenge: Innovative Solutions for Unlocking Access, a call for innovations that address barriers to financial inclusion through the creation of valuable, affordable, secure, and comprehensive financial services.

Finance Ministers, Nov. 2012:

“We welcome the work stated in the final 2012 Global Partnership for Financial Inclusion (GPFI) progress report on implementing the five recommendations set out in 2011 and the progress on implementing the G20 Principles for Innovative Financial Inclusion, including through concrete actions by developing and emerging countries to meet their commitments to the Maya Declaration. We commend the additional commitments to the Maya Declaration made in Cape Town in 2012 and encourage countries to measure progress through national data collection efforts”... “We welcome the first GPFI Conference on Standard-Setting Bodies and Financial Inclusion as a substantial demonstration of growing commitment among Standard Setting Bodies (SSBs) to provide guidance and to engage with the GPFI to explore the linkages among financial inclusion, financial stability, financial integrity and financial consumer protection.”

St Petersburg, 6 September 2013

Leaders Declaration

65. We commend the progress made by the FSB together with standard setting bodies and the IMF and the World Bank Group in monitoring the effects of evolving regulatory reforms on emerging markets and developing economies (EMDEs) with the view to address material unintended

consequences without prejudice to our commitment to implement the agreed reforms. We ask the IMF, the World Bank Group and standard setting bodies to step up their monitoring, analysis and assistance in this area. Lastly, we encourage the FSB to continue to monitor, analyze and report on the effects of evolving regulatory reforms on EMDEs as a part of its overall implementation monitoring framework.

78. We welcome the progress made by the Global Partnership for Financial Inclusion (GPFI) on advancing financial inclusion and integrating consumer empowerment and protection, particularly through the establishment of the GPFI subgroup focused on Financial Consumer Protection and Financial Literacy. We endorse the extension of the G20 Basic Set into a more holistic set of the G20 Financial Inclusion Indicators, thereby enabling more informed financial inclusion target setting and monitoring. We acknowledge the support from the implementing partners, including the Alliance for Financial Inclusion (AFI), Consultative Group to Assist the Poor (CGAP), IFC, OECD and the World Bank. **We endorse the recommendations laid out in the GPFI's report, annexed to this Declaration, and commit to further pursue these efforts under the Australian Presidency.** We welcome the discussions of the AFI members to establish the organization as an independent international institution.

79. Recognizing the key role of small- and medium-size enterprises (SMEs) for promoting growth, job creation and poverty reduction, we welcome the progress made at the country level to address the specific challenges in access to finance faced by SMEs through the implementation of the SME Finance Challenge and the SME finance Initiative as well as the support for peer learning through the SME Finance Compact in cooperation with the Working Group on SME Finance of the AFI. As the SME finance gap remains large worldwide, we call upon the IFI/DFIs to further improve financial market infrastructure and to support the development of innovative tools to address the SMEs finance challenges and constraints.

80. We welcome practical tools to measure financial literacy and evaluate financial education programs, developed by the OECD/International Network for Financial Education (INFE) and the World Bank Group, support their widespread use in countries along with instruments to measure youth financial literacy such as the Programme for International Student Assessment (PISA). We also look forward to the development of international core competencies frameworks for adults and youth on financial literacy by the OECD/INFE by our next Summit. We welcome progress reports on barriers for women and youth in financial inclusion and education prepared by the OECD/INFE and the World Bank Group and endorse the OECD/INFE policy guidance on addressing women and girls' needs for financial education. We endorse the recommendations of the progress report on women and finance, including that the GPFI, the OECD and the World Bank Group conduct a stocktaking of promising and successful initiatives to enhance women's financial inclusion. We welcome the G20 Russia's Presidency and the OECD publication on national strategies for financial education and look forward to the development by the OECD/INFE of a Policy Handbook on the Implementation of National Strategies for Financial Education by our next Summit. We support the work done by the G20/OECD Task Force on Financial Consumer Protection on the first set of effective approaches to support the implementation of the G20 High-Level Principles on Financial Consumer Protection and look forward to their report on other principles in 2014. We take note of the formalization process of the FinCoNet and look forward to its conclusion.

Global Partnership for Financial Inclusion Report to the Leaders, September 2013

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.

Annex B: G20 Principles for Innovative Financial Inclusion

The G20 Principles for Innovative Financial Inclusion were endorsed by G20 Leaders at the Toronto Summit in May 2010.

Innovative financial inclusion means improving access to financial services for poor people through the safe and sound spread of new approaches. The following principles aim to help create an enabling policy and regulatory environment for innovative financial inclusion. The enabling environment will critically determine the speed at which the financial services access gap will close for the more than two billion people currently excluded. These principles for innovative financial inclusion derive from the experiences and lessons learned from policymakers throughout the world, especially leaders from developing countries.

1. *Leadership*: Cultivate a broad-based government commitment to financial inclusion to help alleviate poverty.
2. *Diversity*: Implement policy approaches that promote competition and provide market-based incentives for delivery of sustainable financial access and usage of a broad range of affordable services (savings, credit, payments and transfers, insurance) as well as a diversity of service providers.
3. *Innovation*: Promote technological and institutional innovation as a means to expand financial system access and usage, including by addressing infrastructure weaknesses.
4. *Protection*: Encourage a comprehensive approach to consumer protection that recognizes the roles of government, providers and consumers.
5. *Empowerment*: Develop financial literacy and financial capability.
6. *Cooperation*: Create an institutional environment with clear lines of accountability and coordination within government; and also encourage partnerships and direct consultation across government, business and other stakeholders.
7. *Knowledge*: Utilize improved data to make evidence based policy, measure progress, and consider an incremental “test and learn” approach acceptable to both regulator and service provider.
8. *Proportionality*: Build a policy and regulatory framework that is proportionate with the risks and benefits involved in such innovative products and services and is based on an understanding of the gaps and barriers in existing regulation.
9. *Framework*: Consider the following in the regulatory framework, international standards, national circumstances and support for a competitive landscape: an appropriate, flexible, risk-based Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) regime; conditions for the use of agents as a customer interface; a clear regulatory regime reflecting for electronically stored value; and market-based incentives to achieve the long-term goal of broad interoperability and interconnection.

Annex C: List of reports, events and outreach

Regulation and SSBs reports

- Principles and Report on Innovative Financial Inclusion, report, August 2011
- G20 Principles for Innovative Financial Inclusion - Executive Brief, report, August 2011
- The G20 Principles for Innovative Financial Inclusion: Bringing the Principles to Life, September 2011
- “Global Standard-Setting Bodies and Financial Inclusion for the Poor” (white paper), October 2011
- Global Standard-Setting Bodies and Financial Inclusion, September 2011
- Brazil’s Engagement with Standard-Setting Bodies and the Implications for Financial Inclusion, September 2011
- Kenya’s Engagement with the Standard-Setting Bodies and the Implications for Financial Inclusion, September 2011
- Mexico’s Engagement with the Standard-Setting Bodies and the Implications for Financial Inclusion, September 2011
- The Philippines Engagement with the Standard-Setting Bodies and the Implications for Financial Inclusion, September 2011
- South Africa’s Engagement with the Standard-Setting Bodies and the Implications for Financial Inclusion, September 30, 2011
- Materials for the Conference on Standard-Setting Bodies and Financial Inclusion, Basel (October 2012)
 - Issues Paper 1 - Standard-Setting Body Engagement on Financial Inclusion: Progress and Challenges, October 2012
 - Issues Paper 2 – “Proportionality in Practice across the Standard-Setting Bodies: Applying Standards and Guidance while Supporting a Financial Inclusion Agenda”, October 2012
 - Issues Paper 3 – “Financial Inclusion – A Pathway to Financial Stability? Understanding the Linkages,” October 2012
 - Related paper: Financial Inclusion and the Linkages to Stability, Integrity, and Protection: Insights from the South African Experience, November 2012 (CGAP)
- Digital Financial Inclusion and the Implications for Customers, Regulators, Supervisors and Standard-Setting Bodies, Report | Nov 3, 2014

SME Finance reports

- Scaling-Up SME Access to Financial Services in the Developing World, report, 2010
- Report on Turkish Treasury-G20 GPFi Event on SME Finance, G20 and LDCs: Policy Framework, Challenges and What Works, report 2011
- SME Finance Policy Guide, 2011
- Strengthening Access to Finance for Women-Owned SMEs in Developing Countries, 2011
- Scaling up Access to Finance for Agricultural SMEs, 2011

- Innovative Agricultural Finance Models, 2012
- SME Finance Impact Assessment Framework, 2012
- SME Finance Forum Inception Report, 2012
- SME Finance: New Findings, Trends and G20/Global Partnership for Financial Inclusion Progress, 2013
- SME Finance Forum Semi Annual Report, 2013
- Discussion Brief: Financial Consumer Protection Regulation for SMEs, 2013
- Enhancing SME Access to Finance, Case Study, Nov 17, 2014

Data and Measurement Reports

- The G20 Basic Set and Extended Set, including an interactive data portal www.gpfi.org/data
- Financial Inclusion Data: Assessing the Landscape and Country-Level Target Approaches, November 2011
- Financial Inclusion Targets and Goals: Landscape and GPFI View Report, October 2013
- The Use of Financial Inclusion Data Country Case Study: Bangladesh Case Study, February 2014
- The Use of Financial Inclusion Data Country Case Study: Burundi Case Study, February 2014
- The Use of Financial Inclusion Data Country Case Study: Mexico Case Study, February 2014
- The Use of Financial Inclusion Data Country Case Study: Peru Case Study, February 2014
- The Use of Financial Inclusion Data Country Case Study: Philippines Case Study, February 2014
- The Use of Financial Inclusion Data Country Case Study: South Africa Case Study, February 2014

Financial Consumer Protection and Financial Literacy Reports

- Summary of the Joint Russia's G20 Presidency and OECD Publication on Advancing National Strategies for Financial Education September, 2013
- OECD/INFE Policy Guidance on Addressing Women's and Girls' Needs for Financial Awareness and Education September, 2013

Other reports

- Women's World Banking White Paper on Providing Women Access to Financial Services in Response to Proposals by the G20 Financial Inclusion Expert Group, 2012
- Women and Finance Progress Report to the G20, 2013, World Bank Group, OECD/INFE
- The Opportunities of Digitizing Payments, August 2014, World Bank Development Research Group, the Better Than Cash Alliance, and the Bill & Melinda Gates Foundation
- Report on G20 Remittance Commitments , 2014, World Bank Group

GPFI Events

- First High-level Meetings of SSB leadership, convened by the UNSGSA and Honorary GPFI Patron and the BCBS chair, January 9, 2011
- UN- IV LDC Conference Event in Istanbul of 'SME Finance, G20 and LDCs: Policy Framework, Challenges and What Works, May 10, 2011
- G20 Strengthening Access to Finance for Women MSMEs in Developing Countries, *June 20, 2011*
- GPFI Forum, October 1, 2011

- Second High-level Meeting of SSB leadership, co-convened by the UNSGSA and Honorary GPF Patron and the BCBS chair, March 19, 2012
- GPF Forum, September 28-29, 2012
- 1st Conference on Standard-Setting Bodies and Financial Inclusion, Basel, October 29, 2012
- Technical Meeting on Standard- Setting Bodies and Financial Inclusion, Basel, October 30-31, 2012
- Empowering Consumers of Financial Products and Services through Improved Financial Literacy and Effective Consumer Protection Systems" June 13-14, 2013
- GPF Forum, October 21-22, 2013
- Technology and Innovation for Inclusion Expo, August 30, 2014
- GPF Forum: Digitization, remittances and women's economic empowerment, September 1, 2014.
- 2nd Conference on Standard-Setting Bodies and Financial Inclusion, Basel, October 30, 2014