



SECOND PLENARY MEETING OF THE GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION

12- 13 May 2022
(Hybrid Meeting)

CO-CHAIR'S SUMMARY



On 12-13 May 2022, the Global Partnership for Financial Inclusion (GPII) met in Bali in hybrid format for the second time under Indonesia G20 Presidency.

At the opening session, Magda Bianco introduced the Plenary acknowledging the complexity of the current situation: in a world still recovering from the Covid-19 crisis, the Russian invasion of Ukraine has been imposing both unacceptable human losses and economic costs to all countries, which may turn out being significantly larger for the most vulnerable groups of the world population. In such a difficult context, the Partnership's Agenda becomes even more meaningful. Leveraging the benefits of digitalisation to advance financial inclusion and wellbeing of the most vulnerable groups of the population continue to be the aim of the GPII work. In this vein, the Co-Chair asked all participants to make the GPII's action even more relevant and effective than usual.

After the initial remarks, the European Union, France, the US, Spain, Germany, Japan, Canada, Australia, Italy and the Netherlands unanimously condemned the Russian invasion of Ukraine as an unjustifiable aggression. China invited all participants not to politicize a technical discussion, keeping focus on the GPII mandate. Indonesia G20 Presidency highlighted the relevance of carrying on cooperation, despite the difficult situation, and concentrating, even more than before, on deliverables aimed at fostering financial inclusion and lessening vulnerabilities.

In the first session, devoted to SME finance, Houn Thy (IFC-SMEFF) presented an update of the "G20 Database on Digital financial products and services for MSMEs beyond credit". After the presentation of the initiative at the seminar held on the 2nd of March, a committee has been set up to review the case studies presented by Member countries. It has been announced that the dedicated website will be activated in June while the database will be launched globally in September. A final high-level summary will be also prepared to draw the main conclusions of the analysis. The representative of IFC-SMEFF invited all Members to share experiences and use country cases to populate the database. This initial effort is essential for the success of the deliverable, as also underlined by the Co-Chair, who recalled the need to keep the database constantly updated.

Subsequently, Robin Newnham (AFI) gave a presentation on the "Regulatory Toolkit for MSMEs Access to Digital Financial Services". The final deliverable will aim to cover a range of issues that appear to be key to foster greater financial inclusion and to provide countries with a



practical guidance on how to favor MSMEs access to innovative digital financial services. To collect more inputs by country regulators and informed stakeholders, AFI launched a survey on the main features of the regulatory and infrastructural framework, deemed relevant to promote a more inclusive environment. The final toolkit will be based on the results of the survey, as well as on desk research and analysis by other Implementing Partners (IPs). AFI is also conducting in-depth interviews to complement the desk research and the survey inputs. A draft of the toolkit will be circulated among GPII Members for review and comments by early June.

Both presentations have been very well received by GPII Members, with a general appreciation of the work done so far. Many of them expressed their willingness to contribute with practical cases and examples to the database as well as to back the toolkit through the survey as well as interviews. Some Members highlighted the importance to keep the focus on vulnerable groups, such as MSMEs run by women, youth and those pertaining to the informal sector. Firm size has also been highlighted as an important characteristic that would need to be taken into account in the drafting of the deliverables. Some Members asked for more details on the procedure to be followed to maintain the database as a “living” source of useful and up-to-date information for all countries. AFI took note of the comments, which will be dealt with in the drafting of the toolkit together with those gathered through the written procedure activated after the Plenary. IFC-SMEFF explained that the general idea is to work on the database on a regular basis, with a periodic review of new submissions that, once received, will be reviewed, finalized and published. Of course, the audience acknowledged the importance of enlarging as much as possible the range of the possible contributors. To this end, the Co-Chair asked IFC-SMEFF to prepare a draft letter that Member countries could send to all domestic interested stakeholders.

In the second session, chaired by Indonesia G20 Presidency, Miriam Koreen (OECD) presented the work accomplished so far regarding the review of the OECD/G20 High-Level Principles on SME Financing. Although not directly included in the G20 2020 FIAP, the High-Level Principles appear to be complementary to the GPII’s work on identifying good practices for SME finance. The Principles are voluntary and non-binding, and focus on the need to strengthen the conditions for access to both bank and non-bank finance. The current revision takes the following new aspects into account: leveraging the increasing role and potential of Fintech; advancing the availability and uptake of sustainable finance for MSMEs; strengthening SMEs resilience in times of crisis. It remains crucial to bring forward the effort to collect more granular data on SMEs



access to finance. The OECD is in the process of consultation with all relevant stakeholders and welcomes suggestions and remarks by GPII Members; once finalized, the Review will be submitted to the July 2022 G20 FMCBG meeting.

In the third session, Indonesia G20 Presidency gave the floor to Minerva Kotei (IFC-SMEFF) for a brief introduction of the Women Entrepreneurs Finance Initiative (We-Fi) project, which was explained in more details by Wendy Teleki (We-Fi Secretariat) and Francis Evans (UK Department for Business, Energy and Industrial Strategy). Drawing upon UK experience, the We Finance Code (or “the Code”) is 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. Following UK’s successful example, all GPII Members have been invited to take part to the project.

GPII members showed again their appreciation for both presentations. On the first one, Members expressed their willingness to contribute to the revision of the OECD/G20 High - Level principles for SME financing, with a view to increase their usefulness especially for SMEs run by vulnerable groups, such as youth or women. On the second, many Member countries expressed their interest in better understanding the We-Fi project and asked the GPII to organize a dedicated workshop later in the year to analyze and discuss the matter in greater details.

On the second day of the Plenary, after a brief introduction by the Co-Chair, Sheirin Iravantchi (World Bank Group) took the floor to present the “Implementation Framework for the G20 High Level Principles on Digital Financial Inclusion”. Conducted as a coordinated work among different IPs, the aim of this deliverable is to offer a very practical implementation guide, useful for both G20 and non-G20 countries. A self-containing chapter has been developed for each of the selected principles, leveraging on the work accomplished and the standards developed within the GPII community in recent years. Each chapter presents good practices and examples that could guide policy makers in their decisions. Moreover, a very rich bibliography is included at the end of each chapter to provide further useful insights and analysis for all interested stakeholders. The World Bank asked for guidance on specific aspects such as the content, length and organization of each chapter and the usability of the assessment tool, with specific regard to the alleged two-level assessment. Again, Member countries have been invited



to contribute by suggesting effective and successful cases experimented in their respective jurisdictions.

The audience acknowledged its appreciation for the draft report that looks comprehensive, well organized and full of very useful references and insights. The focus on vulnerable groups has been very much valued as well as the reference to the Bali Fintech Agenda. Members recalled the importance to tackle the issue of costs of financial services that, if too high, may create the risk of increasing financial exclusion. Finally, there was a general agreement on the effectiveness of dividing the assessment tool in two levels. More comments will be sent to the World Bank via the written consultation.

In the fifth session, chaired by Indonesia G20 Presidency, Miles Larbey (OECD) presented the Review of the OECD/G20 High-Level Principles on Financial Consumer Protection, originally developed in 2012 in light of the adverse impact of the global financial crisis. The Principles have been reviewed to take account of new developments in the financial landscape with the aim to continue to reflect global best practices. After a consultation process, which also involved GPIFI Members, the Principles are now finalized and will be presented at the July 2022 G20 FMCBG Meeting, in view of transmission to G20 Leaders for endorsement later this year.

The sixth session, chaired by the Co-Chair, was devoted to update GPIFI Members on the cooperation with SSBs under the enhanced arrangement. In this regard, Jermy Prenio (BIS) and Tom Neylan (FATF) gave an overview of some of the recent work particularly relevant for the GPIFI, i.e. the relationship between central bank digital currencies and financial inclusion, on the one hand, and the measures aimed to mitigate the unintended consequences of FATF standards, on the other hand.

The Co-Chair concluded the Plenary by thanking all the participants for their relevant contributions, continuous support and active participation for a successful 2022 agenda. The Indonesian Presidency concluded the meeting by thanking all GPIFI members for the effort, restating the aim to ensure an inclusive financial innovation.

“Recover together, Recover stronger”

GPIFI Co-Chair - Magda Bianco