GPFI Global Partnership for Financial Inclusion

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PROGRESS REPORT ON THE IMPLEMENTATION OF THE G20 HIGH-LEVEL PRINCIPLES FOR DIGITAL FINANCIAL INCLUSION

DECEMBER 2023

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Acknowledgements

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Abbreviations and acronyms

AML/CFT	Anti-money laundering/countering the financing of terrorism
DFI	Digital financial inclusion
DFS	Digital financial services
EAP	East Asia and the Pacific
eKYC	Electronic/digital Know Your Client
FIAP	Financial Inclusion Action Plan
FSP	Financial service provider
G20	Group of 20 countries
GPFI	Global Partnership for Financial Inclusion
HLP	High-Level Principle
IFC	International Finance Corporation
MSE	Micro and small enterprise
MSME	Micro, small, and medium enterprise
SME	Small and medium-sized enterprise
SSA	Sub-Saharan Africa

1. Introduction

a. Background: The Financial Inclusion Action Plan

Financial inclusion and related issues are both national and global agendas. At the 2010 Seoul Summit, the leaders of the Group of 20 countries (G20) committed to the G20 Financial Inclusion Action Plan (FIAP) and published nine Principles for Innovative Financial Inclusion as guidelines for developing financial inclusion. At the end of 2010, the G20 leaders formed the Global Partnership for Financial Inclusion (GPFI) to implement the G20 agenda related to financial inclusion. GPFI is a platform for G20 member countries, non-G20 countries, and stakeholders to conduct peer learning, knowledge-sharing, and policy advocacy and coordination, as well as implement the G20 FIAP. The GPFI's efforts include helping countries put into practice the G20 Principles for Innovative Financial Inclusion,[1] strengthening data for measuring financial inclusion, and developing methodologies for countries wishing to set targets.

The 2010 G20 Principles for Innovative Financial Inclusion spurred initial efforts and policy actions. The G20 Principles for Innovative Financial Inclusion consist of nine core principles for promoting financial inclusion, based on experience and good practice, which form the basis of the G20's FIAP. A report published by the Alliance for Financial Inclusion, in its capacity as implementing partner of the GPFI, describes how 11 countries[2] on 5 continents have successfully applied the principles, and the lessons they have learned in doing so.

b. G20 High-Level Principles for Digital Financial Inclusion

In 2016, under the Chinese presidency of the G20, the GPFI published the High-Level Principles (HLPs) for Digital Financial Inclusion to build on the success of the 2010 G20 Principles.[3] The HLPs were published with an intention to provide a basis for country action plans reflecting country context and national circumstances to leverage the huge potential offered by digital technologies. These eight HLPs are based on the rich experience reflected in G20 and non-G20 country experiences, and international standard-setting bodies' standards and guidance.

Further work was undertaken by subsequent G20 presidencies to facilitate these objectives. For instance, the 2017 G20/GPFI report Digital Financial Inclusion: Emerging Policy Approaches, published under the German presidency, discusses emerging country strategies and policy approaches to increase the use of digital financial services (DFS), with a focus on the roles of policymakers and regulators with respect to HLPs 1–4.[4] The 2020 G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs under the Saudi Arabian presidency further provides sets of featured policy options targeting financial inclusion gaps for youth (subject to child protection frameworks where relevant), women, and small and medium-sized enterprises (SMEs) through DFS to reach conditions in which all people can live, work, and thrive, as well as utilize and share benefits of innovations and digitization.[5]

1 G20 (2010)
2 Brazil, Indonesia, Kenya, Mexico, Nigeria, Peru, Philippines, Republic of Korea, Russian Federation, Türkiye, and United Kingdom.
3 GPFI (2016)
4 GPFI (2017)
5 GPFI (2020a)

c. HLPs implementation guide and progress report

Under the Indonesian presidency in 2022, the GPFI produced an implementation guide for HLPs 1–6.[6] The implementation guide focuses on HLPs 1–6 and dedicates a chapter to each one, emphasizing practical "how-to" approaches and replicable examples of good practices. The implementation guide also features country case studies and examples of good practices followed by G20 member countries and others in implementing the HLPs. A key feature of the implementation guide for HLPs 1–6 was an appendix with a self-assessment tool which could be used by G20 and non-G20 countries to assess their own progress in implementing the HLPs. In 2023, under the Indian presidency, this implementation guide was further expanded to include self-assessment questions for HLPs 7 and 8 through a supplementary implementation guide.

One of the key deliverables under the 2020 FIAP[7] is a progress report on the implementation of the HLPs globally. To achieve this, a self-assessment survey, based on the questions in the implementation guide and supplementary implementation guide, was launched in June 2023. The responses to this survey form the basis for this global progress report (Section 3). In addition, these findings have been supplemented with desk research and data collected through global financial inclusion surveys, including the Global Findex Database and the International Finance Corporation's (IFC) reports on the finance gap for micro, small, and medium enterprises (MSMEs) in Section 2, to provide a global overview of financial inclusion. Finally, Section 4 summarizes the key takeaways and possible next steps for GPFI.

6 GPFI (2022)
7 GPFI (2020b)

2. Global progress on financial inclusion

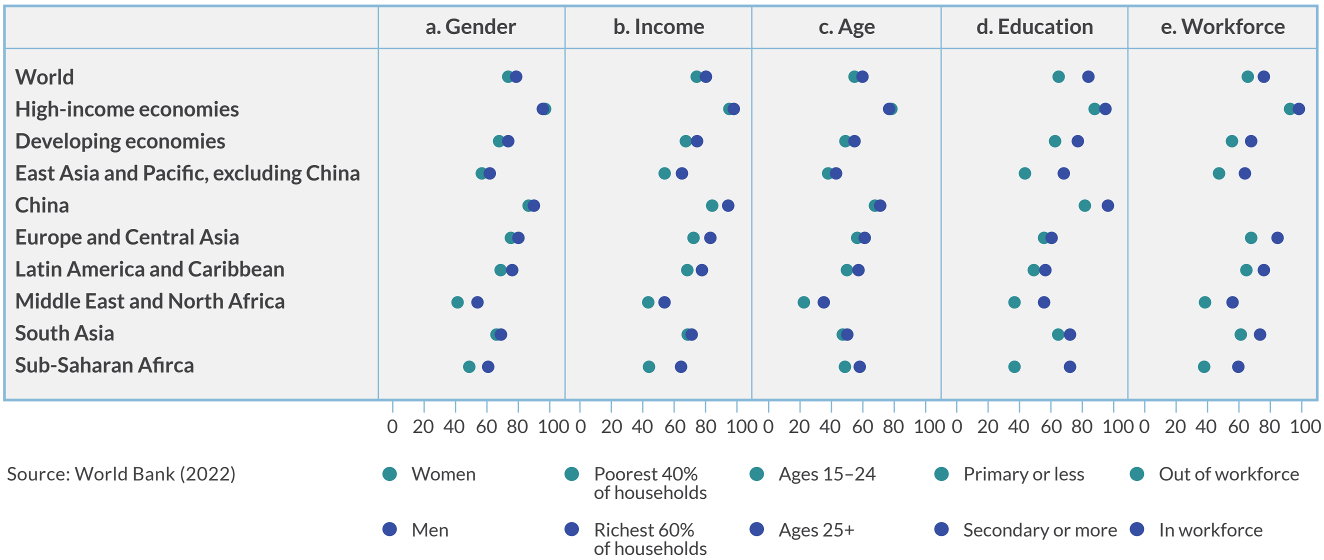
Summary of key points

- Worldwide, account ownership has reached 76 percent of adults—and 71 percent of adults in developing economies.
- In 2021, the gender gap in financial inclusion showed a decline for the first time in a decade; however, much more needs to be done to close this gap.
- In developing economies, the use of DFS (especially digital payments) has grown rapidly in recent years, in part due to the COVID-19 pandemic. Digital payments are seen as a gateway to the rapid uptake and wider adoption of formal financial services.
- Despite the progress in access there are continued gaps in financial resilience.
- The lack of financial and digital literacy among unbanked and underserved people remains a major barrier to greater financial inclusion.
- MSMEs continue to face significant gaps with regards to access to credit, with the finance gap having increased between 2015 and 2019.
- The COVID-19 pandemic has exacerbated vulnerabilities of MSMEs in several countries by impacting revenues of businesses and the livelihoods of individuals working in this sector.

a. Financial inclusion of individuals

Financial inclusion has made notable progress over the past decade. The number of unbanked adults worldwide[8] continues to fall—from 2.5 billion in 2011, to 2 billion in 2014, 1.7 billion in 2017, and 1.4 billion in 2021.[9] Since account ownership in high-income economies is nearly universal, almost all unbanked adults live in developing economies. Some of the key barriers to account ownership include the lack of money, perceived cost of accounts, distance, and documentation requirements. Despite global efforts to reduce financial inclusion inequality, women, poor people, young people, and those with lower educational attainment are less likely to have a bank account (Figure 2.1).

Figure 2.1. Account ownership among adults—by regional and income groups, 2021 (%)

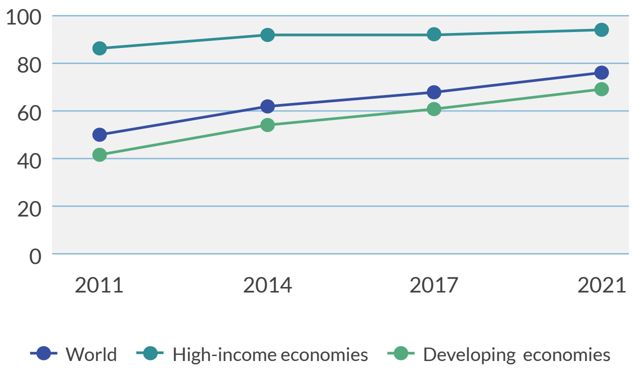


Source: World Bank (2022)

[8] Adults without an account at a financial institution or through a mobile money provider.
[9] World Bank (2022)

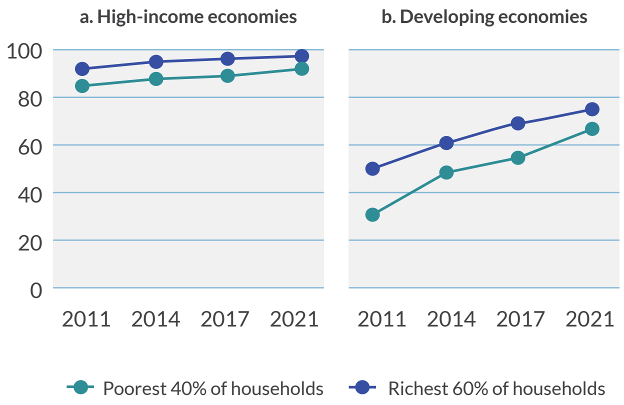
In 2021, account ownership reached 76 percent of adults worldwide, representing a 50 percent increase from 2011. More remarkable progress was seen in developing economies, where account ownership grew by 30 percentage points, from 42 percent of adults in 2011 to 71 percent in 2021 (**Figure 2.2**). Globally, poorer adults are less likely to own an account, and although the income gap in account ownership has halved in the past decade, in many developing countries the income gap is still in double digits. In fact, the poorest 40 percent of households represent nearly half of the unbanked people (**Figure 2.3**), and in East Asia and the Pacific (EAP), more than half of the unbanked adults are in the poorest 40 percent of households.

Figure 2.2. Account ownership among adults —by income group, 2011–2021 (%)



Source: World Bank (2022)

Figure 2.3. Account ownership among the poorest 40% and richest 60% of households, 2011–2021 (%)



Source: World Bank (2022)

Women continue to be more likely than men to be unbanked. Globally in 2021, 78 percent of men and 74 percent of women had an account (**Figure 2.4**). Although the gender gap in account ownership in developing countries has improved, falling from 9 percentage points to 6 percentage points (74 percent in men and 68 percent in women), approximately 740 million women do not own an account, which represents 56 percent of all unbanked adults worldwide. Even in countries with increased account ownership and a smaller share of unbanked adults, the majority of those unbanked are women. The lack of formal identification, lower financial capability, and not using a mobile phone or any form of technology often exclude women from the formal financial sector. Guidelines to improve financial inclusion for women are available.[10,11] The global gender gap can be further reduced by taking into consideration constraints that are specific to women such as addressing barriers to financial inclusion that disproportionately impact women, and designing products that are suitable for women. Moreover, tracking the outcomes of such efforts by collecting gender-disaggregated data is crucial to assess the effectiveness of such initiatives and to adjust service propositions to better suit women's requirements.

[10] GPFI (2020a)
[11] BTCA (2023b)

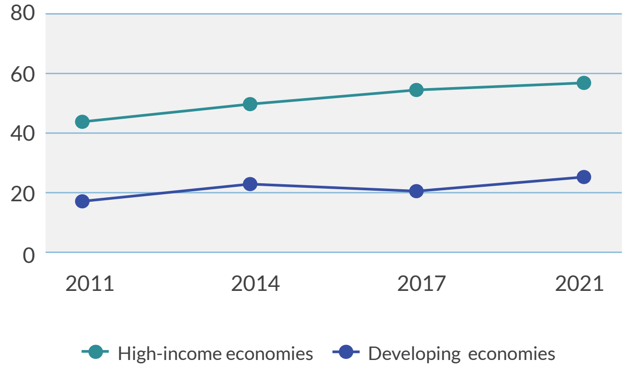
Figure 2.4. Gender gap in account ownership, 2021

Source: World Bank (2022)

There has been notable growth in formal saving and borrowing over the past decade. In 2021, the proportion of adults saving formally increased in both high-income and developing economies, by 14 percentage points and 7 percentage points, respectively, compared to 2011 (**Figure 2.5**). In developing economies, 25 percent of adults saved using an account, while in sub-Saharan Africa (SSA), adults saved more through mobile money accounts.

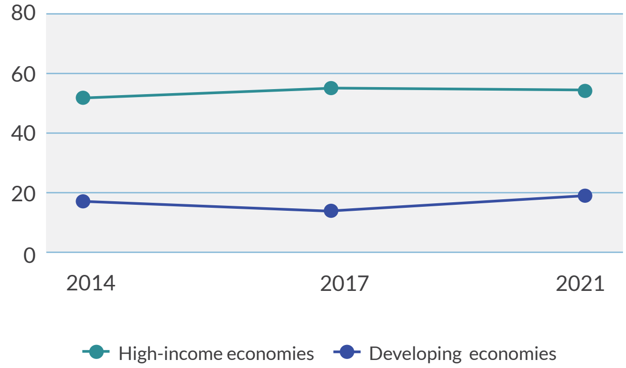
Globally, 53 percent of adults borrowed money in 2021, and around 50 percent did so in developing countries The proportion of adults borrowing formally grew from 16 percent to 23 percent in developing countries over the past decade, while it remained stable at 56 percent in high-income countries (**Figure 2.6**).

Figure 2.5. Adults who saved formally in the past year, 2011–2021 (%)



Source: World Bank (2022)

Figure 2.6. Adults who borrowed formally in the past year, 2011–2021 (%)

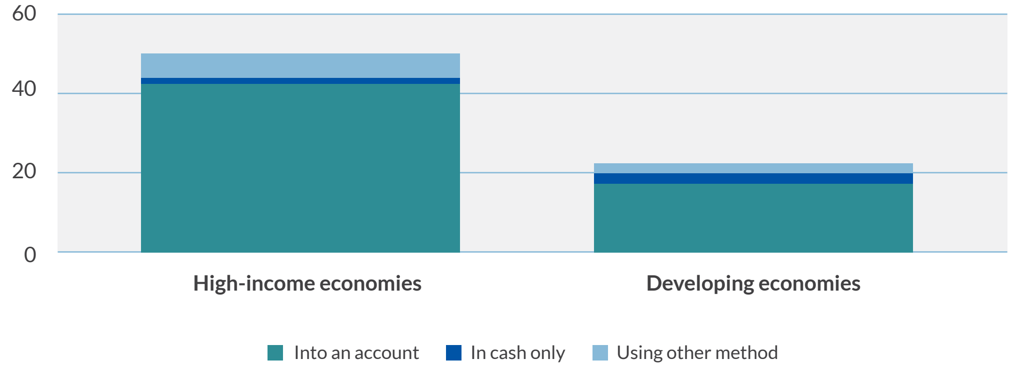


Source: World Bank (2022)

Digital payments are seen as a gateway to the rapid uptake and wider adoption of formal financial services, where payment recipients can use their accounts for fund management, saving, borrowing, or investment.[12] In both high-income and developing economies, the most common use for an account was to make or receive a payment, followed by saving and borrowing. As evidenced in the 2021 Global Findex Survey, 36 percent of adults in developing countries received a payment into an account, with 83 percent of them reporting making the digital payment. Almost two-thirds of recipients of a digital payment used their account to store money, while approximately 40 percent used their account for saving, and 40 percent for borrowing from financial institutions.

DFS offer safer and more affordable means for users to store and transfer their funds quickly across borders, leading to increases in remittances, consumption, and investments. During the COVID-19 lockdowns, digital payment proved an exceptionally beneficial tool for households in developing economies to weather the crisis, enabling them to receive government transfers or emergency relief funds. In fact, among the 22 percent of adults receiving government payments in developing countries, 67 percent of them receive them through an account (Figure 2.7). Regardless, hundreds of millions of unbanked adults continue to receive payments—such as wages, government transfers, or proceeds from the sale of agricultural produce—in cash. Digitalizing these payments could create an entry point for increasing account ownership for these people, and also for expediting progress towards the Sustainable Development Goals.[13]

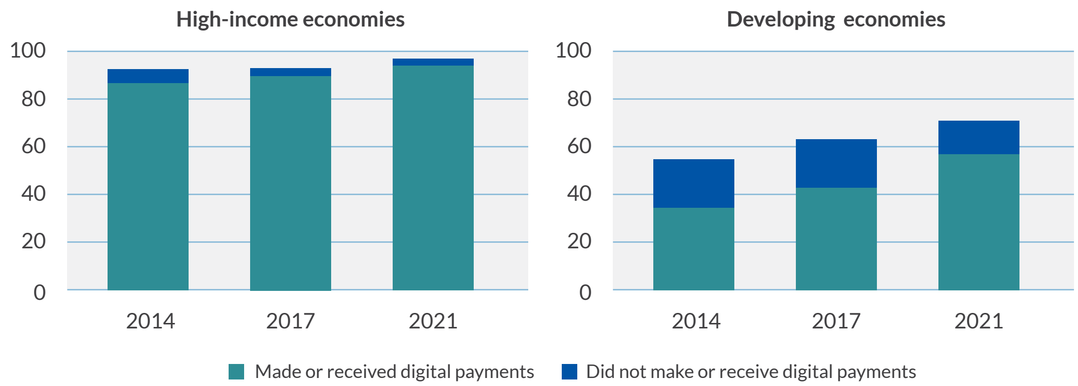
Figure 2.7. Adults receiving government payments in the past year, 2021 (%)



Source: World Bank (2022)

In developing economies, the use of digital payments has grown rapidly in recent years. As evidenced in Figure 2.8, the number of adults making or receiving digital payments in developing countries grew by 22 percentage points, from 35 percent in 2014 to 57 percent in 2021. About 620 million adults with an account pay their utility bills in cash, while in developing countries, 1.6 billion adults with an account made merchant payments in cash only.

Figure 2.8. Trends in digital payments, 2014–2021

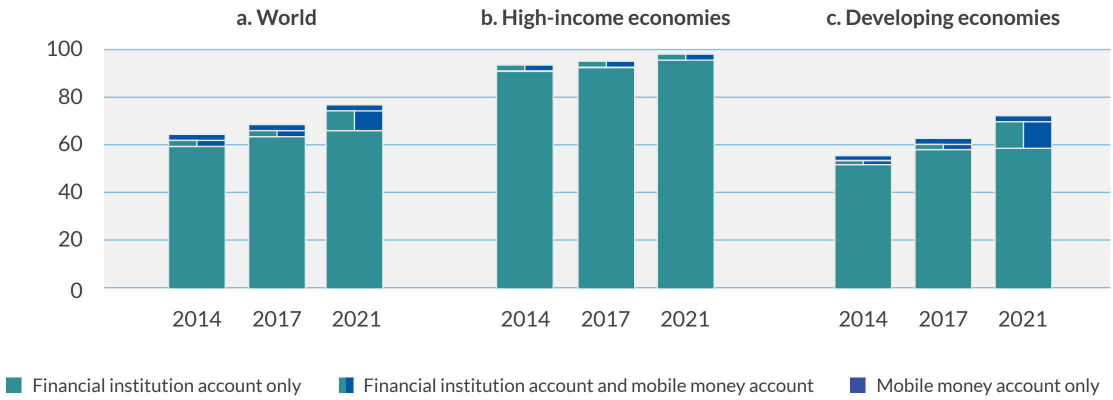


Source: World Bank (2022)

[12] BTCA (2021)
[13] BTCA (2023a)

Mobile money could be an important enabler to close the access gap, as evidenced in SSA, where more adults had a mobile money account than an account with a financial institution. The number of mobile money accounts has grown across this region, and they have proven to better serve previously excluded groups such as women and poor people. According to the GSMA's Global Adoption Survey, approximately two in five (44 percent) mobile money providers enable access to credit, savings, or insurance products. Uptake of these products in 2021 gained traction in less mature markets. Interestingly, data showed that many countries in SSA saw growth in mobile money accounts while experiencing a decline in financial institution accounts.

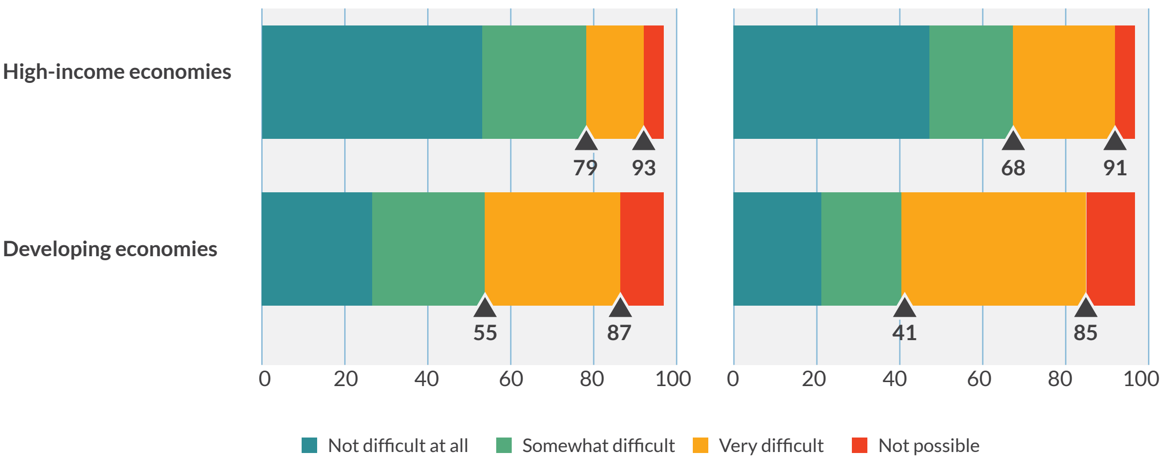
Figure 2.9. Trend in financial institution accounts vs mobile money accounts, 2014–2021



Source: World Bank (2022)

Despite the progress in access, there are continued gaps in financial resilience. In developing economies, only about 55 percent of adults could access emergency money with little or no difficulty within 30 days. More than half of adults are very worried about at least one area of financial stress (Figure 2.10).

Figure 2.10. Adults assessing how difficult it would be to access emergency money, 2021 (%)



Source: World Bank (2022)

The lack of financial and digital literacy among underserved groups is another cause for concern. This points to a need to develop financial products that meet the needs of these groups. According to Global F index, 64 percent of unbanked adults in developing economies in 2021 stated they were unsure about managing an account without help. Women are 5 percentage points more likely than men to need help using their mobile money account.

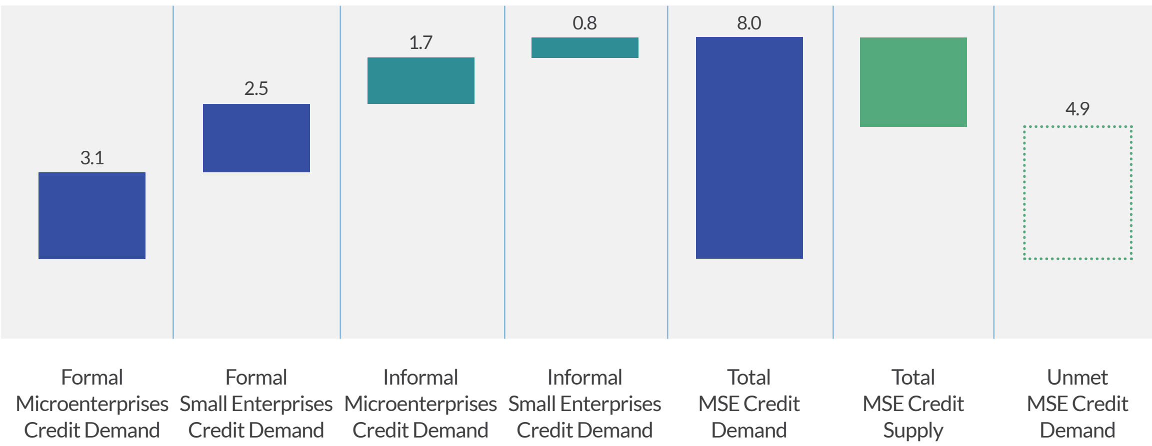
The implementation of DFS needs to consider and mitigate the risks of exclusion of those with limited digital access and skills, or facing other exclusion risks. For example, the gender digital divide in access to the internet and mobile phones has been found to go together with the increasing gender gap in account ownership. This disproportionately affects people in low- and middle-income countries, and especially women in low-income countries.

b. MSME access to finance

MSMEs face significant gaps with regards to access to credit. In fact, the finance gap increased between 2015 and 2019.[14] A forthcoming paper from the International Finance Corporation estimates that the potential demand for MSME finance in 2019 was USD10.3 trillion, with only USD4.6 trillion being supplied, which represents a financing gap of USD5.7 trillion. MSMEs' finance gap increased by USD1 trillion between 2015 and 2019. Moreover, when looking at financing gaps by income group, the supply of finance to MSMEs is mostly concentrated in upper-middle-income countries, which hold 92 percent of supply. Also, MSMEs in low-income countries are more financially constrained than in other income groups, with 26 percent of MSMEs being fully constrained.

Micro and small enterprises. There are an estimated 487 million formal and informal micro and small enterprises (MSEs) operating globally, with the majority in emerging economies.[15] Substantial efforts have been made, with credit amounting to USD3.1 trillion being supplied to MSEs globally. However, as potential demand is estimated at around USD8 trillion, the financing gap remains at USD4.9 trillion or 60 percent (**Figure 2.11**).

Figure 2.11. Global MSE credit gap (USD trillions)

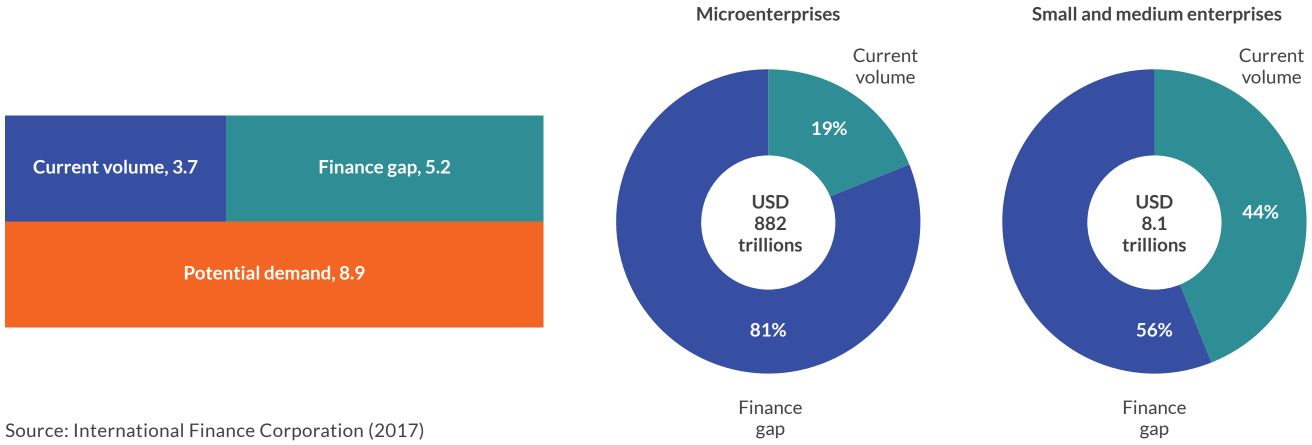


Source: CGAP (2022)

Medium-sized enterprises. If we include the data for medium-sized enterprises, as in **Figure 2.12**, the total credit demand is estimated to be USD8.9 trillion, of which USD3.7 trillion is currently being provided. This leaves an estimate of USD5.2 trillion in financing gap (or 59 percent of potential demand) for MSMEs, which represents 19 percent of cumulative Gross Domestic Product[16] in developing countries. Taken together, out of the USD5.2 trillion finance gap, 87 percent is needed by SMEs, while 13 percent is needed for micro enterprises.

[14] IFC (2017) uses data from 2015, and IFC (2023, forthcoming) uses data from 2019.
[15] CGAP (2022)
[16] IFC (2017) covered 128 developing economies, 112 of which are low- or middle-income countries.

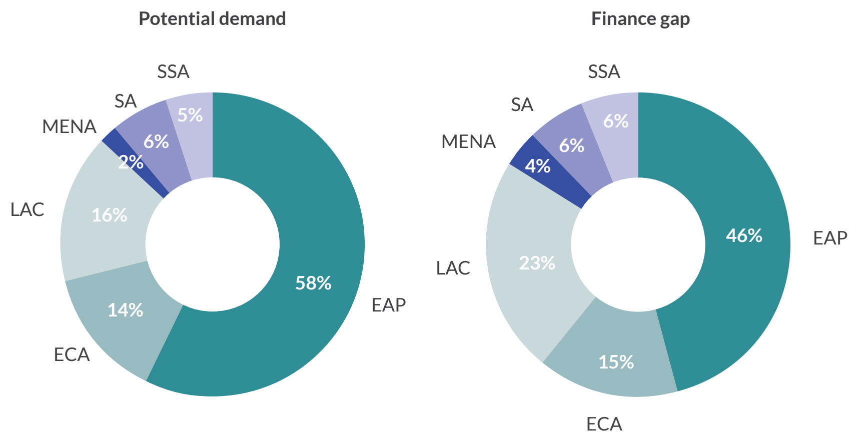
Figure 2.12. MSME finance gap (USD trillions)



Source: International Finance Corporation (2017)

There are regional variations in the MSME financing gap. EAP contributes to most of the unmet financing need, with the highest gap of 46 percent, followed by Latin America and the Caribbean, and Europe and Central Asia, with gaps of 23 percent and 15 percent, respectively (Figure 2.13).

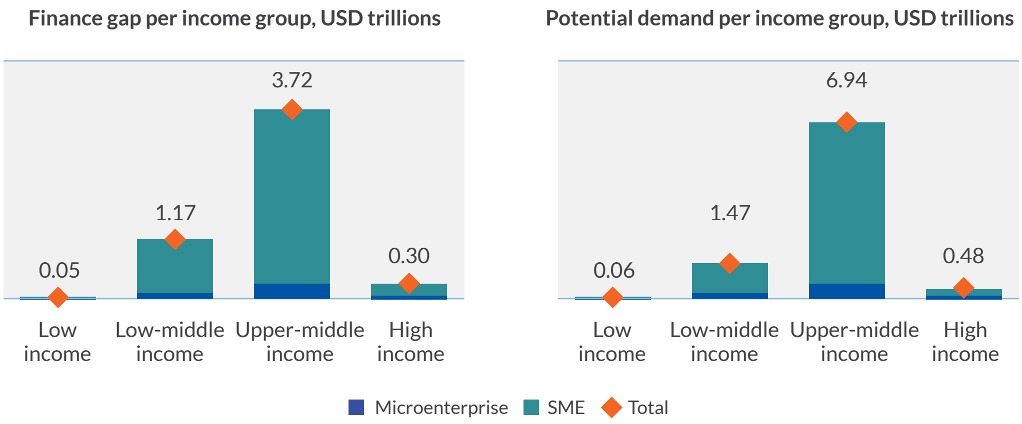
Figure 2.13. Regional distribution of the MSME potential demand and finance gap (%)



Source: International Finance Corporation (2017)

The gap also varies by country income level. The MSME finance gap is largest in upper-middle-income countries (71 percent), followed by lower-middle-income countries (22 percent) (Figure 2.14). The fact that more than 50 percent of MSMEs are in the upper-middle-income category could have contributed to the largest MSME financing gap being in this income group.

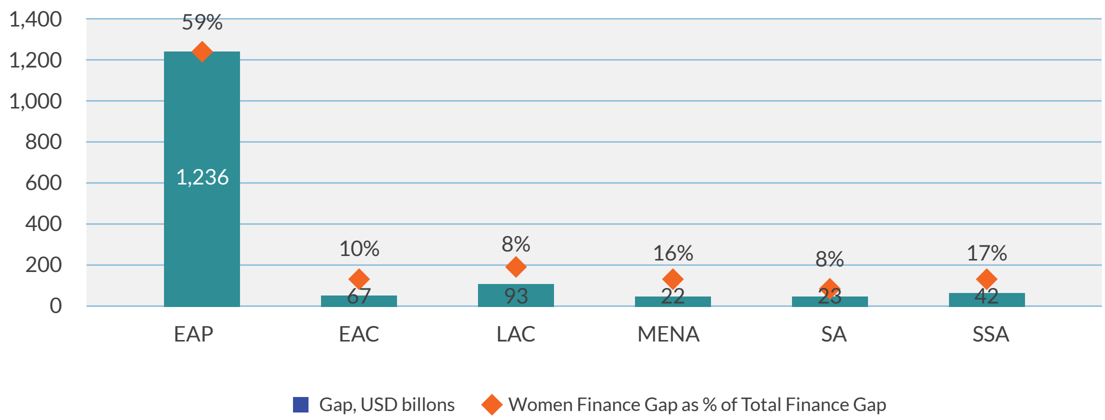
Figure 2.14. MSME finance gap and potential demand, by income group (USD trillions)



Source: International Finance Corporation (2017)

In terms of gender, the MSME finance gap in developing countries attributed to women-owned enterprises is the largest in EAP, estimated at USD1.339 trillion, with 92 percent needed for SMEs and 8 percent for microenterprises. As Figure 2.15 shows, EAP remains the region with the highest proportion of both SMEs and microenterprises led by women (59 percent of SMEs, 37 percent of microenterprises). This presents significant opportunities to fund female entrepreneurs in EAP; therefore, gender-oriented policy tools for MSME financing should be prioritized in this region.

Figure 2.15. SME finance gap among women-owned enterprises (USD billions)



Source: International Finance Corporation (2017)

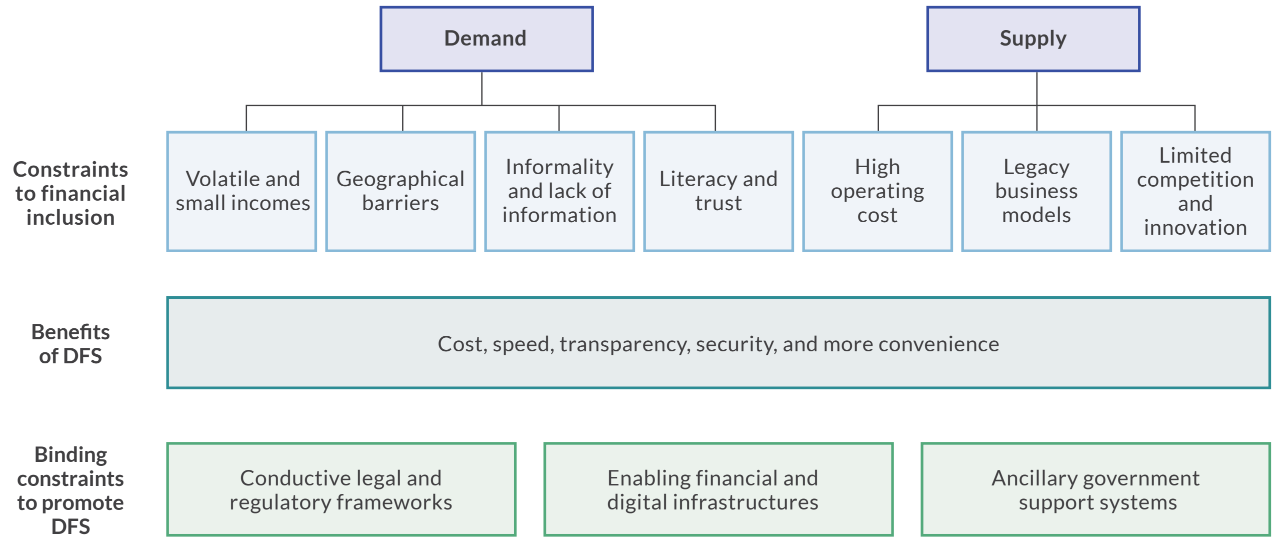
The COVID-19 pandemic has further exacerbated vulnerabilities of MSMEs in several respects. At the beginning of the pandemic, many vulnerable groups struggled to access basic financial services following the implementation of public health and isolation measures, such as lockdowns, and the resulting job losses and economic effects. The vast majority of MSMEs in developing countries operate in the informal sector and are largely owned by vulnerable segments of the population. The World Bank's Business Pulse Surveys[17] evidenced the impact of the pandemic on the business revenues and therefore the livelihoods of MSMEs and persons employed by them. The pandemic has also evidenced the importance of DFS in enabling households and businesses to cope with unexpected shocks, maintain financial resilience, and recover from economic setbacks.

[17] World Bank (2021)

c. Role of DFS in removing barriers to financial inclusion

Barriers to financial inclusion may be explained as a combination of demand-side and supply-side factors, many of which can be addressed by increased adoption of DFS (Figure 2.16).[18]

Figure 2.16. Constraints to financial inclusion and the role of DFS



Source: World Bank (2020)

Demand-side barriers. Barriers on the demand side include volatile and small incomes, geographical barriers, informality and lack of documentation, and lack of trust in financial institutions coupled with lack of financial literacy. Among MSMEs, lack of access to finance is a major barrier to enterprise growth, which is often the result of informality and lack of skills among small-business owners.

- **Volatile and small incomes.** In 2021, 36 percent of unbanked adults worldwide said that financial services are too expensive.[19] DFS can help through special accounts and e-money products that do not carry onerous opening and transaction fees or minimum balances, and through efficient delivery channels.
- **Geographical barriers.** In 2021, distance was a barrier for 31 percent of unbanked adults. DFS reduce the need to travel to financial service centers. DFS allow individuals and MSMEs in rural and remote areas to conduct financial transactions through mobile devices or retail agents.
- **Informality and lack of documentation.** DFS accounts with simplified customer due diligence can help overcome the more stringent documentation requirements associated with traditional accounts. DFS can also leverage digital transaction data and alternative data sources to compensate for MSMEs' informality, lack of adequate formal credit history, and limited collateral.
- **Lack of trust in financial institutions.** New users of formal financial services may lack awareness of financial services and the skills to understand and responsibly use them. Strong digital[20] and financial literacy initiatives,[21] along with suitable consumer protection frameworks, are important enablers of digital financial inclusion (DFI) and greater uptake of DFS.

18 World Bank (2020)
19 World Bank (2022)
20 OECD (2021)
21 World Bank (2022)

Supply-side barriers. Some of the common supply-side constraints that were identified by the World Bank (2020) include high operating costs, legacy business models, and limited competition and innovation. While global data on the supply side remains largely limited, some of these constraints are reflected in the findings of the Global Fintech Market Survey 2020, which are summarized below.[22]

- **High operating costs.** Historically, incumbents have provided financial services through physical access channels and distribution networks, outdated technology, and processes. DFS provide the opportunity to automate processes and eliminate costs related to deployment and maintenance of physical networks.

- **Legacy business models.** Products and services offered by incumbents target affluent individuals and larger companies, as they have leveraged urban physical distribution networks and used traditional sources of information. DFS based on the new business models can be delivered at lower incremental cost, and can be designed with the flexibility to better meet the financial needs of poor people.

- **Limited competition and innovation.** In developing economies, traditional financial service providers (FSPs) have retained market power, which has been possible due to restrictive regulations and a weak start-up ecosystem. This has resulted in high fees and costs for users of financial services, lack of innovation, and less pressure to serve generally excluded segments. DFS allow new entrants to offer financial services that compete effectively on both price and quality.

Mobile-enabled services, digitization, and automation of processes can make the financing process more efficient, thereby lowering costs. Nearly 80 percent of informal business owners in developing countries have a mobile phone. Moreover, approximately one in five informal businesses in developing countries use mobile phones or the internet to make payments. The use of digital documentation combined with the automation of many processes helps in registering the company and verifying the identity of the business, improving its chances of accessing finance. The digitization of internal business processes and business-to-business processes such as electronic invoicing (e-invoicing) can also help address the major barriers to MSMEs' access to finance. The use of digital payments presents an opportunity for MSMEs to establish a digital financial footprint, based on payment history. Additionally, the use of alternative data sources and big-data analytics provides additional information sources to the credit risk assessment process, allowing MSMEs that were once unable to obtain finances to gain access.

Alongside their benefits, DFS also introduce risks to users and to the broader financial system. For users, data privacy concerns arise from the data trails created by DFS, which can expose them to unauthorized disclosure, misuse of personal data, and discrimination. Unequal access to technology and the "digital divide" can increase exclusion risks from DFS. Additionally, reaching large numbers of formerly unserved individuals with DFS potentially exposes them to new and enhanced financial consumer protection risks. For the broader financial system, DFS present cybersecurity and operational risks from activities such as hacking. Financial integrity could be threatened by the use of crypto-assets, pre-paid cards, and other tools that may enable individuals to circumvent anti-money laundering/countering the financing of terrorism (AML/CFT) controls. DFS also pose challenges to competition authorities, as large platforms leverage economies of scale and scope to increase concentration and dominate the provision of DFS. Finally, risks at the level of individual institution or infrastructure could spill over to the broader economy and pose macro-financial risks. To sustainably reach scale, DFS require a strong set of enabling factors to ensure consumer protection, financial integrity, financial stability, and competition.

The next section delves into the progress made by G20 and non-G20 countries in the adoption of the HLPs for DFI.

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[22] Feyen et al (2022)

3. Findings from the self-assessment survey

a. Background

As mentioned in the introduction, a survey was undertaken with the objective of enabling G20 and non-G20 countries to assess their own progress on the HLPs. The most important aspects identified from the responses are as follows:

Summary of key emerging issues

1. **There is a need to position the role of DFI in the broader sustainable development agenda.**

- Mainstreaming and articulating the positive impact that DFS adoption can have on global development objectives, such as the Sustainable Development Goals, can assist emerging markets and developing economies in resource allocation and can aid in identifying opportunities for peer learning and donor engagement.
- Digital public infrastructure can play a major role in accelerating DFI, and determining effective models for this interplay between digital public infrastructure and DFS could be useful to all stakeholders.
- There is a need for planning and coordination at the country level (and at regional level where appropriate) with all stakeholders in the digital financial ecosystem.

2. **DFS are constantly evolving and becoming increasingly complex, creating opportunities for rapidly improving DFI while also presenting challenges to regulators.**

- There is a need for FSPs to develop financial products and services that are appropriate and meet the needs of excluded and underserved segments, including MSMEs, at an affordable price.
- There is a need to develop appropriate financial education programs and initiatives to build financial capability—not only to increase adoption and realize the benefits of DFS, but also to mitigate risks and reduce harms from the use of unsuitable products.
- Effective financial consumer protection regulation and supervision, along with effective dispute resolution and redressal mechanisms, are critical enablers of financial inclusion.[i]
- Regulatory skills, tools, and competencies need to adapt to the changing DFS landscape.[ii]

3. **A holistic approach to measuring progress and monitoring developments in DFI could be useful to develop informed financial sector policies, including in jurisdictions with near-universal account ownership.**

- Revisiting the existing financial inclusion indicators and making adjustments relevant to DFI based on country context, including in countries with near-universal account ownership, may be helpful in understanding the overall status of financial inclusion in the country.
- It is increasingly necessary to focus on measuring the quality of financial services,[iii] in addition to access and usage.
- Identifying and developing policies tailored to excluded groups could assist in extending the actual benefits of DFS to more users.[iv]

4. Excluded and underserved segments require sustained measures for greater adoption of DFS and to effect long-term change.

- Significant progress has been made, but DFI measures to date have often not resulted in eliminating all gaps.
- Sharing best practices from initiatives that have been successful in eliminating gaps will be helpful, keeping in mind country context.
- Examining whether there are challenges to implementing the policy guidance provided by the GPFI for engaging, fulfilling, and monitoring the specific needs of such groups could be helpful.

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i The G20/ OECD High Level Principles on Financial Consumer Protection provides guidance on this topic.
ii These should be in accordance with standards set by standard-setting bodies.
iii See the GPFI document on G20 Financial Inclusion Indicators for examples of indicators capturing "quality of financial services": https://www.gpfi.org/sites/gpfi/files/G20%20Set%20of%20Financial%20Inclusion%20Indicators.pdf.
iv Applying existing GPFI guidance and international good practices to address the issue of financial exclusion of vulnerable groups may be helpful.

The survey was based on a self-assessment questionnaire, covering the eight HLPs. It enabled participants to identify implementation progress and opportunities for improvements. A summary section was included in the survey where respondents could provide an overall assessment for each HLP. This section is based on the overall responses.

The questions in the survey for each HLP were organized to correspond to the building blocks for each HLP. Questions for each building block were provided on two levels:

- **Level 1:** Minimum standards that should be in place in any country (or jurisdiction) where digital financial products and services are being delivered.
- **Level 2:** Additional policy and regulatory levers and tools that can be employed to address newly emerging risks specifically and more effectively.

The questionnaires were shared with all G20 countries and a few non-G20 countries, organized by the Better Than Cash Alliance. Responses were received from 16 countries. The 10 G20 countries that provided responses were Argentina, Brazil, Canada, China, India, Indonesia, Italy, Japan, Russian Federation, and Türkiye, while the 6 non-G20 countries responding were Bangladesh, Colombia, Jordan, Philippines, Spain, and the United Arab Emirates. The G20 respondents represent approximately 82 percent of the G20's total population and 47 percent of its total Gross Domestic Product.[23]

The responses indicated an appreciation of the importance and relevance of the HLPs. Many countries commented on the success of their efforts to increase levels of financial inclusion, with DFS playing a crucial, sometimes dominating, role in achieving inclusion objectives. The expanding range and scope of DFS featured strongly in the responses, with regulators responding in a variety of ways to the challenges of appropriately regulating such a dynamic environment. It appears that much has been achieved, but that much still also needs to be done, especially regarding exclusion gaps and appropriately servicing the needs of vulnerable groups, including women. The evolving nature of DFS and the cross-regulatory impact of these services present further challenges.

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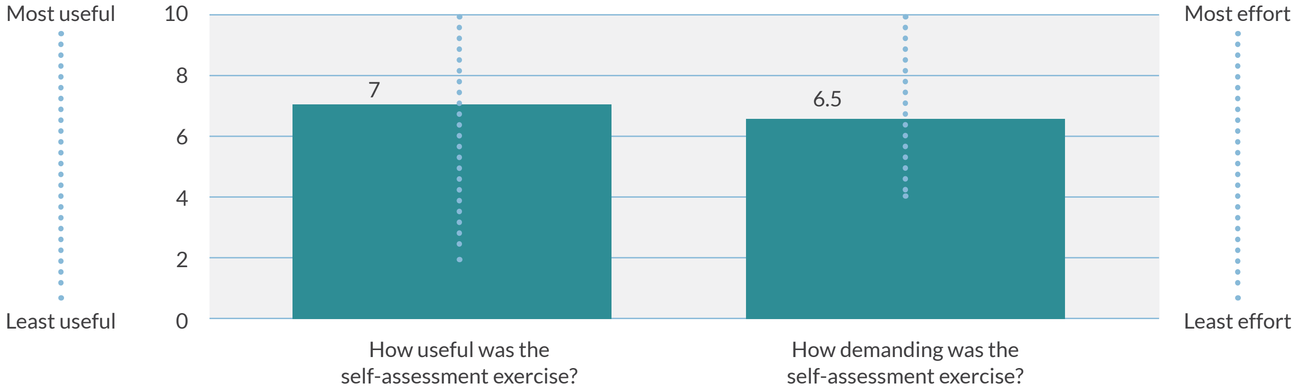
23 The contributions were calculated for the 19 individual G20 countries, excluding the contribution of the European Union bloc.

b. Responses to overall assessment

As part of the self-assessment survey, respondents were asked to rate how useful and how demanding the exercise was on a scale of 1–10, with 1 being the least useful or demanding, as the case may be. Descriptive statistics[24] for the responses are shown in Figure 3.1.

Figure 3.1. Responses on usefulness and effort required to complete the self-assessment exercise

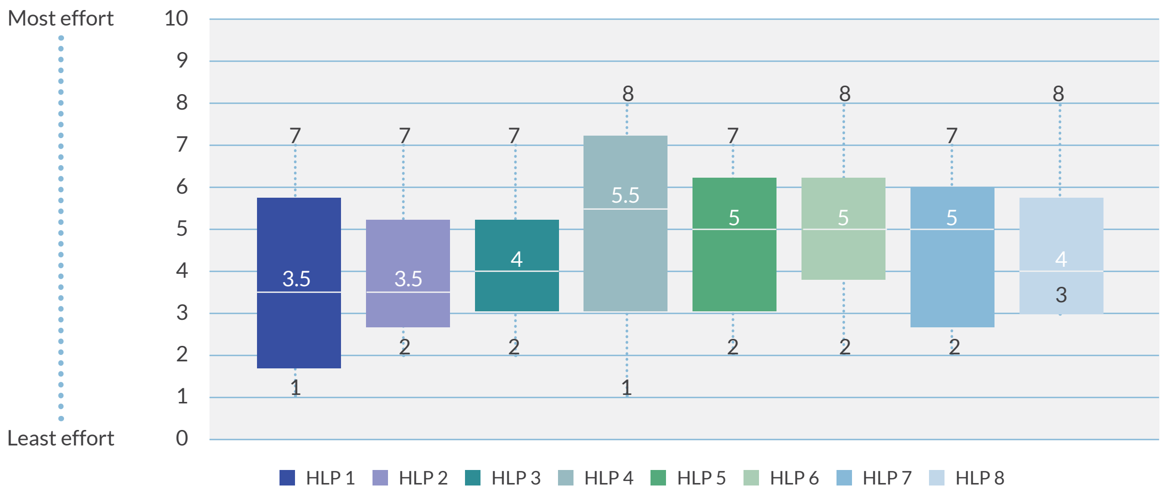


Note: Blue bars represent the median value, and the dotted lines represent the range of the 15 responses for the first question and the 16 responses for the second question.

The usefulness of the self-assessment was generally acknowledged, as the median value of 7 out of 10 indicates. However, the responses cover a wide range (from 2 to 10), which probably indicates that the level of DFS availability and usage varies significantly, with the usefulness depending on the level or maturity of DFS in a country.

As a follow-up question, respondents were asked how much effort they estimate would be required in their respective countries to fully implement each of the HLPs, again on a scale of 1–10, with 1 representing the least effort. Descriptive statistics for the responses for each HLP are given in Figure 3.2.

Figure 3.2. Relative effort required to implement the HLPs, according to survey respondents



Note: For each HLP, the values represent the lowest, median, and highest scores, excluding outliers (from bottom to top). The number of responses for each HLP varies: The questions for HLPs 1–7 received 14 responses, whereas the question for HLP 8 received 16 responses.

[24] The number of data points precludes in-depth analysis, so the data is summarized through non-parametric descriptive statistics only, without making any assumptions about underlying statistical distributions of the data.

Overall, G20 and non-G20 country estimates of effort were similar, but with some notable differences in individual HLPs. These differences are likely to be the result of current situations in these countries, rather than due to the HLPs as such. Respondents showed some concern with the effort required to fully implement HLP 3 (enabling and proportionate legal and regulatory environment), HLP 4 (DFS infrastructure), HLP 5 (responsible DFS to protect customers), and HLP 6 (digital and financial literacy and awareness). HLP 1 (promote a digital approach to financial inclusion) and HLP 2 (balance innovation and risk to achieve DFI) garnered the least concern from respondents regarding implementation effort.

A few countries indicated that completing the survey would take longer than anticipated given the multiplicity of stakeholders that had to be consulted as part of the process. As a result, at the time of writing this report, several G20 countries were yet to submit their responses. The resultant level of responses should be kept in mind when assessing the responses to the survey, particularly the responses on the individual HLPs discussed below. Therefore, the views described in this report are not necessarily representative of the views of all G20 countries or GPFI members.

c. Responses on specific HLPs

I. HLP 1: Promote a digital approach to financial inclusion

Statement of the HLP: *Promote digital financial services as a priority to drive development of inclusive financial systems, including through coordinated, monitored, and evaluated national strategies and action plans.*

Common aspects mentioned in responses:

- A national financial inclusion strategy is an important policy measure for the implementation of financial inclusion initiatives, including for DFI.
- Collaboration between different actors is necessary, especially between regulators and service providers.
- General digitalization policies in countries often result in digitalization initiatives that are beneficial to DFI, and these should be incorporated into DFS developments.
- Free (or low-cost) basic transaction accounts could provide a useful on-ramp.

Aspects mentioned in multiple responses:

- Most respondents have a **national financial inclusion strategy** in place, with DFI an explicit part of that strategy.

- An inherent aspect of a national financial inclusion strategy is **collaboration, particularly between regulators and FSPs.** These aspects are reflected, for example, in China's HLP 1 statement: *"A national strategy to promote financial inclusion has been developed that clearly defines goals and measures by taking [a] multistakeholder engagement approach. Regular review of the implementing process has been carried out. Public and private sectors have collaborated to advance the financial inclusion in China."*

- The inclusion of **DFS as a key enabler of financial inclusion** has been emphasized in the HLPs. This is underscored by the following statement from the United Arab Emirates in its response: *"The UAE has leveraged the Principles to inform national strategies for digital transformation of finance services in the UAE and foster influence across the region."*

- Respondents referred to **digital infrastructure** as a necessary component of DFI. The response from India specifically states that its *"National Strategy for Financial Inclusion 2019-24 has been put in place to synchronize and co-ordinate the efforts of all the stakeholders… and suggests broad recommendations which … focus on creating the necessary infrastructure to support the digital eco-system…"* India also includes its Payments Vision 2025, with payments as a key element in its inclusive development of DFS.

- Several respondents, including Argentina, China, India, Italy, Japan, and Spain, have **free (or low-cost) basic accounts with digital functionalities,** although this is not necessarily always a regulation. In Italy's case, it is enshrined in law: *"According to Italian law, all intermediaries are obliged to offer a payment account with basic features free of charge to vulnerable groups."* This requirement applies across the European Union—and is present either in the form of a law or a regulation—in accordance with the European Union Payment Accounts Directive.[25]

- **Complementary policies** covering related developmental aspects often flow from a comprehensive approach to DFI. For example, in Bangladesh, *"…various inclusive programs have emerged … reflecting the government's commitment to prioritizing financial inclusion. A few noteworthy examples include: Sustainable Development Goals (SDG) Tracker; National Social Security Strategy of Bangladesh (NSSS); Social Safety Nets (SSN); Perspective Plan 2010-2021; Perspective Plan 2021-2041; Guidelines for eKYC."*

- **Digitizing government benefit payments** is a major use case for driving DFI, mentioned by both China and Bangladesh.

Aspects mentioned in the responses in a specific country context that could have broader significance:

- Bangladesh is considering **licenses for digital banks,** with a view to fostering enhanced digital service provisioning.

- Türkiye specifically acknowledged the **value of digital services in emergency situations** following the devastating earthquake earlier in 2023.

- India has enabled, under certain conditions, the use of **small-value transactions in offline situations,** reducing the reliance on online transactional services.

- Spain commented that in a scenario with broad access to DFS a **risk of exclusion might emerge from the inadequate level of digital skills** in certain segments of the population, mainly elderly people or those with certain impairments.

- Argentina mentioned the **practical enablers** that have been established **to advance DFI,** such as digital on-boarding, instant payments, and interoperability.

[25] European Commission (2018)

II. HLP 2: Balance innovation and risk to achieve DFI

Statement of the HLP: *Balance promoting innovation to achieve digital financial inclusion with identifying, assessing, monitoring, and managing new risks.*

Common aspects mentioned in responses:

- Regulatory tools—such as sandboxes and innovation hubs—are widely used to enable and guide innovation.
- Shared pilots between regulators and service providers to realize innovation objectives.
- A continuous focus on effective AML/CFT oversight.
- Electronic/digital Know Your Client (eKYC) and remote on-boarding innovations are promoted in countries where they are key aspects of extending DFI.
- A tiered account system is being used to increase inclusion responsibly.

Aspects mentioned in multiple responses:

- The use of **regulatory sandboxes and innovation hubs** is mentioned by many respondents, including India, Italy, Jordan, the Philippines, and Spain. Italy's view is that these are necessary if stakeholder engagement is to be successful: *"A Fintech Committee and a sandbox have been established at the national level. Moreover, the Bank of Italy operates a contact point with the market called 'Canale Fintech' and an innovation hub in Milan."* India described its innovation hub thus: *"To create an enabling ecosystem where digital innovation can thrive and to foster innovation in a sustainable manner the Reserve Bank of India has set up the Reserve Bank Innovation Hub."*

- Some regulators mentioned participating in pilots with FSPs. For example, Jordan has taken the concept of the innovation hub forward to **shared pilots:** *"CBJ [Central Bank of Jordan] put in place the required regulations for the digital financial services to achieve balance between innovation and risk… CBJ conducted a pilot with the PSPs [payment service providers] and money exchange houses to select the most suitable and affordable model for the cross-border remittances through digital channels."*

- Some respondents are focusing on **eKYC** to balance the risk of exclusion with integrity risk by allowing **remote on-boarding** of customers under specific conditions. This is done in Bangladesh, India, and Jordan, with Argentina mentioning simplified requirements for customer due diligence for lower-risk customers. Russia has developed a centralized KYC platform that reduces the on-ramping burden and enables primarily bona fide small and micro businesses to form an environment of low-risk customers, enhancing AML/CFT compliance in the banking sector.

- Some G20 countries follow a **tiered account approach** to customer due diligence and KYC. China's approach to balancing financial integrity risks with financial inclusion objectives is as follows: *"A tiered account system in which three types of accounts are differentiated by their respective KYC requirements and the type and size of transactions can be made through the account. The objective is to balance financial inclusion objectives with the integrity, safety, and efficiency of the payment system."*

Aspects mentioned in the responses in a specific county context that could have broader significance:

- Colombia referred to the need to address specific gaps in DFS service provisioning, particularly between urban and rural areas.

- For "hybrid" products falling within the regulatory ambit of more than one financial regulator, India has put in place a Standard Operating Procedure for an interoperable regulatory sandbox.

- India is also engaged in piloting a central bank digital currency with a key motivation to foster further financial inclusion.

- In Italy, DFS is linked to broader digital development through the Agency for Digital Italy.

- Spain mentioned the requirement for additional skills and tools, as DFS require a review of traditional regulatory tools.

- Philippines mentioned the balancing of risks according to the ISIP model: inclusion, stability, integrity, and protection.

- Argentina has a proportionate approach to regulating banks and non-banks, adapting the model to new institutions and business models.

- Argentina mentioned the use of electronic credit invoicing supporting access to finance for MSMEs.

III. HLP 3: Provide an enabling and proportionate legal and regulatory environment

Statement of the HLP: *Provide an enabling and proportionate legal and regulatory framework for digital financial inclusion, taking into account relevant G20 and international standard-setting body standards and guidance.*

Common aspects mentioned in responses:

- A risk-based approach to regulatory frameworks should be followed.
- Activity-based regulation is an inherent part of the regulatory frameworks.
- Consumer protection should be included as a complementary measure to prudential supervision.
- Frameworks proposed by global standard-setting bodies should be adopted.
- It is a challenge to keep up with the dynamics of the ever-evolving DFS landscape.

Aspects mentioned in multiple responses:

- Many of the respondents follow a **risk-based approach in their regulatory framework** and oversight. Brazil's statement on this HLP reflects this: *"The regulatory requirements applied by the BCB [Banco Central do Brasil] are proportional to the institution's size, systemic importance, complexity, and risk profile and allow innovations…"* China is similarly explicit: *"The risk-based approach has been used in the regulatory framework. Policymakers, regulators, and supervisors work together to strike a balance among financial inclusion, financial stability, financial integrity, and financial consumer protection."* Argentina also stressed the need for a regulatory balance between the same four aspects. A risk-based approach often involves the adoption of regulatory frameworks proposed by global standard-setting bodies, as mentioned by Türkiye. Indonesia similarly follows a risk-based approach, but also highlights the use of activity-based regulation: *"General regulation to strengthen financial sector including on digital innovation aspect, as well as risk-based approach and activity-based regulation to reinforce the integration of national digital economy and finance are in place."*

- The need to adapt to the **dynamic pace of change within the DFS landscape** is mentioned by some respondents. For example, Indonesia refers to the need to keep up: *"Regulatory reform and continuous improvement on regulation or policy are needed to keep up with the dynamics of the digital financial products or landscape."* Türkiye also mentioned the same aspect.

- Some countries such as Italy and India share the view that **customer protection** is an important aspect of a proportionate legal and regulatory environment.

Aspects mentioned in the responses in a specific county context that could have broader significance:

- The importance of **cybersecurity** as part of the regulatory framework was mentioned.
- Colombia mentioned an **incremental approach**, by adapting existing regulation and remaining flexible in dealing with market dynamics.
- Türkiye underlined the importance of considering **consumer readiness** when allowing many FinTech firms to start operating, as risks of inappropriate use and of abuse can easily arise.
- The Philippines mentioned **enabling regulations for policies such as digital banking and open finance.**
- In Argentina, consumer protection rules are tailored to the full range of DFS providers and products.

IV. HLP 4: Expand the DFS infrastructure ecosystem

Statement of the HLP: *Expand the digital financial services ecosystem—including financial and information and communications technology infrastructure—for the safe, reliable, and low-cost provision of digital financial services to all relevant geographical areas, especially underserved rural areas.*

Common aspects mentioned in responses:

- Regulatory tools—such as sandboxes and innovation hubs—are widely used to enable and guide innovation.
- Shared pilots between regulators and service providers to realize innovation objectives.
- A continuous focus on effective AML/CFT oversight.
- Electronic/digital Know Your Client (eKYC) and remote on-boarding innovations are promoted in countries where they are key aspects of extending DFI.
- A tiered account system is being used to increase inclusion responsibly.

Aspects mentioned in multiple responses:

- DFS infrastructure is an area with reported **focus from all respondents**, although the specific areas of focus **depend on the situation in a country**. Most respondents consider **payments infrastructure** and **credit information systems** to be important. The statement from India on HLP 4 reflects the continued focus on the **payment infrastructure:** *"Concerted efforts are being made by RBI and the government to expand the Digital Infrastructure to support the digital financial services, due to which the payments ecosystem in India has witnessed rapid development."* Russia mentioned developing its credit information infrastructure, with standardized data format, well-defined rules for supplying data to credit bureaus, and the provision of efficient data services, thus enabling quick and informed credit-granting decisions.
- Responses indicate that coordination with all relevant stakeholders is important because of the linkages to other digital developments and the need to achieve synergies. As is the case in a few countries, the UAE sees the infrastructure development for payments as part of national digitalization: *"The UAE has launched the Financial Infrastructure Transformation Programme (FIT programme) to accelerate the digital transformation in the financial services sector, as part of the National Digital Economy. The programme aligns with HLP4…"*

Aspects mentioned in the responses in a specific county context that could have broader significance:

- Bangladesh emphasized the importance of the **elements of public infrastructure** necessary for DFS, based on the situation in the country.

- Colombia mentioned the importance of **cash-in/cash-out outlets in transitioning to digital payments**.

- India mentioned the importance of its Aadhaar (unique identity number) system in payment facilitation, particularly in **rural areas**.

- Jordan acknowledged the reality of **unequal basic infrastructure** availability between the main urban centers and the rest of the country, while the Philippines referred to the need to improve internet connectivity.

V. HLP 5: Establish responsible digital financial practices to protect consumers

Statement of the HLP: *Establish a comprehensive approach to consumer and data protection that focuses on issues of specific relevance to digital financial services.*

Common aspects mentioned in responses:

- Consumer protection frameworks are crucial for financial inclusion, and they need to evolve as changes occur in the DFS landscape.
- Effective consumer protection oversight structures are required.
- The consumer should be placed at the center of the framework by designing the approach and process with the consumer in mind.

Aspects mentioned in multiple responses:

- Respondents mentioned the importance of **consumer protection frameworks** and pointed to the need for them to evolve as the DFS environment becomes more complex. The frameworks take different forms but are generally based on a country's law or set of laws, often in conjunction with the general consumer protection legal structure. The statement from Brazil on this HLP **reflects the general status:** *"The financial consumer protection is stablished by a recent framework, with the responsibility for financial consumer protection shared between the regulators and other areas of the government. This integrated framework determines that financial institution, which provides financial services through electronic, must ensure the legitimacy and conformity of products and services rendered..."* As with other elements of the regulatory framework, international principles are often followed, with Indonesia's framework having been updated to meet the G20/OECD High-Level Principles on Financial Consumer Protection.

- **Dispute resolution mechanisms** for consumers are necessary. In some countries such as India and Argentina, FSPs are required to provide such mechanisms in a transparent and accessible manner. A number of countries referred to external or alternative dispute resolution mechanisms and the use of independent ombudsperson and arbitration systems. Italy mentioned the use of an online reporting system.

- There is an appreciation of the importance of financial education as a necessary complement to financial consumer protection. For example, Colombia uses the interplay between financial education and consumer protection as the basis for its approach, **placing the consumer at the center:** *"Financial education forms the foundation of a robust strategy for protecting the financial consumer in Colombia."*

- The survey responses reflect a focus on ensuring that **consumer protection oversight structures** are in place. These are established either within existing regulators or as separate consumer protection authorities, as is the case in China: *"Financial consumer protection authorities have been set up, and rules on the protection of rights and interests of financial consumers have been issued."* A few other G20 countries have similar structures.

Aspects mentioned in the responses in a specific county context that could have broader significance:

- India has a **centralized consumer protection mechanism** in the Reserve Bank, with oversight over the offices of the Reserve Bank of India Ombudsman and the Customer Protection Cells across the country.

- Italy is following the principle of **protection by design**, asking intermediaries to take customer profiles into account. This is supported by a **legal mechanism for consumer redress**, including a managed online reporting system.

- Spain warned about the **constantly changing threats** to consumers as new frauds and scams emerge.

- The Philippines mentioned the **use of regulatory technology (RegTech)** for handling consumer complaints.

- Argentina has requirements in place for disclosure and transparency of financial products to enable informed customer decisions.

VI. HLP 6: Strengthen digital and financial literacy and awareness

Statement of the HLP: *Support and evaluate programs that enhance digital and financial literacy in light of the unique characteristics, advantages, and risks of digital financial services and channels.*

Common aspects mentioned in responses:

- A constant focus is needed from a range of authorities and other organizations.
- Centralized control/approach is used by some countries.
- Increased coordination between the various actors could improve impact.
- Increased levels of financial literacy are evident in countries where it is monitored.

Aspects mentioned in multiple responses:

- The responses from the countries reflect the **continuing focus on digital financial literacy and awareness.** This aspect is being addressed by government bodies, regulators, FSPs, and various civil sector organizations. Respondent countries that measure the level of literacy and awareness **report increased levels of literacy over time.** However, a common theme is a lack of coordination, although most countries have some kind of **financial literacy policy or strategy in place.** Argentina mentioned the existence of a National Financial Education Plan.

- Some countries explicitly expressed the need for a comprehensive approach. Italy follows **a holistic approach using centralized structures:** *"Italy has both a Committee and a Strategy for Financial, Insurance and Pensions Education. The work of the Committee is reviewed and retuned every three years, adopting specific quantitative and qualitative targets."* It emphasizes wide engagement and the monitoring of results. Bangladesh also **follows a centralized approach** but acknowledges that other actors are also involved: *"Bangladesh Bank has efficiently developed the 'Financial Literacy Guideline'. The guideline includes instructions for organizing campaigns at the local level by financial literacy officers. It provides a comprehensive overview of the landscape of financial services in Bangladesh… Similarly, a2i, financial institutions, and NGOs* [non-governmental organizations] h*ave organized various types of programs…"* A number of other countries referred to **the need for coordination**, including Brazil, Jordan, and the UAE. Russia has adopted a new National Financial Literacy Strategy, jointly led by the Bank of Russia and the Ministry of Finance and with active participation of stakeholders from the public and private sectors. Coordination mechanisms are in place and supported by a monitoring system.

- Mention was made of the need to design **targeted interventions for designated groups**, including youth, women, new entrants in the workplace/entrepreneurs (MSMEs), senior citizens, illiterate people, migrant workers, farmers, and others.

Aspects mentioned in the responses in a specific county context that could have broader significance:

- Colombia acknowledges that *"despite advancements, widespread unfamiliarity with the scope of digital financial services remains a challenge."*

- India has also established an inter-regulatory body to strengthen basic financial education by developing targeted course content.

- Italy produces regular financial education materials to improve the digital financial literacy of the population. These are delivered both digitally and through traditional means, also targeting specific vulnerable groups, such as youth, elderly people, and migrants.

- Russia conducts regular financial literacy surveys to inform the implementation of its strategy.

VII. HLP 7: Facilitate customer identification for DFS

Statement of the HLP: *Facilitate access to digital financial services by developing, or encouraging the development of, customer identity systems, products and services that are accessible, affordable, and verifiable and accommodate multiple needs and risk levels for a risk-based approach to customer due diligence.*

Common aspects mentioned in responses:

- There are a variety of approaches and models for identification for DFS.
- Countries are at different stages of development of identification systems.
- Identification for DFS links to broader digitalization and to other services.
- There is a focus on eKYC, particularly for remote on-boarding.

Aspects mentioned in multiple responses:

- The responses to the self-assessment survey reflect a **variety of approaches to customer** identification for DFS, implying that countries use different models for identification in general and for identification for DFS in particular. Respondents are also at **different stages in their development** of digital ID systems. As mentioned for HLP 2, several countries are focusing on eKYC, primarily to enable remote on-boarding.

- Respondents with developed systems are in a similar position to Italy, where there is a **choice of ID system** in the digital space. "*Italy has both public and privately provided systems of digital ID. These can be used by financial intermediaries for onboarding and identification. Security and privacy aspects are regulated under EU [European Union] and national law.*" Similarly, Spain's **electronic ID is used for multiple purposes:** *"An electronic ID is in place in Spain. It is widely used for getting access to a broad range of digital services, included the financial ones."* Argentina mentioned having interoperable systems and platforms, based on open standards which have been designed and developed to prevent vendor and technology lock-in.

- Colombia, Indonesia, and Russia are in the process of establishing national digital IDs which will facilitate remote identification of customers. For this purpose, Russia is implementing infrastructure projects such as the Unified Biometric System and a digital profile system.

- Bangladesh and Jordan are **focusing on eKYC**, the latter including migrants in the process. Türkiye has similarly introduced **remote on-boarding** for capital market products and services.

Aspects mentioned in the responses in a specific county context that could have broader significance:

- Brazil is functioning without specific identification for DFS but **manages through a flexible and robust framework**, noting that *"…financial system regulation in Brazil has been adapted to allow and regulate identification requirements for DFS."*

- Colombia acknowledged the **link to broader digital authentication**, noting the potential efficiency of an integrated digital identity. The government's implementation of digital citizen services is expected to facilitate this for state services.

VIII. HLP 8: Track DFI progress

Statement of the HLP: *Track progress on digital financial inclusion through a comprehensive and robust data measurement and evaluation system. This system should leverage new sources of digital data and enable stakeholders to analyze and monitor the supply of—and demand for—digital financial services, as well as assess the impact of key programs and reforms.*

Common aspects mentioned in responses:

- There are consistent data collection efforts, using an array of available data.
- The data is typically used for financial inclusion indicators, using both supply- and demand-side data.
- Countries' financial inclusion frameworks typically incorporate DFI, rather than establishing a separate framework for DFI.
- There is an increasing focus on measuring the usage and quality of financial services.
- More insights into specific target areas are required as inclusion levels increase—e.g., rural areas.
- A robust data environment is required to effectively manage inclusion data and to obtain insights from the data.

Aspects mentioned in multiple responses:

- Survey responses convey a history of **consistent data collection efforts** by all respondents. Most respondents have a wide array of data and data sources available, with the use of this data to construct **financial inclusion indicators**.

- All respondents rely to a significant extent on **supply-side data**, with some respondents reporting regular demand-side data collection, usually through a **demand-side survey**, as in, for example, Colombia, Indonesia, Jordan, and the Philippines. Data points related to DFS are generally contained in "general" financial inclusion data and are not necessarily viewed as a separate aspect.

- The statement from China on HLP 8 reveals **the use of both demand-side and supply-side data**: *"A set of financial inclusion indicators covering both supply-side and demand-side has been set up to comprehensively measure the progress of financial inclusion… The supply-side statistical indicators are updated dynamically to include more indicators reflecting the evolution in digital financial inclusion. The demand-side survey is conducted annually to collect data from financial consumers, which reflect their attitude, behaviour and evaluation on financial services."* Russia reflects a **similarly informed monitoring process** with DFI indicators comprising of demand-side and supply-side data.

- The importance of quality of financial services is mentioned by India, Italy, and Russia in their responses.

- An emerging aspect is that respondents from advanced economies with near-universal account ownership need **more insights on specific areas of concern**. Italy mentioned the issue of the quality of financial services, while Spain expressed a need to address identifiable gaps, especially in specific target groups.

Aspects mentioned in the responses in a specific county context that could have broader significance:

- The Philippines reported establishing a **robust framework** that serves its inclusion efforts well.

- Some of the other respondents acknowledged **the need for a data environment**. The issue is not necessarily the availability of data, but a robust environment in which to manage and analyze the data. This was especially highlighted in Brazil's response.

- Argentina mentioned that its data net extends to all regulated entities, relevant non-financial service providers, and regulated FinTech/platform providers.

- In India, the Reserve Bank of India has constructed **indices to provide a holistic view** of financial inclusion with the **FI-index**, as well as for digital payments with the **Digital Payments Index**.

4. Conclusion

The usefulness of the self-assessment exercise is generally accepted, albeit with variations in country responses. This assessment exercise can serve as a facilitator for countries to take a critical look at their progress in implementing the HLPs, given their individual country contexts. One of the key takeaways from this exercise for many countries was the importance of coordination with multiple stakeholders within a single jurisdiction. Some respondents also acknowledged the usefulness of policy analysis, following international good practices, and learning from the experiences of other countries in promoting greater financial inclusion within their jurisdictions.

Some key messages emerge from the self-assessment survey responses and from comments provided by GPFI members:

- Promoting digital infrastructure—such as the internet, mobile phone connectivity, and digital public infrastructure[26] (e.g., digital ID, fast payments, data exchange)—has the potential to rapidly advance the provision of financial services to underserved groups and MSMEs. Responsible technology and innovation should be encouraged to advance DFI of these groups.

- Coordination between all the actors in the digital ecosystem is necessary. This coordination, and alignment, should span the financial and non-financial sectors. It should include public and private entities and not-for-profit organizations. Public authorities and regulatory agencies with complementary or overlapping functions should be actively involved in such coordination efforts.

- DFI efforts need to be supplemented with measures to enhance financial consumer protection (e.g., product suitability, disclosure and transparency, and consumer redressal) and financial capability. Additionally, a greater emphasis needs to be placed on building financial resilience and improving the financial health of vulnerable or underserved segments (women, youth, elderly people, those with disabilities) and MSMEs.

- In line with these changing priorities, the monitoring of financial inclusion progress needs to go beyond indicators that only measure financial access. A greater emphasis needs to be placed on tracking and monitoring usage and quality (including financial consumer protection, financial capability, and financial resilience) of financial services. Additionally, it is vital to collect data to measure development outcomes of financial inclusion measures.

- Finally, there is a need for greater engagement and coordination with standard-setting bodies regarding experiences and challenges in developing regulatory frameworks, to responsibly harness innovation to further DFI.

[26] See, for example, GPFI (2023).

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