



THIRD PLENARY MEETING OF THE GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION

25-26 June 2023

CO-CHAIR'S SUMMARY



On 25-26 June 2023, the Global Partnership for Financial Inclusion (GPII) met in Bali, Indonesia, for the third in-person Plenary Meeting under India G20 Presidency.

Mr. Chanchal Sarkar (Ministry of Finance – Department of Economic Affairs), Ms. Sonali Sen Gupta (Reserve Bank of India) and Ms. Magda Bianco (Bank of Italy and GPII Co-Chair) opened the meeting welcoming all the participants and thanking Indonesia for the warm hospitality.

1. Opening Session

In the opening Session, titled “**Leveraging Digital Public Infrastructure (DPI) for Financial Inclusion and Productivity Gains**” and chaired by the Indian G20 Presidency, Mr. Chanchal Sarkar provided a brief summary of the main takeaways of the symposium on “Sharing Experiences on Digital Public Infrastructure for Advancing Financial Inclusion towards attaining Sustainable Development Goals (SDGs)”, which was held on June 24 2023 as a side event of the Third GPII Plenary meeting.

The symposium was structured in two Sessions: the first dedicated to the presentation of the benefits of DPI in relation to the attainment of the SDGs; the second devoted to a presentation of key national experiences in this area in which Indonesia, Saudi Arabia, Turkey and Brazil shared their country experiences with regard to leveraging DPIs for financial inclusion.

DPI, generally understood as interoperable, open, and inclusive systems supported by technology to provide essential, society-wide, public and private services, can play a critical role in accelerating this digital transformation in an inclusive way. DPI have also demonstrated their potential in fast pacing financial inclusion in many countries. Evidence during the pandemic outbreak, for instance, showed that countries relying on efficient infrastructures were able to rapidly reach large segments of the population with relatively contained costs as compared to countries that did not have such infrastructures in place. However, to realise the benefits of DPIs, the same should be supported by an **enabling legal, regulatory, policy environment** and accompanied by **widespread internet access** and a reduction of the still large differences in terms of access by gender and area (urban vs. rural). **Interoperability among systems** – especially from a cross-border perspective – appears to be key for the success of DPIs.

Afterwards, Ms. Nilima Ramteke from the World Bank (WB) provided an update about the main features of the **“Policy Recommendations for Advancing Financial Inclusion and Productivity Gains through DPs”**, which was prepared after taking into account the first round of written comments from the GPII Members. The Report provides a set of **five action-oriented, indicative, voluntary and non-binding Policy Recommendations**: i) enable and foster the use of DPs to accelerate financial inclusion and productivity gains; ii) develop well designed DPs and the broader enabling environment through a widely accepted set of good practices; iii) encourage appropriate risk-based regulation, supervision and oversight arrangements for the financial sector use of DPs; iv) promote sound internal governance arrangements; and v) enable DPs to offer products and services in a way that no one is left behind and the interests of the consumer are safeguarded. The Policy Recommendations are accompanied by a series of **Key Considerations**, the aim of which is to further delve into each issue and help interested policy makers to formulate **effective strategies** for leveraging DPs in line with their specific country contexts. The ideal objective of the whole system comprising both the Policy Recommendations and the Key Considerations is to offer all potential stakeholders the necessary toolbox to foster the adoption of principles for building up and implementing **open, modular, scalable, extensible and resilient DPs** that would truly be able to overcome the existing constraints to further advance financial inclusion and productivity gains. The policy recommendations also provide a systematization of both the extensive existing guidance – based on past works of G20 and GPII, as well as SSBs and other international agencies – and the emerging “best practices” – from both country experiences and individual case studies.

In the first roundtable that followed the presentation, many Member Countries (the US, Japan, the European Union, the UK, Italy, Germany, Spain, the Netherlands and Australia) took the floor and condemned the aggression by the Russian Federation against Ukraine. They emphasised how, beyond economic damages, the war risks further exacerbating inequalities – especially among the most vulnerable groups of the world population – and impairing the progresses obtained in the recent past in terms of poverty eradication and financial inclusion.

In a second roundtable, all GPII Members expressed their appreciation and support for the deliverable ‘Policy recommendations for advancing financial inclusion and productivity gains through Digital Public Infrastructure’, , as well as to the efforts exerted by the WB to accommodate most of the comments and suggestions that were raised in the written consultation phase.

Members acknowledged the great potential of DPIs to rapidly advance financial inclusion, especially among the vulnerable and underserved groups of the world population. Members also welcomed the fact that the recommendations are intended to complement and not replace existing standards issued by SSBs and other international bodies and that they leverage on past G20 and GPII work and individual countries' experiences.

At the same time, it was reiterated the need for the Report to more adequately address the challenges that may arise around DPIs too, since the proposed version appeared to provide a too optimistic view in the eyes of some Members. Specifically, the risks of exclusions for people that cannot be reached by the infrastructure, or for people that cannot access the infrastructure because of a lack of (digital) financial literacy. The importance of adequate regulatory and supervisory framework, as well as effective consumer protection systems, had been outlined as key enablers to cement the trust by the final consumer, a necessary condition for the success of any DPI. Some Members also highlighted the important issues related to data privacy, data protection and cybersecurity. It was also pointed out that one-size-fits-all solutions may not be appropriate, since national circumstances may differ significantly. It was acknowledged that to achieve financial wellbeing, it's crucial to focus not only on access but also at effective *usage* and *quality* of financial inclusion. Finally, many Members reiterated their willingness to provide further country examples of how the development of DPIs has brought about benefits in terms of the provision of digital financial services by reducing their overall costs and the enhancing access to financial services by individuals, households, and MSMEs.

2. Digital Financial Inclusion

The first Session on 25 June, chaired by Ms. Sonali Sen Gupta, India Presidency was devoted to the deliverables contained in the G20-2020 FIAP under the headings of "Digital Financial Inclusion".

In the first intervention of the session, Ms. Prerna Saxena (BTCA) provided the audience with an update regarding the **Self-Assessment Tool** for the G20 High-Level Principles (HLPs) on Digital Financial Inclusion. In the Second Plenary Meeting, GPII Members had reached an agreement for the best way forward regarding this deliverable contained in the current G20 2020 FIAP: on the one hand, they requested BTCA and the WB to complete the Implementation Guide

– accomplished under Indonesia G20 Presidency – to take into account also HLPs #7 and #8; on the other hand, they committed to finalize the Self-Assessment autonomously in 2023 and to provide a very short summary of the main results stemming from it (i.e., Section 3, Overall Assessment Responses). Since then, the IPs have added HLP#7 and #8 to the Tool together with a summary explanation and adjusted the Survey for the whole set of HLPs for the benefit of both G20 and a series of non-G20 countries that have shown interest in performing the Self-Assessment (i.e. Bangladesh, Colombia, Ethiopia, Ghana, Jordan, the Philippines). After a pilot testing exercise performed by India and Italy, the recalibrated Tool was distributed to G20 and non-G20 countries with a request to provide information in Section 3 **by no later than July 17** for the G20 countries **and July 31** for the non G20 countries. The results of the country wise Self-Assessment will feed into development of a Progress Report the first draft of which would be expected by the end of August.

Although recognizing the difficulties implicit in performing the Self-Assessment – since it represents an exercise that involve many different stakeholders at a national level – GPII Members reiterated their willingness to use it as a form of self-evaluation of the implementation of the HLPs.

The focus of the Session then was on the issue of **international remittances**. Ms. Nilima Ramteke (WB) offered a first glimpse of the **2023 Update to Leaders on Progress Towards the G20 Remittance Target**, that provides an update about the progress towards the attainment of the SDG goal 10.c. According to the main conclusions of the Update, the global average cost for sending remittances appears to have stabilized recently at around 6.9% for cash-based instruments and 4.7% for digital-based channels, implying a still ample distance (3.25 percentage points) to cover to reach the internationally agreed goals to reduce it below 3% by 2030. Thereafter, Mr. Pedro de Vasconcelos (IFAD) – after thanking the GPII again for the official statement on the occasion of the International Day of Family Remittances, held in Nairobi on 16 June – shared the speech given by President Alvaro Lario on the same occasion.

Taking note of the slowdown in the process of cost reduction and the risk of not being able to reach the internationally agreed targets, some Members acknowledged the need to do more in terms of regulation, risk mitigation policies, technological innovation and interoperability among national payment systems.

3. New Financial Inclusion Action Plan (FIAP)

The second session on 25 June, chaired by Ms. Magda Bianco, was dedicated to reaching a final general agreement about the new G20 2023 FIAP, which is expected to guide GPI work plans for the years 2024-26.

After acknowledging the acceptance of most of the comments and suggestions provided by GPI Members in a round of written consultations, Ms. Magda Bianco invited the Members to focus the discussion on the two main priority areas of the new G20 2023 FIAP (namely, digital financial inclusion and SME finance) and on the number of deliverables to be accomplished per year. She also reminded GPI Members about the need to come up with an action-oriented set of deliverables that, ideally, would be truly effective in tackling not only the issue of *access* to the formal financial system by the last mile, but also in addressing the issue of *usage* and *quality* of financial inclusion for both individuals and MSMEs. Mr. Chanchal Sarkar shared the need to provide an actionable set of deliverables actually focused on the attainment of the SDGs; against this backdrop, he underlined the role that innovative technologies (such as DPs) can have to enhance not only the *access* to formal and regulated financial services by the last mile, but also ensure effective *usage* of such services.

In the roundtable that followed the presentations, the majority of GPI Members expressed their preference to keep the number of yearly deliverables as it was originally stated in the G20 2020 FIAP – i.e. one deliverable per Priority Area (Digital Financial Inclusion and MSMEs Finance) – with the possibility for the rotating G20 Presidency to add an additional one. At the same time, Members agreed to specify a set of deliverables only for the first year (i.e. 2024), while leaving open those for the subsequent years (i.e. 2025 and 2026). Ideally, this should give the new G20 2023 FIAP the needed flexibility to accommodate any potential unexpected development that may occur in the short-run.

The discussion about the content of the yearly deliverables was articulated.

On the backdrop of the still ample gaps in financial access for both individuals and MSMEs, the need to focus on the last mile – those still excluded, the most vulnerable and marginalised – was considered to be a natural progression of the results accomplished in the last three years. At the same time, there was a general agreement about the need to dedicate some space to the theme of quality of financial inclusion, considered by some to be crucial for the future of the GPI.



Some Members proposed starting a discussion already in 2024 through a study of the definitions of the concept of financial well-being as an outcome of the quality of financial inclusion, also considering the role that DPs may have in fostering financial inclusion and achieving financial well-being as an outcome.

Among the future challenges for financial inclusion, the issue of climate change was raised, some Members requested an explicit reference to the issue of the green transition and its impact on financial inclusion –also accepting the possibility of mentioning it as a cross cutting issue – others were not inclined to do so, also in order to avoid duplications with the work-plans of other G20 Working Groups of the Finance Track. While most Members suggested to refer in the FIAP to global challenges, also comprising climate and green finance, some were of the view that climate and green finance issues do not fall within the purview of GPII.

Among other suggestions, the following were considered: the request to include more explicit references to gender issues; the call to promote greater collaboration with international organizations, non-governmental organizations and the private sector; the need to keep the focus on marginalised groups, migrants and displaced people; greater consideration of insurance, address the legacy agenda on remittances and risk mitigation mechanisms. It was also considered to extend GPII's outreach beyond G20 countries by means of the organization of thematic seminars, webinars and workshops throughout each Presidency's term.

Many Members called for a realistic approach in the definition of the annual deliverables, with a clear focus on impact and a system to track and monitor progresses in their attainment. Some Members asked for more concreteness in the final outcomes, requesting to explicitly mention the types of outputs that the GPII intends to produce (whether recommendations, reports, policy guidance and so on). Digital financial literacy and consumer protection were confirmed as relevant cross-cutting issues for the way forward. Also the question on whether the GPII could become a body providing technical assistance for non-G20 countries was widely debated. In response, Ms. Magda Bianco said that the GPII could only act as a facilitating body between members and other partners because the technical assistance activities are outside the remit of the group.

The Session concluded with the support of GPII Members to the adoption of two deliverables for 2024. Within the Priority Area on Digital Financial Inclusion: the identification of

policy options for improving last mile access and quality inclusion for individuals and MSMEs through appropriate enablers, such as innovative digital infrastructure (including DPs), digital financial literacy and consumer protection. Within the Priority Area on MSMEs Finance: prepare a New Action Plan for SME Financing as a multi-year project; building on previous GPI work – like the 2016 G20 Action Plan on SME Financing Implementation Framework and most recent deliverables – the Plan would aim to identify crucial action areas and concrete initiatives – among which, the collection of new harmonised disaggregated data or the use of innovative digital technologies (including DPs) – to fill the still large MSMEs financing gap and enhance financial inclusion.

4. Updated GPI Terms of Reference (ToR) 2023

The first Session on 26 June, chaired by Ms. Magda Bianco, was dedicated to reaching a final general agreement about some modifications proposed to the GPI ToR.

Ms. Magda Bianco invited the audience to focus the discussion on three aspects of the current ToR on which changes or additions have been proposed: i) the explicit recognition of the role that incoming Co-Chairs can play in the formulation of the new FIAP; ii) the responsibility of the rotating G20 Presidency for the financing of the expenses related to the management of the GPI website by the WB (including the periodic updating of the Global Findex data page); iii) the adoption of new rules related to the process to nominate a Co-Chair – in particular, the creation of an internal Committee to handle “exceptional” circumstances – and to substitute a Co-Chair in case of impediments lasting more than three months.

In the subsequent roundtable, an agreement among Members on all the issues at stake was reached. Without prejudice to the will of the majority of GPI Members to keep the text of the ToR as faithful as possible to the original, some of them reiterated the importance of considering also the incoming Presidency in the process of appointing/replacing a Co-Chair. Some members also expressed their favour for explicitly mentioning the provision of hybrid meetings to facilitate the participation of countries temporarily unable to do so, even in a context in which face-to-face participation must be appropriately encouraged.

5. SME Finance

The second Session on 26 June, chaired by Ms. Sonali Sen Gupta, India G20 Presidency, was devoted to the deliverables contained in the G20 2020 FIAP under the headings of “SME Finance”.

In a first intervention of the Session, Mr. Robin Newnham (AFI) provided a brief recap of the steps taken in the formulation of the “**Regulatory Toolkit for Enhanced Digital Financial Inclusion of MSMEs**”. The toolkit builds upon four main pillars (MSME access to digital financial service; digitalized credit infrastructure; market efficiency; special considerations for underserved populations) as well as many country cases that, in the meantime, have been offered as evidence of emerging best practices also thanks to the collaboration with the AFI SME Finance Working Group. A set of nine policy recommendations are drawn from this evidence to provide countries with a practical reference that can help them build an inclusive regulatory environment that is effective in fostering access to finance for small enterprises, especially the most vulnerable ones.

In a second intervention of the same Session, Ms. Wendi Teleki (WB and Head of the Women Entrepreneur Finance Initiative Secretariat) updated the audience about the **WE Finance Code**, a call to action addressed to the financial sector across the world to participate in a data-driven systematic effort to address the financing gap of women entrepreneurs and support them by scaling up access to financial products. It aims to get a critical mass of financial institutions around the world that serve MSMEs to be able to report on a sex-disaggregated basis and increase financing to women.

In the third and last intervention of the Session, Ms. Ghada Teima (IFC-SMEFF) provided a description of the deliverable on “**Innovation in MSMEs Financial Services**”. The Report – focused on innovative and responsible access to (digital) financing in both advanced and emerging markets beyond credit – will serve as a stocktaking exercise of those effective approaches that have successfully facilitated and promoted MSMEs financing beyond traditional means. A whole range of innovative digital financial products and services, in fact, will be thoroughly evaluated in the Report, based on desk research, previous GPII work, publicly available cases and, above all, the case studies collected by means of the [G20 Living Database](#), completed under Indonesian G20 Presidency and now live featuring about 95 case studies from different countries, both G20 and non-G20. Against the backdrop of the huge potential that the Database has to showcase



meaningful examples of impactful innovations that would benefit the global community, the GPI Co-Chair has reiterated the invitation to continue populating it with new cases and GPI implementing and affiliated partners to equally contribute to the database through their networks.

6. GPI Relationship with SSBs

In the last Session on 26 June, Ms. Magda Bianco provided to GPI Members an update about the relationship with SSBs under the enhanced cooperation agreement. Since 2019, such relationships became more structured, with a biennial High-Level Meeting co-chaired by the UNSGSA and the BIS, an annual Workshop on topics of relevance for SSBs and financial inclusion and a bi-annual Check-In Meeting co-chaired by the GPI and the FSI. The Co-Chair also provided a summary of the conclusions reached on the occasion of the most recent Check-In Meeting held on April 2023: i) the next High-Level Meeting (in program in March 2024) will focus on open finance and infrastructures supporting it; ii) the next Workshop (in program in November 2023) will focus on CBDCs and financial inclusion; iii) going forward, at the heart of the dialogue with SSBs will be digital payments, such as CBDC, and enabling technologies as well as climate change and sustainable finance. Some members also desired that - to keep them better informed of the discussions in check-in meetings - a regular update of such meetings may be provided to all the members, also circulating a summary of check-in meetings.

The Indian G20 Presidency and the GPI Co-Chair concluded the Plenary by thanking all the participants for their continuous support and active participation for a successful 2023 Agenda as well as Indonesia for the excellent organization of this event. At the same time, they announced that the Fourth GPI Plenary Meeting will be held in Mumbai in September.

“One Earth. One Family. One Future”

GPI Co-Chair - Magda Bianco