

FIRST PLENARY MEETING OF THE GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION

24 -25 March 2025

CO-CHAIRS' SUMMARY

On 24-25 March 2025, the Global Partnership for Financial Inclusion (GPFI) met in Pretoria, South Africa, for the first Plenary Meeting under South Africa G20 Presidency.

1. Inaugural and Opening Session

Ms. Olaotse Matshane, Head of the Department of Policy, Statistics, and Industry Support, South African Reserve Bank, welcomed all participants in Pretoria, underlining the importance of financial inclusion in creating a sustainable future for all. She pointed out that collaboration and unity more crucial than ever. In this regard, South Africa has a key role, representing the entire continent.

Mr. Ashor Sarupen, Deputy Minister of Finance, National Treasury, emphasized the crucial role of technology in fostering digital financial inclusion, underlining at the same time how essential it is for customers to feel protected in the passage from access to usage.

The GPFI Co-Chairs then took the floor, thanking the South African Presidency for their hospitality and acknowledging the significant progresses achieved by the GPFI in the course of the years on many fronts; a particular emphasis was given to the three dimensions viz, access, usage, and quality of financial inclusion as was also acknowledged in the FIAP.

2. Session I - Annual GPFI 2025 Work Plan

The first session was dedicated to presenting the GPFI work plan for 2025. In particular, three deliverables are planned for 2025, one of them is Presidency deliverable set by the South African Presidency and two established by the FIAP.

The Presidency' deliverable consists of a diagnostic study accompanied by policy recommendations for "Moving from access to usage of financial products and services". The goal is to have data and gather best practices to expand access to and boost use of financial services, particularly in Global South countries where significant gaps still persist.

As regards the second deliverable, the GPFI will focus, according to the FIAP, on "New and innovative technology and solutions for financial inclusion and for advancing the quality of inclusion for individuals and MSMEs". This will involve mapping digital financial services that are being implemented globally using emerging technologies such as open finance, open banking, central bank digital currencies (CBDCs), as well as artificial intelligence and machine learning etc. The aim is to leverage innovative digital solutions to enhance access, use and quality of financial services and of financial inclusion.

The third 2025 deliverable is part of the multi-years' project on MSME Financing, provided for in the FIAP, and will involve creating a simple implementation framework for G20 GPFI Action Plan approved last year. The deliverable will consist of the preparation of questionnaires, which will be voluntary for the countries to be submitted by the end of the year to all GPFI Members, and the organization of at least two Webinars - involving G20 and non G20 countries - whose results will be summarized in a dedicated report.

Beyond the annual priorities, the GPFI will continue working on ongoing issues such as remittances, for which a simplification of the National Remittance Plans template is planned. Additionally, GPFI will remain in a dialogue with regulatory and standard-setting bodies and collaborate with non-G20 countries.

During the roundtable discussion, members expressed their support for the 2025 work plan and its priorities, highlighting the importance of the topic suggested by the South Africa Presidency, also in continuity with past Presidencies' work. One member made a point on the strategy followed by its country to enhance the role of technology in the financial sector.

Few members including the presidency emphasized on focusing the priorities for Global South. Few other members encouraged the GPFI to leverage on last year's work on financial well-being and quality inclusion. Others suggested considering vulnerable populations in the measurement framework planned under the Presidency's priority. The importance of financial literacy programs was also highlighted, emphasizing their role in advancing financial inclusion. Additionally, some members highlighted the importance to connect with other G20 groups working on related topics.

3. Session II - Presidency Priority: Moving from Access to Usage

The second session focused on the priority set by the South African Presidency, which highlights the challenging transition from access to the effective usage of financial products and services.

The World Bank, lead Implementing Partner for the deliverable together with AFI, BTCA and WWB, highlighted that while significant progress has been made in financial services accessibility, 1.4 billion people worldwide still lack a bank account, mainly because of high costs, lack of necessary documentation needed, physical distance from financial institutions, and lack of trust. This underscores the need to continue expanding access while also addressing the barriers that hinder usage, particularly in the Global South, where significant gaps remain.

The 2025 deliverable - focusing on the transition from the access to the usage of financial products and services – entails obtaining a quantitative framework using both demand-side and supply-side data, in order to identify the reasons why the usage of bank account lags behind; understanding is crucial to developing effective solutions.

Over the past 15 years, access to bank accounts in South Africa has increased, mainly due to the transition from cash-based grant distribution to bank account-based distribution. Currently, over 80% of grant recipients receive payments through a transactional account. However, bank account use remains low, with a significant portion of the population withdrawing all received funds immediately. The use of other financial products is limited to informal savings, non-productive credit, and funeral insurance, while only a small percentage of the adult population has access to productive credit, such as for education or business investment. The gender gap in bank account access remains significant in many regions, particularly in the Middle East and North Africa, where it is widening. This highlights the need to address gender inequalities in financial inclusion.

During the roundtable discussion, members expressed full support for the Presidency's priority, praising the well-defined structure of the note. Some countries also express their

willingness to present case studies in order to share experiences and best practices. Few members emphasized on conceptualizing the term “usage” across different products and services. One member reserved the right to take a position at a later stage.

4. Session III - G20 Action Plan on MSME Finance

In the third session, IFC-SMEFF, World Bank and OECD presented the Implementation Framework of the G20 Action Plan on MSME Finance.

The Implementation Framework is designed to be flexible and adaptable to the different priorities and economic development stages of both, G20 and non-G20 countries.

The first component of the Implementation Framework is a voluntary structured survey covering four main themes: credit infrastructure, diversification of financing sources, use of fintech technologies, and risk management. The targeted interventions are more qualitative in nature and include questions on: appropriate targeting, data collection and diagnostics, use of non-financial support and literacy efforts, coordination and accountability.

The survey will be complemented by webinars featuring country presentations showcasing successful case studies on specific issues addressed in the action plan. Countries will share their experiences and a balanced perspective will be ensured between emerging and advanced economies.

The results of the webinars will be used to create a summary report highlighting trends, key areas requiring further intervention, and summarizing the main points from country presentations and discussions on challenges and strategies to address them.

During the roundtable discussion, members expressed full support for the Implementation Framework and the foreseen deliverables. Some members highlighted the importance of including non-G20 countries in the Framework and emphasized the key role of this year's deliverables in transitioning from recommendations to practical use cases, to the discussion of which all members are willing to contribute. One member reserved the right to take a position at a later stage.

4. Session IV - Remittances and FATF Update

The fourth session focused on the World Bank’s presentation of the timeline for updating the National Remittance Plans (NRPs). The report shall be finalized for Leaders by September 25, 2025, while the new NRPs are expected to be submitted by countries by November 1, 2025, to be published on the GPFI website by November 15, 2025.

Subsequently, the Financial Action Task Force (FATF) presented updates to FATF standards and revised guidelines on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) in relation to financial inclusion. The updated guidelines reflect changes to the recommendations and provide additional examples of good practices in applying the risk-based approach. These updates and revisions are part of the G20 Roadmap to Enhance Cross-border Payments priority action plan to make cross-border payments faster, cheaper, more transparent, and more inclusive while maintaining their security.

The revisions primarily concern Recommendation 16 and aim to adapt to changes in payment business models as well as evolving risks and vulnerabilities. The goal is to ensure that Recommendation 16 remains technology-neutral and follows the principle of “same activity, same risk, same rules,” clarifying the roles of different actors in payment processes.

All members followed the discussion with great interest, emphasizing the importance of analyzing the unintended consequences of AML regulations on financial inclusion. One implementing partner suggested the possibility of organizing a joint GPFI position on future consultations.

5. Session V - Update on Standard Setting Bodies' (SSBs) work on financial inclusion

The GPFI Co-Chairs provided an update on the dialogue with the SSBs during 2024-2025.

On November 20-21, 2024, the workshop “Fostering Financial Inclusion through Open Finance” was held in Basel. The workshop covered different aspects of financial inclusion through open finance, with sessions focused on: designing open finance frameworks; developing a national roadmap for open finance; governance and public-private cooperation; open finance architecture and inclusive digital infrastructure; cases of inclusive use of open finance; consumer protection and data security; innovation in open finance.

On November 21, 2024, a check-in meeting took place in Basel between BIS, SSBs, and organizations responsible for financial inclusion. Several key work streams were discussed during the meeting, including GPFI's efforts, IAIS's work on protection gaps, and updates to FATF standards.

During the fruitful roundtable discussion that followed the presentation, one of the implementing partners proposed drafting a plan to identify areas of collaboration between GPFI and the SSBs, as it was in the past, to make the dialogue more effective.

6. Session VI - New and innovative technology and solutions for financial inclusion and for advancing the quality of inclusion for individuals and MSMEs

In the last session, a draft outline of the report on this topic was presented by the Implementing partners (CGAP and AFI in collaboration with Gates Foundation).

The deliverable will map out digital technologies that can positively impact financial inclusion keeping in mind the importance of quality dimensions in highlighting potential risks to be addressed. Among innovations with potential to advance financial inclusion, there are: instant payment systems; digital identity solutions; the use of regtech and supotech tools; data sharing and artificial intelligence applications; blockchain technology.

The opportunities and risks associated with these emerging technologies will be analyzed based on empirical evidence gathered through interviews with regulators, policymakers, financial institutions, technology providers, academics, and consumer groups. Among others, the report will highlight how data collecting and sharing can foster financial inclusion and support excluded and underserved individuals and MSMEs, while discussing the measures that can avoid data misuse and privacy breaches. The role of open finance in promoting innovation and competition will be examined, along with its potential to enhance the depth and quality of financial inclusion. Additionally, the report will aim to explore opportunities provided by artificial intelligence and

advanced analytics, as well as the main risks related to the increased use of personal data, with a particular focus on the possible impact on disadvantaged groups and individuals.

The membership requested for additional time to provide comments on the draft document presented for the first time in the session.

Some members encouraged including relevant content stemming from the work on quality inclusion conducted last year. One member highlighted the need to address all the three dimensions of financial inclusion – Access, usage and quality in the deliverable and on advancing financial inclusion for both individuals and MSMEs.

Wrap-up and Final Closing Remarks

At the end of the meeting, the Co-Chairs expressed their gratitude to all members, IPs, and relevant stakeholders for their effective cooperation, engaging discussions, and valuable contributions. Participants will be given time to comment on the documents discussed during the Plenary meeting, but the discussion proved that the GPFI work is on the right track.

Special thanks were extended to the Presidency for its warm hospitality and great organizational support. We will continue our work to achieve

“Solidarity, Equality, and Sustainability”