



# FIRST PLENARY MEETING OF THE GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION

10-11 January 2023

## CO-CHAIR'S SUMMARY



On 10-11 January 2023, the Global Partnership for Financial Inclusion (GPII) met in Kolkata for the first in-person Plenary Meeting under Indian 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 warmly welcoming all the participants.

Mr. Arjun Munda, the Union Minister for Tribal Affairs - Government of India, made the welcome address. In light of the existing linkages with many of the sustainable development goals (SDGs), he underlined the paramount role that financial inclusion can play in realising a just and equitable progress for all and emphasized the need to utilize financial inclusion as a tool to ensure also the economic empowerment and self-reliance of women. He added that, as such, financial inclusion represents one of the main pillars of India's development strategy since delivering financial services to the last mile – and to the poorest of the poor – have been a key priority for long. In this regard, he also stressed the Indian G20 Presidency vision of *Vasudhaiva Kutumbakam*, a paradigm of human-centric globalisation where no one would be left behind.

After the welcome session was over, the European Union, Germany, France, the US, Spain, the UK, Korea, Italy, Japan and the Netherlands took the floor and condemned the aggression by the Russian Federation against Ukraine. They also emphasised how, beyond the 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 the opening session, Ms. Magda Bianco thanked all those present for their participation, congratulated Indonesia for the incredible work under its G20 Presidency notwithstanding the exceptional external circumstances and welcomed Brazil as an incoming member of the Troika. She then recognised the progresses achieved over the last decade in financial inclusion and referred to the recently released 2021 Global Findex, according to which account ownership around the world increased by 50% in the years spanning 2011 to 2021 from 51 to 76% of adults. At the same time, she also underlined the specific achievements the GPII has been able to pursue under the guidance of the current G20 2020 FIAP: all the deliverables contained therein have been successfully addressed, this representing a concrete example of



the GPII commitment to continue putting forward its Agenda and foster financial inclusion by all means.

Hereafter, Mr. Chanchal Sarkar took the floor thanking Indonesia for the outstanding results accomplished by the GPII under its G20 Presidency and welcomed Brazil as a new member of the Troika. He continued by highlighting that, despite the indisputable successes achieved in the recent past in terms of financial inclusion – also thanks to the actions implemented and the results accomplished by the GPII – still much remains to be done to assure a fair and equitable access to financial instruments – especially the digital and innovative ones – for all. He also anticipated the general features of India’s main deliverable for 2023 related to the development of an open, inclusive and responsible digital financial ecosystem based on the presence of a sound and effective digital public infrastructure (DPI) for the advancement of financial inclusion and productivity gains. By allowing the involvement of all the different stakeholders – the public sector, the private service providers and the final consumers – this ecosystem may bring about consistent benefits in terms of financial inclusion and productivity gains, as testified by India’s long-term experience in the field.

Ms. Magda Bianco concluded the session describing the overall yearly work-plan of the GPII and highlighting the other deliverables that, according to the G20 2020 FIAP, are expected to be accomplished throughout 2023 in the two action areas of “Digital Financial Inclusion” and “SME Finance”. She anticipated that the GPII will be also involved in other two relevant processes, i.e. the preparation of the new G20 FIAP valid for the period 2024-26 as well as the review of the GPII Terms of Reference (ToR).

In the first session, entitled “Leveraging digital public infrastructure 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 “Unlocking the potentials of digital public infrastructure for advancing financial inclusion and productivity gains”, which was held the day before (9 January). The Symposium was built around two main sessions, which saw the participation of both public and private actors as well as GPII Members and drew insights from India’s extensive experience in the design of DPI. The sessions were devoted to a description of what is actually meant by DPI – an interoperable, open and inclusive system, supported by technology and aimed to provide essential public and private services – as well as policy



perspectives for building a DPI to advance financial inclusion – which should take into account paramount aspects like trust, communication and internal technical capabilities. The Symposium served to highlight the enormous advantages in terms of access to financial services that countries with a well-functioning DPI have been able to achieve, especially as a consequence of the outbreak of the COVID-19 pandemic. Discussions among participants, nevertheless, also highlighted a series of challenges surrounding DPI, related to features like data sharing and privacy, data sovereignty and inward looking attitudes by countries, cybersecurity and overall affordability, especially from a low-income country’s perspective. The discussions highlighted the need to encourage innovations with effective regulation and capacity building and to assure a multi-stakeholder ecosystem approach to fully utilise the potential of DPI for financial inclusion.

Afterwards, Ms. Nilima Ramteke (WB) offered the audience a deeper dive into the main features of the actual product the implementing partner (IP) will prepare this year to accommodate the Presidency’s desired deliverable. In a nutshell, the outcome will be represented by a set of action-oriented policy recommendations aimed to help all interested countries to lay the foundations of an open, inclusive and responsible digital financial ecosystem based on DPI with a view to advance financial inclusion. This system, in fact, has the potential to unlock barriers to the access and usage of digital financial services, while helping individuals, households and businesses to tap economic inefficiencies and lead to productivity gains. Ideally, the policy recommendations will be related to three types of national infrastructures – namely payments, digital IDs and trusted data exchange platforms – and will aim to overcome, to the extent possible, a series of challenges and gaps that currently limit the spread of such DPI around the globe. She also highlighted the need for internationally agreed standards for DPI to achieve interoperability among different systems. She concluded her intervention by proposing greater coordination between the Digital Economy Working Group of the Sherpa Track and the GPII to avoid duplications and increase complementarities.

In the roundtable that followed the presentations, all GPII Members expressed their appreciation for this deliverable and their willingness to contribute to its realization by providing examples of how the development of national DPI have been able to bring about many benefits in terms of the provision of public services, the compression in their overall costs and the increased access to digital financial instruments by individuals, households and MSMEs.



Members acknowledged the potential of DPI to bring about significant advantages in terms of fair competition in the provision of services and the ensuing efficiency gains. Likewise, they also appreciated the multi-stakeholders approach on which the setting up of a DPI should be based.

Some Members, nevertheless, underlined the need to take into account the challenges that may arise around DPI too. The risks of exclusions appear to be high, in fact, since people that could not be reached by the infrastructure, or people that could not access the infrastructure because of a lack of (digital) financial literacy, may be left out. At the same time, the presence of adequate consumer protection systems appeared to be paramount. Members also underlined issues related to data privacy and cybersecurity. Finally, it has been shared the need to coordinate GPII's work on this priority with other relevant work streams that are looking into the same issue from other perspectives, to ensure that the related impact on financial inclusion is duly taken into account.

The subsequent two sessions were dedicated to the deliverables contained in the G20 2020 FIAP under the headings of "Digital Financial Inclusion".

In the second session, entitled "Progressing towards reducing the cost of remittances" and chaired by the Indian G20 Presidency, Ms Sonali Sen Gupta – while highlighting the significant progresses made by the GPII in monitoring the process of reduction of the cost of cross-border remittances – also urged for continued emphasis on having a focussed approach to reach the internationally agreed goals. Ms. Magda Bianco provided a brief recap of the main conclusions stemming from the 2022 Progress Report of the National Remittances Plans (NRPs), undertaken under Indonesian G20 Presidency. International remittances continue to play an essential role in supporting economic development and financial inclusion in many sending and receiving countries. Yet, despite the swift diffusion of digital means for cross-border payments, their costs appear to have reached a plateau recently, remaining higher than the agreed international targets especially in certain sending countries and certain corridors.

These conclusions were echoed by Ms. Nilima Ramteke (WB), who also described to GPII Members the actual deliverables foreseen for this year on remittances. On the one hand, the review of the progresses on the existing NRPs (this exercise leading to the annual Update to Leaders Report); on the other hand, the release of the second update of the NRPs. Following the templates that were finalized by the WB and IFAD under Italian G20 Presidency, GPII Member



countries are expected to provide an emphasis on the role played by the adoption of innovative payment services in facilitating remittance flows and supporting their cost reduction, with the aim to lay down a set of emerging best practices that could accelerate the progresses towards the SDG target. In this regard, a broad participation by GPII Member countries in this exercise would seem to be highly desirable. Mr. Pedro de Vasconcelos (IFAD) underlined the paramount role that remittances can play in terms of increased access to financial services in receiving economies – an aspect the GPII could analyse in greater details going forward – as well as the opportunity to make explicit references to strategies supporting remittances in the realization of national financial inclusion plans.

In the roundtable that followed the presentations, all GPII Members recognised that remittances should remain high in the agenda of the Partnership, which is expected to go on monitoring the situation and suggesting potential improvements in terms of cost, efficiency and speed also by facilitating the access to regulated digital remittance services. Some Members, nevertheless, put forward the suggestion to proceed to an afterthought about the deliverables on remittances that the GPII is supposed to produce on a yearly and a biennial basis and called for a simplification of the procedures involved.

In the concluding session of the first day, entitled “Assessing progresses in the implementation of the High-Level Principles (HLPs)” and chaired by the GPII Co-Chair, Ms. Nilima Ramteke (WB) and Mr. Tidhar Wald (BTCA) provided a brief summary of the steps taken during 2022 and those planned for the current year. Under Indonesian G20 Presidency, the “Implementation guide for the G20 HLPs for digital financial inclusion” was realized as a combined effort of different IPs, with a dedicated paragraph for each of 1 to 6 of the HLPs recalling good practices and examples that could guide policymakers in their prospective decisions in the field. The appendix, moreover, offers a self-assessment tool with a specific checklist for each HLPs, organized in two levels: the first presents the minimum standards that should be put in place in any jurisdiction where financial services and products are being offered; the second contains additional levers that can be employed to address newly emerging risks more efficiently and effectively. In the course of 2023, both the guide and the tool will be updated to also take into account HLP#7 (Facilitate customer identification for digital financial services) and HLP#8 (Track digital financial inclusion progress) in the same format as last year to preserve consistency. These updated versions will be used by both G20 and non-G20 countries (in the



last case, initially only those invited to attend G20 meetings) to provide a self-assessment of the respective implementation of the HLPs. The data collected by this tool will serve as an analytical base for identifying gaps and challenges to advance digital financial inclusion and will provide the foundations for a Global Progress Report that will include a set of policy recommendations to advance the implementation of the HLPs in the next four years.

In the roundtable that followed the presentations, GPIFI Members showed a great appreciation for the main features of this deliverable, like the extension to HLPs#7 and #8, the focus on women, youth and MSMEs and its outcome-based orientation, which aims to address an important implementation challenge of GPIFI goals and objectives. It has also been recognized its effectiveness in laying down a set of best practices emerging from both G20 and non-G20 economies that could represent a useful terms of reference for those countries that are lagging behind in boosting digital financial inclusion. At the same time, some Members wished to have an easy-to-use and reader-friendly product, while some others suggested that the assessment should be performed having a separate section for women.

The first session on January 11, chaired by the GPIFI Co-Chair, was devoted to the deliverables contained in the G20 2020 FIAP under the headings of “SME Finance”.

On behalf of the SME Finance Forum, Ms. Magda Bianco updated the audience about the G20 Living Database on digital and innovative financial products and services for MSMEs beyond credit, completed under Indonesian G20 Presidency. The database, which can be accessed through this [web address](#), is now live featuring about 60 case studies from different countries; however, some more than others have contributed with several examples (particularly, UAE, Türkiye and Indonesia). The GPIFI Co-Chair acknowledged that the database – which features a wide range of financial products (like savings, cash management and payments, credit guarantees, factoring and insurance) – has indeed a huge potential to showcase meaningful examples of impactful innovations that would benefit the global community. In this regard, she proposed GPIFI Members a slight change of the terms of the deliverable set in the G20 2020 FIAP for 2023. In particular, G20 and non-G20 countries have been encouraged to continue populating the database with new cases (ideally, at least 10 each), while GPIFI implementing and affiliated partners have been asked to contribute to the database through their networks. Such an enlarged evidence of measures, strategies and policies aimed to grant access to financial



instruments “beyond credit” for small businesses would lay the foundations for a new report on “Digital and innovative financial products and services for MSMEs”, which will adequately respond to the requirements contained in the current G20 2020 FIAP.

In a second presentation, Mr. Robin Newnham (AFI) provided a brief recap of the steps taken in the realization of the Regulatory Toolkit, the aim of which is to provide countries with a practical instrument 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. It builds upon four pillars (MSME access to digital financial service; digitalized credit infrastructure; market efficiency; special considerations for underserved populations) and many country cases that, in the meantime, have been offered as evidence of emerging best practices. In view of finalizing a ready-to-use instrument in compliance with the G20 2020 FIAP, he agreed to submit the current draft version of the toolkit to another round of comments from GPII Members and, based on them, proceed to the finalization of the deliverable throughout the tenure of Indian G20 Presidency.

In the last intervention of the session, Ms. Saniya Ansar (WB) reported a brief summary of the main takeaways of the GPII Workshop “New approaches to closing finance & data gaps for women-led businesses”, which was held on 21 July 2022 under Indonesian G20 Presidency and discussed the progresses of the project. Access to finance has always represented a significant constraint for women entrepreneurs, hindering their growth prospects; in this regard, the lack of sex-disaggregated data on firm-financing has been recognized as a key hurdle to closing the \$1.7 trillion financing gap faced globally by over 400 million women-owned businesses. Notwithstanding the conclusion that there is still much to do to close data and financing gaps, there also appeared clear opportunities to make bold progresses going forward. Hence, the Workshop was followed by extensive consultations among different stakeholders throughout the second half of 2022 aimed to assess the feasibility of a global Women Entrepreneur Finance Code, which would ideally support national bodies and financial institutions efforts in the collection and systematization of data on women-led MSMEs. In this regard, she announced that almost twenty countries have been identified to have the conditions in place to pilot a preliminary version of the Code. She concluded her speech hoping for continuous support and attention from the GPII on this delicate issue going forward.



In the roundtable that followed the session, GPII Members showed their support to the proposed changes, content and timeline related to the two deliverables on “SME Finance” reported in the current G20 2020 FIAP. Regarding the issue of data harmonization on MSMEs financing – and the strictly related need of having sex-disaggregated information on access to finance – many GPII Members recognized that, in light of the progresses made in the meantime also thanks to the GPII urging, it would be paramount to proceed expeditiously in this direction and find soon the most effective policy initiatives to overcome the problem of lack of both demand- and supply-side data for MSMEs.

In the second session of the day, entitled “Building pathways for advancing financial inclusion and productivity gains through the new FIAP” and chaired by the GPII Co-Chair, Ms. Magda Bianco gave the audience her perspective on the process that should lead to the adoption of the new FIAP for the period 2024-26. She recognized that the current plan, the first adopted after the streamlining process carried out under Saudi Arabian G20 Presidency, has been very effective, as the GPII has been able to focus on relevant topics in the years that followed the outbreak of the pandemic and the associated push in the digitalization of financial services. Also the definition of specific deliverables for each year has been appropriate especially for the first two years, whereas it appeared a bit too rigid during the third one with possibly insufficient flexibility to adjust for changes in the external context. In her view, the new FIAP should continue to ensure the streamlining of the topics to be addressed and define clear and far-reaching outcomes on a three-year timespan. At the same time, nevertheless, it should ensure enough flexibility on the yearly deliverables, which may be adapted over time according to rapidly changing external conditions. Moreover, such yearly deliverables should be more oriented towards best practices and concrete applications; at the same time, they should be strongly based on available data and empirical evidence. Finally, it should be preserved the focus on digital financial inclusion for both individuals and MSMEs, with a specific attention to the most vulnerable sections of the world population. Ideally, the structure, the content and the specific areas of intervention of the new FIAP should emerge from a critic evaluation of different issues at stake. The first one, of a backward looking nature, directed to uncover both the gaps in financial inclusion that have not been effectively addressed and the reasons behind this outcome. The second, of a forward looking nature, aimed to proactively anticipate the future challenges to financial inclusion and the most effective measures to address them. The last one

focused on finding out the themes on which the GPI may have a competitive advantage and is expected to play a relevant role in the international *fora* going forward. Ms. Bianco anticipated that a survey will be distributed soon to GPI Members to begin reflecting on these issues; based on the replies, a workshop dedicated to the new FIAP will be organized on the occasion of the forthcoming Second Plenary of the GPI scheduled for next March with the objective to finalize a first draft afterwards.

GPI Members agreed on this general perspective and the proposed way forward. Kicking off from the lessons learnt, ensuring enough flexibility in the definition of actual deliverables to accommodate priorities of the rotating presidency, identifying concise, concrete, actionable and results-oriented objectives and leveraging on the actual competitive advantage of the GPI over other possible *fora* and groups discussing similar topics were put forward as necessary features of the new FIAP. Members also underlined the need to continue the focus on Digital Financial Inclusion and SME finance, carry on the work on reducing the cost of remittances as well as preserve the attention to vulnerable and marginalized groups – women, in particular – and the strict interrelations between GPI deliverables and the SDGs. Likewise, the role played by the GPI in bringing forward financial inclusion in the SSBs agenda should be maintained.

Some Members already put forward suggestions regarding a series of potential topics that may be addressed in the new FIAP and related, for instance, to facilitating the access to insurance products by MSMEs and women as well as to raising the awareness of the relevance of data availability, harmonization and disaggregation. Some Members proposed a focus on climate change and the risks of financial exclusion, although others viewed these discussions as more suitable to other G20 work streams. Members also wished the new FIAP to be a highly action-oriented document, wishing for an open and inclusive questionnaire where they could be able to express their comments and priorities.

In the very last session of the Plenary, Ms. Saniya Ansar (WB) described to the audience some of the recent changes intervened in the data-related section of the GPI website (available [here](#)): the number of available indicators measuring financial inclusion was increased (to more than 200); data can now be accessed by different means (Excel and Stata); a data visualization tool has been provided; a glossary helps the user in the search of a desired time series.



Finally, Ms. Magda Bianco informed GPIF Members about some minor changes that will have to be made to the GPIF ToR related, in particular, to the funding of the GPIF website, the expected role of the countries invited from year to year by the rotating G20 Presidencies, the format of GPIF meetings to assure the widest possible participation by GPIF Members. In this regard, it has been advocated the importance of providing also a hybrid participation. After a formal consultation on a list of possible changes, a draft version of the new GPIF ToR will be circulated after the Second Plenary Meeting in March. Moreover, the Indian G20 Presidency proposed to evaluate the possibility to discipline more precisely the commitment of the IPs in preparing deliverables on behalf of the GPIF.

The Indian G20 Presidency and the GPIF Co-Chair concluded the Plenary by thanking all the participants for their continuous support and active participation for a successful 2023 Agenda.

*“One Earth. One Family. One Future”*

GPIF Co-Chair - Magda Bianco