

Global Partnership for Financial Inclusion: 2014 Work Plan

Overview

This document presents the key outcomes for the Global Partnership for Financial Inclusion (GPI) during 2014. The GPI organises its work through four subgroups: Regulation and Standard Setting Bodies (SSBs); Small-medium enterprise (SME) Finance; Financial Literacy and Consumer Protection; and the Markets and Payment Systems subgroup. The Data and Measurement Subgroup completed its work program in 2013. A fourth subgroup, focussed on Markets and Payment systems is expected to be endorsed at the May Workshop of the GPI. Table 1 summarises the structure of the GPI and members of each subgroup.

Table 1: GPI Structure

GPI co-chairs: Australia, Turkey, Russia				
Subgroup	Regulation and SSBs	SME Finance	Financial Literacy and Consumer Protection	Markets and Payment Systems
Subgroup co-chairs	India Indonesia United Kingdom	Germany Korea Turkey	China Russia US	Australia South Africa Mexico
Participating G20 countries	Australia; France; Germany; Italy; United States	Australia; Argentina Brazil; Canada; China; France; Italy; India; Indonesia; Japan; Mexico; Russia; Saudi-Arabia; South Africa; Russia; UK; US	Australia; Argentina; Germany; Italy; Mexico	Brazil; Canada; EU; Germany; Indonesia; Turkey; United Kingdom; United States
Participating non-G20 countries	Kenya; Philippines; Peru; Switzerland	Malaysia; The Netherlands; Switzerland	Czech Republic; Spain	The Netherlands
Implementing partners	Alliance for Financial Inclusion (AFI); CGAP (lead); IFC; OECD; World Bank	AFI; CGAP; IFC; World Bank	AFI; CGAP; OECD; World Bank	WB; BTCA; IFAD; AFI

In addition, the GPFi benefits from the support of, and supports, Her Majesty Queen Máxima of the Netherlands, the UN Secretary General's Special Advocate for Inclusive Finance for Development (UNSGSA) and Honorary Patron of the GPFi.

Outcomes for 2014

In 2014 the GPFi is responsible for delivering a multi-year updated Financial Inclusion Action Plan (FIAP) for endorsement of Leaders, Finance Ministers and Central Bank Governors. As part of this process the GPFi will:

- produce a FIAP Progress Report 2010-2013, to review, assess and champion the work it has undertaken and the achievements it has made since it was established in late 2010
- strengthen the narrative of the GPFi to ensure that it is remaining true to its mandate and connected to the overarching goals of the G20
- establish a clear results framework to enable members to measure the progress of the GPFi and assess when its objectives have been met
- incorporate a focus on remittances
- integrate the St Petersburg Development Outlook objectives of harnessing emerging technologies such as electronic payments and mobile technology to improve access among vulnerable groups, including women
- allow for stronger engagement between the GPFi and the private sector
- ensure consistency in the approach of the GPFi subgroups to cross cutting issues such as innovation, outreach and engagement in GPFi activities, women's economic empowerment and an ongoing focus on data.

To enable the GPFi to effectively deliver these outcomes, the GPFi will also this year reform its subgroup structure and working arrangements. Including updating the GPFi Terms of Reference, establishing Terms of Reference for each subgroup and formalising working arrangements such as roles and responsibilities for the GPFi.org website and maintaining contact lists. The GPFi will also increase its focus on consultation with other G20 working groups.

This overarching agenda is driven by the GPFi troika. Each G20 member country and each subgroup has an important role to play in shaping and delivering these overarching GPFi deliverables and objectives. The updated FIAP, for example, will outline not only how subgroups are contributing to the cross cutting actions of the GPFi, but also include subgroup driven actions. The updated FIAP will also incorporate a results framework to assess progress of both of these types of actions. In addition to this, each GPFi subgroup has a parallel stream of ongoing work and priorities that it will progress throughout 2014. These agendas are set out below.

Regulation and Standard Setting Bodies Subgroup

This work recognizes the importance of an enabling and protective policy environment for innovative financial inclusion, and seeks to harness the influence of the G20 to achieve this end. Specifically, it responds to the call in the G20's St. Petersburg Development Outlook for the GPFi to

explore in 2014 “targeted actions to . . . harness emerging mechanisms such as electronic payments and mobile technology that can significantly improve access”, and upon the Leaders’ call at the St. Petersburg Summit for the standard-setting bodies (SSBs) to: (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 GPMI and engage GPMI representation in relevant activities of the SSBs; and (iii) give attention to emerging issues in financial inclusion of relevance to multiple SSBs.

The subgroup has four main outcomes in 2014.

1. All relevant SSBs (BCBS, CPSS, FATF, IADI, IAIS and IOSCO¹) are engaged in activities to deepen understanding of the cross-cutting issues of innovative financial inclusion.

Activities in pursuit of this outcome will include: (i) the convening of the 2nd GPMI Conference on SSBs and Financial Inclusion; and (ii) the launching of the process to update the 2011 GPMI white paper, *Global Standard-Setting Bodies and Financial Inclusion for the Poor – Toward Proportionate Standards and Guidance*. The theme proposed for the Conference – standard setting in the changing landscape of digital financial inclusion – aims to capture and share current learning and thinking on these topics across the relevant workstreams of the six participating SSBs, with a view to facilitating the development of policy that appropriately supports an inclusive global financial system. The Subgroup will also support the UNSGSA and Honorary Patron of the GPMI in the preparation for a third high-level meeting of Chairs and Secretaries General of the SSBs on financial inclusion, which will underscore the commitment of the SSBs’ leadership. The updating of the 2011 GPMI white paper will be commenced in 2014 with the objective of completing an overview note and detailed outline by the end of the Australian G20 presidency.

2. Individual SSBs deepen understanding of the implications of financial inclusion for their work and the implications of their work for financial inclusion.

The Subgroup will continue supporting, directly and through its members and Implementing Partners, the following activities relevant to financial inclusion, as well as other relevant activities that arise during the course of the 2014 Australian presidency:

- **BCBS:** A Range of Practice Survey on Financial Inclusion and a consultative document for a guidance paper on financial inclusion and the Basel Core Principles, integrating the results of the Survey, both conducted by the Financial Inclusion Workstream of the Basel Consultative Group;
- **CPSS:** The work of the Working Group on Non-banks in Retail Payments and the CPSS-World Bank Task Force on Financial Inclusion, as well as gatherings of the CPSS-World Bank Retail Forum;
- **FATF:** Financial inclusion-related work of FATF’s Policy Development Group, as well as work involving consideration of financial inclusion in FATF Mutual Evaluations;
- **IADI:** Incorporation of financial inclusion in the review and revision of the Core Principles for Effective Deposit Insurance Systems and associated Methodology, as well as the work of the Subcommittee on Financial Inclusion and Innovation;

¹ Basel Committee on Banking Supervision; Committee on Payments and Settlement Systems, Financial Action Task Force, International Association of Deposit Insurers, International Association of Insurance Supervisors, International Organization of Securities Commissions .

- **IAIS:** The work of the Financial Inclusion Subcommittee and the Access to Insurance Initiative (A2ii), the IAIS Implementing Partner for inclusive insurance markets;
- **IOSCO:** The work of the Committee on Retail Investors and of the Growth and Emerging Markets Committee, as well as work related to market conduct;
- **G20/OECD Financial Consumer Protection Task Force:** Ongoing work to identify effective and innovative approaches to implement the G20/OECD High Level Principles on Financial Consumer Protection.

3. Understanding of the linkages among financial inclusion (I), financial stability, financial integrity, and financial consumer protection is deepened.

The Subgroup will continue supporting, directly and through its members and Implementing Partners, research and analysis on optimizing the linkages among financial inclusion, financial stability, financial integrity and financial consumer protection – the I-SIP objectives. This is expected to include one or more additional I-SIP research exercises, as well as the dissemination of learnings from the first three I-SIP research exercises (in South Africa, Pakistan, and Russia).

4. The G20's Financial Inclusion Action Plan (FIAP) is updated to reflect progress of the SSBs to integrate consideration of financial inclusion in their work, and to focus on areas where further progress can be made.

The preparation of the FIAP will include stocktaking of achievements of the Subgroup and the SSBs, as well as the formulation of new or revised Action Steps in areas where the G20's influence can catalyze further progress among the SSBs and encourage enabling and protective policy environments for financial inclusion at the country level. Areas to be addressed in new or revised FIAP Action Steps include: (i) taking into consideration the changing landscape accompanying digital approaches to financial inclusion (ii) facilitating international and domestic remittances and building on their financial inclusion potential; and (iii) integrating financial inclusion more effectively and consistently into financial sector assessments.

The SME Finance Subgroup

The work of the subgroup responds to the requests made by G20 Leaders in 2013.

"[...] 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 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. [...]" **G20 Leaders' Declaration, St. Petersburg 2013**

"[...] We commend the forty emerging market and developing countries, which have made financial inclusion commitments, and ask the GPFi to continue support of the global platforms such as AFI's Maya Declaration, G20 Peer Learning Programme and the World Bank Group's Financial Inclusion Support Framework to assist countries in meeting their commitments. [...] As the SME finance gap remains large worldwide, we call for further efforts, particularly in improving credit information, movable collateral and secured transactions systems, and electronic payments, and promoting

*innovations in SME financial services as laid out in the GPFI report.” **Communiqué of G20 Finance Ministers and Central Bank Governors, Moscow 2013***

The subgroup has four main outcomes for 2014

1. Realizing access to finance for SMEs at the country level: Implementing the SME Finance Compact

The implementation of the SME Finance Compact, launched in 2012, is ongoing. The Alliance for Financial Inclusion’s new SME finance working group is supporting peer learning amongst regulators as an important initial step. Further activities under the SME Finance Initiative and Financial Inclusion Support Framework will follow. The subgroup is in contact with interested potential Compact partner countries and will continue the outreach process.

SME Finance is one of the priority areas for many national financial inclusion targets and commitments, consistent with the SME Finance Compact. The Financial Inclusion Support Framework (FISF) includes SME finance components in the design of the initial country programs (Indonesia, Rwanda, Mozambique), which will help accelerate the design and implementation of SME finance initiatives, policy reforms, and regulatory measures. It is anticipated that the next round of FISF country programs will also cover SME finance in line with national priorities.

2. Accelerating and replicating successful policy reforms that facilitate the expansion of financial services to SMEs

Over the last years GPFI activities evolved from focusing on access to finance and financial services to MSMEs, to a wider agenda of creating an enabling environment for improved financial inclusion which covered knowledge/good practice syntheses - including an extensive 2010 stocktaking report on scaling up SME access to financial services in the developing world, an SME finance policy guide, an SME finance impact assessment framework and reports on agri-finance and women’s enterprise finance, among others. Along these lines GPFI has provided global leadership in raising the level of policymaker and regulatory attention on financial inclusion by adopting relevant principles, technical guides, financing initiatives, data and financial inclusion indicators.

As part of this effort to improve investment climate for SME finance, the subgroup is planning to produce case studies of successful policy interventions that enhance SME access to finance. This effort is based on the analysis contained in the report “Small and Medium Enterprise Finance: New Findings, Trends and G20/GPFI Progress” published in 2013. The report noted the importance of further policy/regulatory support, especially for financial markets infrastructure development and for innovations involving data-driven approaches for SME finance.

The Subgroup together with the SME Finance Forum and SME finance working group of AFI will generate case studies summarizing beneficial small enterprise inclusion policies. The case studies will look into legal and regulatory measures, financial infrastructure improvements and direct support from public financial institutions that effectively promote access to finance for SMEs. This set of case studies, together with an overview, should promote the wider adoption of good practices in SME finance. The above effort is underscored by the widely shared feeling that financial crisis may have complicated SME access to finance, even though there have been no systematic efforts to gauge it quantitatively on a global level, and therefore, there is more value in sharing successful policy

approaches that enhance SME access to finance. In addition, the AFI SME finance working group will develop a set of financial inclusion indicators for small enterprises.

3. Scaling up engagement with private sector to deliver innovative financial inclusion solutions to help closing the SME finance gap

Realizing the G20's broader goals of restoring growth and creating jobs can only be realized if there is greater private sector engagement in the SME finance. The SME Finance Subgroup has inspired the creation of common investment platforms where global public and private investors, such as the IFC, DFID, EIB and Goldman Sachs combine resources to reduce risks for emerging market financial institutions' investments in SMEs. In 2014 the subgroup will focus emerging technologies which can further reduce costs of sourcing and managing SME finance portfolios. The subgroup will help connect some of the more promising innovators from developed countries to emerging market opportunities. It will also draw wider attention to the new policy and regulatory issues raised by the newly available technology.

The subgroup intends to use key events during the current presidency, such as the GPMI Forum in Perth this coming September, as opportunities to dovetail workshops on technological innovation and responsible finance, which should attract widespread private sector interest and participation if announced enough in advance.

The subgroup plans, over this and the next presidency, to evolve the SME Finance Forum into a global membership body for private and public financial institutions (banks, non-bank finance companies, development banks, fintech companies, etc). This will provide both a sustainable legacy for the group's work and a permanent platform for public-private engagement in SME Finance knowledge sharing and good practice promotion.

4. Enhancing coordination among G20 activities on promoting SMEs

As called for, the SME Finance Subgroup will actively coordinate with the G20 Investment and Infrastructure Working Group (IIWG) and its workstreams that work on SME finance related areas such as intermediation and investment climate to avoid duplication and help creating synergies where appropriate. In particular, the SME finance subgroup will suggest in consultation with the IIWG further activities to be taken up this year on identifying measures to increase the provision of long-term financing for investment in the SME sector in developing countries

The Financial Literacy and Consumer Protection Subgroup

The work of this subgroup responds to calls by G20 Leaders in 2013 and the **2013 St Petersburg Development Outlook**

"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 ... and the instruments to measure youth financial literacy such as the Programme for International Student Assessment (PISA) and expressed support for their widespread use ... 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... We welcome the G20 Russia's Presidency and the OECD Publication on national strategies for financial education... 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 "G20 Leaders' Declaration, St. Petersburg 2013

"In coordination with the GPF, we will explore in 2014 options to strengthen financial inclusion work in developing countries and targeted actions to:

- harness emerging mechanisms such as electronic payments and mobile technology that can significantly improve access; and*
 - increase uptake by increasing incentives, financial literacy, financial education and consumer protection for the poor, in particular vulnerable groups such as women, youth and migrants."*
- 2013 St Petersburg Development Outlook**

The subgroup has four main outcomes in 2014.

1. Improving the capacity of public authorities and other relevant stakeholders to develop and implement financial literacy and consumer protection measures

This action requires the Subgroup to facilitate implementing partners and others to develop targeted and practical assistance for country-level and private sector FCPFL by promoting peer review and exchange, coordinated inputs into global FCPFL deliberations and the identification/filling of gaps that are particularly important in a financial inclusion context.

2. Promoting consumer protection and financial education good practices for digitally delivered financial products and services

This action requires the Subgroup to be the hub / driver within GPF for technical content on FCPFL risks and solutions associated with Digitalized Finance, and to provide inputs for multiple GPF activities in the other Subgroups.

3. Support the agreed cross cutting actions relating to data measurement, working with the private sector, enabling innovation, women's economic empowerment and working with other Subgroups.

These actions will be implemented through initiatives such as: developing and supporting the implementation of financial literacy and financial consumer protection measurement tools and indicators; actively engaging with the private sector in the context of Subgroup – supported projects and conferences / seminars; supporting projects and convening conferences and seminars relating to FCPFL issues associated with the digital delivery of financial services and products and to women's economic well – being; and actively coordinating and developing projects and conferences / seminars with other Subgroups and providing specific technical inputs related to FCPFL issues to their work.

The Markets and Payment Systems Subgroup

The overall goal of the subgroup for the next five years is to advance utilisation of payment systems including remittances in the pursuit of increased and sustainable financial inclusion. The initial focus will be on remittances. The sub-group will focus on emerging technologies and business models and will incorporate strong links to market based approaches through engagement with financial service providers. The sub-group responds to the call in the G20's St. Petersburg Development Outlook for the GPFI to explore in 2014 *"targeted actions to . . . harness emerging mechanisms such as electronic payments and mobile technology that can significantly improve access"*.

The subgroup has four main outcomes in 2014.

1. Remittances

The subgroup will initially focus on actions related to remittances, specifically to meet existing G20 commitments to reduce the cost of sending remittances. The subgroup will also identify how best to leverage remittances to further financial inclusion and will raise awareness of, and help identify solutions to, the "MTO bank accounts closure issue". A key input into this analysis will be the World Bank Group's Report on G20 Remittance Commitments. Remittances can provide a pathway to inclusion for poor consumers, but only if services are priced and tailored appropriately.

2. Stocktake/gap analysis:

The stocktake/gap analysis will set the agenda for the new subgroup. This analysis will identify the components and instances of payment services that are relevant in the context of extending and deepening financial inclusion. The areas identified below will be taken into account in this analysis.

3. Analysis of ways to harness emerging technologies:

Based on the gap analysis, the subgroup will conduct further analysis on how best to leverage and amplify opportunities for innovative technologies and business models to further financial inclusion. This work will incorporate policy guidelines, possible regulatory frameworks, risk-based supervision and other issues relevant to the use of appropriate payment systems. The output of the analyses will typically be a discussion paper.

4. Additional work in regard to remittances:

The subgroup will, as appropriate, identify and disseminate country case studies to stakeholders on areas such as : models to reduce remittance transfer costs and the lessons that can be applied elsewhere in the world; the cost drivers of remittance transfers and identification of areas for high-impact reduction of these cost drivers (including moves toward responsible digital finance and research regarding the impact of any price reductions); appropriate enabling environments that expand remittance markets whilst also furthering financial inclusion; and the potentially greater role for other types of financial services providers such as microfinance institutions to deliver remittances and remittance-linked financial services, especially in rural areas. Studies on best practices for increased take-up of remittance-linked financial services and the appropriate use of technology to increase efficiencies will be undertaken.

GPI Outputs

Output	Subgroup	Date
“Inclusion, Stability, Integrity and Protection: Observations and Lessons...” for Russia and Pakistan	SSBs	First half of 2014
Inclusion, Stability, Integrity and Protection research commenced in 1-2 other countries	SSBs	Throughout 2014
Input into the work of the G20/OECD Task Force on Consumer Protection on the implementation of the G20 High-level Principles on Financial Consumer protection	FLCP	Throughout 2014
Input into: <ul style="list-style-type: none"> • OECD/INFE progress report on implementing national strategies for financial education • OECD/INFE guidelines on private and non-profit sectors in financial education • OECD/INFE report on core competencies on financial literacy • OECD/INFE work on financial education and migrants 	FLCP	Throughout 2014
Input into: <ul style="list-style-type: none"> • Review and revision of the World Bank Global Good Practices on Financial Consumer Protection • AFI, CGAP and WB - Consumer protection needs assessment guide of financial regulators, supervisors and policy makers • AFI Guidance Notes • 	FLCP	Throughout 2014
Input into: <ul style="list-style-type: none"> • CGAP - behavioural and consumer research tools and applications • OECD/INFE Policy Guidance on financially empowering vulnerable groups 	FLCP	Throughout 2014
Support the design and delivery of RFF V and in the follow up work to finalise identification of relevant risks and emerging public/private sector solutions / regulations / self – regulatory codes and standards.	SME, FLCP	Throughout 2014
Case studies of successful policy approaches that enhance SME access to finance	SME	September 2014

Output	Subgroup	Date
Updated Financial Inclusion Action Plan	All	September 2014
Materials for 2 nd GPFI Conference on SSBs and Financial Inclusion, including issues papers as appropriate to session content	SSBs	Mid-October 2014
Stocktake of promising and successful initiatives to enhance women's financial inclusion	FLCP	November 2014
Guidance note/discussion paper on harnessing emerging technologies and business models in order to expand financial inclusion	M&P	December 2014
FIAP Progress Report 2010-2014	All	December 2014
Overview note and detailed outline of the updated white paper (full text of the updated white paper to be developed and released in 2015)	SSBs	End 2014

GPI Timeline of events

Date	Event	Location	Activities
11-12 Mar 2014	G20 Small and Medium Enterprises Workshop	Riyadh	SME Finance Co-Chair presenting work of SME finance Subgroup on panel, also for active coordination with the IIWG
9 Apr 2014	World Bank Seminar “Digital Finance: Innovation at the Core of Big Development Challenges”	Washington DC	Relevant event to attend for the GPI participants in the context of the digital / emerging technologies focus in 2014.
5-6 May 2014	GPI workshop	Hobart	
7-9 May 2014	AFI SME Finance Working Group Meeting	Yogyakarta	Participation of all co-chairs
12-15 May 2014	CGAP Annual Meeting	Lima	Micro and Small- business working group
21-23 May 2014	INFE Technical Committee Meeting International Conference on Financial Education.	Istanbul	GPI members and implementing partners participated. Topics discussed included global trends and outputs on financial literacy worldwide and good practices and indicators of success.
3-4 Jun 2014	Financial Inclusion Conference, hosted by Under Secretariat of Treasury of Turkey, Capital Markets Board of Turkey, Banking Regulation and Supervision Agency of Turkey and Borsa Istanbul	Istanbul	GPI members and implementing partners participated. Topics discussed included global financial inclusion agenda, financial inclusion strategies and policies, CPFL issues related to women and alternative delivery channels

Date	Event	Location	Activities
4-6 Jun 2014	Meeting of the IFI/DFI SME working group	The Hague	Speaking engagement of co-chairs and implementing partner
9 Jul 2014	Release of PISA Financial Literacy results and publication (for 15 years old students)	Paris	
28-29 Aug 2014	Responsible Finance Forum V: Responsible Digital Finance	Perth	Engagement of GPFI co-chairs and Subgroup co-chairs in particular, of Subgroup on Consumer Protection and Subgroup on SSB outreach Draft principles to be developed , RFF V being an interim step for consultation
30 Aug 2014	Innovative solutions to close the SME finance gap	Perth	Hosted by the GPFI SME Finance subgroup. Presentation of the results of a survey carried out to find what technologies these private sector leaders consider most exciting and essential for growing their businesses into the MSME space over the coming years. The survey will include basic descriptions of these technologies and lists of key firms active in these fields. The workshop also will feature “TED talk” style presentations by leading financial institutions in base-of-the-pyramid market development, and by leading technology companies. It will include talks by governments that have implemented policy and regulatory changes to encourage innovations that reduce obstacles to financing MSMEs and poor households.
1 Sep 2014	GPFI Forum	Perth	The main outreach event for the GPFI in 2014, targeting participants from the private sector, non-G20 countries (LIC’s), B20, C20 and Y20.
2 Sep 2014	GPFI Plenary	Perth	

Date	Event	Location	Activities
9-11 Sep 2014	AFI Global Policy Forum	Port au Prince	Presentation to the AFI membership on the work of the GPFI. Participation in AFI working groups.
2 Oct 2014	3rd High-level Meeting of SSB Chairs and Secretaries General on Financial Inclusion	Basel	Subgroup support for the UNSGSA in event preparation, contribution to briefing the G20 representative to the meeting
30-31 Oct 2014	Second GPFI Conference on Standard-Setting Bodies and Financial Inclusion: Standard Setting in the Changing Landscape of Digital Financial Inclusion	Basel	The GPFI organisation of the event, including content development, in consultation with the SSBs and the Financial Stability Institute of the BIS, which will host the event
5-6 Nov 2014	INFE technical Committee Meeting. Global Policy Research Symposium on Improving Financial Literacy	Paris	Participation of key GPFI delegates and co-chairs in the development of deliverables and in the conference