

SECOND PLENARY MEETING OF THE GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION

19 - 20 May 2025

CO-CHAIRS' SUMMARY

On 19-20th May 2025, the Global Partnership for Financial Inclusion (GPFI) met in Skukuza, Kruger National Park, South Africa, for the second Plenary Meeting under South Africa G20 Presidency.

1. Inaugural and Opening Session

Mr. Bonakele Majuba, Member of Executive Council, Mpumalanga Provincial Government, welcomed all participants in Skukuza, Kruger National Park, and underlined the importance of financial inclusion for promoting inclusivity, peace and prosperity. Mr. Majuba also highlighted the significance of equitable access and usage of financial services, also in rural areas, leveraging on technology and bridging the existing gaps especially in MSME financing. Mr. Majuba emphasized the importance of this year G20 GPFI priorities, including in particular the Presidency's focus on "Moving from Access to Usage".

Dr. David Masondo, Deputy Minister of Finance, National Treasury, highlighted the persistent gaps in access and usage of formal financial services, particularly for women and youth. Dr. Masondo focused on concerted actions like public policies, innovation and digitalization to address these gaps. It also underlined the importance to work together and exchange best practices: every country has a lot to share to improve together.

Dr. Elizabeth Nanziri, Professor at African Centre for Development Finance, Finance, University of Stellenbosch Business School, presented a thorough analysis of financial inclusion issues globally. Dr. Nanziri further highlighted distance, population density, high costs, low education and poor product design as the major barriers to the usage of financial products and services. She also mentioned successful best practices to follow to overcome existing problems.

The GPFI Co-Chairs then took the floor, thanking the South African Presidency for their hospitality. They also acknowledged the feedbacks provided by the Members after first GPFI meeting and the efforts made by Implementing Partners (IPs) to address and suitably incorporate them in the drafts. Moreover, they highlighted the importance of continuing the GPFI work and to keep dialogue open and cooperation strong.

2. Session I - Presidency Priority: Moving from Access to Usage

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

The World Bank, lead IP for the deliverable together with AFI, BTCA and WWB, highlighted the objective of the deliverable which is: analyzing the usage of financial services and products; describing and quantifying the barriers existing at global level; proposing a new usage measurement framework and actionable policy recommendations to address gaps.

The IPs outlined the structure of the deliverable articulated into 6 sections: Introduction; Global progresses (using forthcoming data from Findex 2024); Updated 2016 measurement Indicators; Impediments to usage; Policy Recommendations and Case Studies. Moreover, feedbacks received from the members and incorporated in the first draft were shown; they included: referencing the existing G20/GPFI work on quality; addressing the importance to policymakers of the role played by the private sector and technology innovations; inclusion of country examples to ensure regional representation; moving case studies to the annex.

The IPs also indicated the tentative timeline and milestones for the completion of the work on the deliverable. Finally, the IPs sought guidance from the members regarding- the completeness of the mentioned challenges to usage; the accuracy of the updating of the 2016 Financial Inclusion usage indicators; the clarity of the structure of the paper; the correct incorporation of feedback and additional case studies to be included.

During the roundtable discussion, members expressed support for the Presidency priority appreciating the structure of the deliverable. Some members suggested to further streamline the paper, referencing where appropriate previous G20 GPFI work. Some members also proposed to strengthen the key role of financial literacy, customer protection and product design and governance in fostering usage of financial services. Some members also shared their best practices to be included in the final version of the paper. All members will provide written comments and share more examples.

3. Session II - G20 GPFI Action Plan on MSME Finance

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

The 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 is a voluntary structured survey covering four main themes: credit infrastructure, diversification of financing sources, use of fintech technologies, and risk management. The survey also comprises targeted interventions that 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 IPs presented potential survey questions for illustration purposes of each theme.

The survey will be complemented by webinars featuring country presentations on specific issues addressed in the action plan. The results of the webinars will be used to create a very brief summary report highlighting trends and key areas requiring further intervention, based on the main points highlighted in the country presentations.

The IPs also updated the members about the upcoming webinar by World Bank Group on 29th May with India, Italy, South Africa as presenters. The second webinar is scheduled for 30th June with presentations from Turkey, Japan and other 2 non-G20 Countries. The third webinar will be held during the third GPFI plenary in September. Finally, the IPs presented the expected timeline of the deliverable. They also updated the members about the Annual Conference of SME Finance Forum to be organized in Johannesburg on 15-17 September 2025.

During the roundtable discussion, members expressed full support for the Implementation Framework and the foreseen deliverables, praising the light approach of the survey. Some members indicated the best practices that they would highlight in the upcoming webinars. One member valued the proposed framework, however, suggested to avoid comparison exercises.

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

The annotated outline was presented by the IPs– the Alliance for Financial Inclusion (AFI), the Consultative Group to Assist the Poor (CGAP) and the Bill & Melinda Gates Foundation (BMGF)- along with responses to members’ feedback on each chapter.

The first chapter covered the challenges in achieving the quality dimension of financial inclusion. The second chapter outlined inclusive digital technologies, assessing their opportunities and risks, and the necessary conditions for enabling their adoption.

The third chapter outlined the digital data trails of low-income people, and the role, opportunities and risks of Open Finance and Artificial Intelligence for advancing financial inclusion. Finally, a presentation by BMGF highlighted that existing digital divides hinder inclusive growth and access to opportunities. Finally, it concluded by focussing on the components and the impact of Digital Public Infrastructure (DPI) on financial inclusion, a discussion that may be relevant also for South Africa and the entire African Continent.

In general, members welcomed the deliverable underscoring, however, that they will provide detailed comments in writing, subsequently. Many members highlighted the issue of missing connections between the chapters and with the Presidency deliverable, and therefore suggested better coordination. Some members also highlighted the need to reference previous GPFI work on quality in a more effective way and to provide a more comprehensive and balanced mapping of the different technologies that could foster inclusion.

5. Session IV – Update on Remittances

The fourth session focused on the World Bank’s presentation highlighting the three tasks for this year: annual update for the 5th round of NRP; new NRP template; 6th round of NRPs.

The World Bank indicated the tentative timeline to work on the new template, that will be simplified as one of the deliverables for this year: a) share the draft of the new template for members’ feedback by 30th June 2025; b) comments by members to be received by 15th July 2025; c) finalize the NRP template by 1st August 2025.

The presentation was followed by the findings of Remittance Price Worldwide Database. The global average cost of sending \$200 decreased in 2024 and the global SmARt average has been less than 3% for the first time. However, more than 60% of the corridors still have costs greater than 5% and average cost of sending from G20 countries is still high at 6.51%.

Finally, the World Bank proposed to expand to 3-years instead of the current 2-years, the period for the update of the NRPs.

The co-chairs ended the session by highlighting the importance of simplifying NRP template, that are perceived too burdensome by members, and by recalling the need to update by the end of July the NRPs already submitted, using the old template in a flexible way.

6. Session V - Update on Evolving work of UNSGSA

The last session provided a brief overview of the visit of Her Majesty, Queen Maxima of Netherlands, UNSGSA to South Africa. The session recalled the role of Queen Maxima as GPFI honorary patron, highlighting the work on global financial health to be undertaken in 2025, its potential linkages with financial inclusion and the continuous support for the GPFI work and priorities.

7. 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 2 weeks' time to comment on the documents discussed during the Plenary meeting.

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”

(Magda Bianco) (Chanchal C Sarkar)

Co-Chairs of GPFI