



GPFI

Global Partnership
for Financial Inclusion

2021 WORK PLAN



Background

In 2021, the newly appointed Co-Chairs, working together with the Presidency and the Troika, will lead the work of the GPIFI.

Under Italy's G20 Presidency, the GPIFI will implement a work-plan that, coherent with the provisions contained in the newly adopted G20 2020 Financial Inclusion Action Plan (FIAP), will advance the Partnership's core mandate.

GPIFI's actions will reaffirm the Leaders' commitment to advance financial inclusion benefiting all countries and people, including vulnerable and undeserved groups. The relevance of these objectives have been further underlined by the damaging impact of the COVID-19 pandemic across the world, with its severe disruptions in economic activities and threats to socio-economic life particularly for undeserved segments such as SMEs, the poor, migrants and women.

Against this backdrop, the 2021 GPIFI's Annual Plan will deliver upon the Presidency's Priorities and address the issue of the relationship between financial inclusion and digital transformation in a post COVID-19 world. Moreover, it will tackle the issue of remittances and of the most effective actions needed to support them, also in times of crisis. Finally, it will engage with all stakeholders and standard setting bodies to promote further the integration of financial inclusion in their policies.

The overarching priorities of Italy's G20 Presidency are best synthesized by three keywords: People, Planet and Prosperity (the three Ps). The former and the latter of these paramount objectives will guide the work of the GPIFI throughout 2021. On the one hand, people's need and aspirations should be at the core of policy-makers' actions around the globe, so that no one is left behind. On the other hand, the growth trajectory that comes out in the post COVID-19 world ought to bring forward higher prosperity by granting resilience and inclusiveness for all. These objectives appear to be perfectly coherent with the two main prioritised topics set out in the G20 2020 FIAP, i.e. Digital Financial Inclusion and SME Finance.

In particular, the G20 2020 FIAP invites to identify lessons learned, ongoing challenges and policy options to mitigate the negative consequences of the pandemic, in particular through the use of responsible digital financial services (DFS). To respond to this auspice, and based on the main results stemming from Implementing Partners' Stocktaking Reports, Italy's G20 Presidency will propose a menu of policy options. The menu will be based on actual measures implemented by the different countries that have proved successful in tackling the new challenges posed by the pandemic crisis and by an increased digitalization of financial services. The aim is to suggest viable and operational solutions to effectively increase awareness of individuals and micro, small and medium enterprise (MSMEs) on the opportunities and risks of digital finance, on the one hand, and improve conduct supervision and consumer protection that foster digital financial inclusion for both individuals and MSMEs, on the other.

The G20 2020 FIAP: prioritised topics, action areas and deliverables

Digital Financial Inclusion: Action Area 1

As regards this prioritised topic, the first deliverable envisaged by the G20 2020 FIAP for 2021 is:



“Analyze the COVID-19 implications on individuals’ financial inclusion and financial resilience, particularly for women and other underserved and vulnerable groups, and the roles of financial inclusion to mitigate the COVID-19 impact in the society. Against this backdrop, identify policy options, in particular through the use of responsible digital financial services as well as recommendations on how to respond to DFI challenges and risks through financial consumer protection (taking account of the work of the G20/OECD Task Force on Financial Consumer Protection)”.

Under Italy’s G20 Presidency and with the guidance of the Co-Chairs, the following reports will be produced to fulfil this commitment.

A first report entitled **“COVID-19 and Digitalization: Impact on Financial Inclusion, New Emerging Opportunities and Risks”**, will be produced by the World Bank Group (still to be defined). The report will focus on vulnerable and underserved groups, and will address two questions: (i) how to ensure that inequality does not increase because of new sources of financial exclusion generated by the pandemic? and (ii) how to turn the tragic experience of the COVID-19 outbreak into an opportunity for change and transformation, leading to higher financial inclusion, greater resilience and financial wellbeing for all?

A second report, entitled **“Supporting Financial Resilience and Transformation Through Digital Financial Literacy”**, will be produced by the OECD/INFE. It will delve into the damaging consequences of digital exclusion generated by the pandemic outbreak. Based on the lessons learned from the crisis, and on the backdrop of the increasing digitalization of financial services, the report will focus on how digital financial literacy can increase individuals’ and micro, small and medium enterprises’ (MSMEs) financial resilience. The Report will introduce the concept of a “transformative resilience”, investigate how digitalization can provide an opportunity for bouncing forward and progressing through adaptation and transformation.

A third report will be produced by the OECD Task Force on Consumer Protection, addressing **“Financial Consumer Protection and Regulation for the Post COVID-19 Era: Effective Approaches and Lessons Learnt to Protect Consumers and Support Financial Inclusion”**. The report aims at identifying effective approaches and lessons learnt in terms of protecting financial consumers and supporting financial inclusion, with a focus on the role of digitalisation and technological innovation (including the use of technology by regulators and supervisors, i.e. Sup-tech and Pro-tech).

Digital Financial Inclusion: Action Area 2

The GPII in 2021 is committed to *“deliver the review the progress on National Remittance Plans against the commitments in the G20 Plan to Facilitate Remittance Flows (2014) and release the biennial update on the National Remittance Plans with a particular focus on the analysis of the impact of COVID-19 on remittances flows. Based on the analysis of the lessons learned, develop a list of possible short-term mitigating and long-term support measures aimed at promoting digital payment services”.*

As a first line of action, the GPII will have a preparatory discussion on the need to provide new content- and drafting-related solutions to the information provided by GPII member countries, so as to maximise their usefulness to make sound across-the-board comparisons and draw the rightest support measures for the short- to longer-run. With the help of the WB, IFAD and other IPs, the Presidency and the Co-Chairs will aim to suggest a possible way forward, which could imply a sort of adjusting, re-focusing, expanding



or reducing the types and quantities of information provided about the NRPs. A viable solution in this direction could be to adopt the recommendations contained in the Blueprint for Action – recently adopted by the Remittance Community Task Force – as a sort of benchmark against which to assess and evaluate the solutions provided at the national level and reported in the NRPs. The formal update of NRPs according to the new template should be carried out before the last GPIFI Plenary of early October. In this occasion, a formal evaluation of the immediate measures taken by the authorities and the private sector to preserve remittances flows in the COVID-19 context, as well as the actions they intend to take looking forward, would be endorsed by the GPIFI.

The second line of action relates to a careful monitoring, from a financial inclusion perspective, of the implementation of the cross-border payments roadmap. The G20 has made enhancing (i.e. making faster, cheaper, more transparent and more inclusive) cross-border payments, including remittances, a priority during the Saudi Arabia's Presidency. The FSB has then set out a three-stage plan including an initial assessment (completed in April), identification of building blocks (completed by the CPMI in July), and a roadmap (completed in October). These building blocks aim to holistically improve the cross-border arrangements and include a number of measures directly relevant to remittances. For instance, one of the first actions under the roadmap will be to reinforce momentum and reach a joint public and private sector vision to enhance cross-border payments through a common set of objectives by setting more specific quantitative targets for addressing the four challenges (cost, speed, transparency, access), for endorsement at the October 2021 G20 Summit. Therefore, it appears to be paramount for the GPIFI to continue to engage with regulation and standard setting bodies (SSBs) – such as the FSB, the CPMI and the FATF – to ensure that the implementation of the roadmap on cross-border payments, including remittances, take into adequate consideration the inclusion and economic development perspective.

To bring both the lines of action under the attention of GPIFI's member countries and international community, an ad-hoc half-day seminar on remittances will be organised at the 2nd GPIFI Plenary in July. On the one hand, GPIFI's IPs could provide an update of the impact that the COVID-19 crisis had on remittances flows, as well as of the main measures implemented domestically to keep these flows alive notwithstanding the challenging times. On the other hand, representatives of SSBs will be invited to describe the main features of the roadmap, the steps already taken and those still to be implemented, and the way in which financial inclusion has been (or will be) taken into account.

SME Finance: Action Area 1

As regards this prioritised topic, the deliverable envisaged by the G20 2020 FIAP in 2021 is to “analyze the impact of the COVID-19 pandemic on financial inclusion for SMEs and the role of financial inclusion to mitigate it, especially for those SMEs that are informal and women-led; identify lessons learned and the ongoing challenges; and develop policy options to mitigate negative longer-term consequences, including matters of sustainable development”.

Under Italy's G20 Presidency and with the guidance of the Co-Chairs, the following reports will be produced to fulfil this commitment.



The first one, entitled “**The Supply of Digital Financial Services to MSMEs: Is All That Glitters Gold?**”, will be produced by the SME Finance Forum. Relying on a wide range of country-level experiences, including least developed ones, the report will analyse the role that digitalization played in supporting the access to financial services of MSMEs during the outbreak of the COVID-19 pandemic. The report aims at shedding light on whether digital financing innovations have been critical to vulnerable firms in coping with the emergency and assessing its untapped potential in the post-crisis landscape and discuss the risks and benefits related to a wider use of digital financing tools and channels.

A second report will be produced by the OECD/INFE based on the results of the Survey on Financial Literacy of MSMEs “**Navigating the storm: MSMEs’ financial and digital competencies in COVID-19 times**”, to which all GPIFI countries are invited to participate. The updated version of the 2020 OECD/INFE Survey, relaunched by the Italian Presidency, takes into account the specificity of the crisis, also in terms of uneven impact across sectors. The report will analyse the level of financial literacy of MSMEs’ owners and managers, and evaluate the relationship between financial literacy – with a special focus on digital financial literacy – and financial resilience to the COVID-19 shock across the participating countries. The report will also discuss the impact of the pandemic outbreak on financial inclusion and digitalization, including by gender of entrepreneurs, and possibly show how facilitating digital payments can help the transition from informal to formal financing channels.

Other GPIFI priorities

Capitalise on the engagement with regulation and SSBs

The GPIFI has significantly engaged with policymakers and the private sector to mainstream financial inclusion into the work and actions of global SSBs, the most notable example being the “enhanced cooperation arrangements” approved in 2019. With the guidance of the new Co-Chairs the GPIFI will continue, under the Italian Presidency, to foster this dialogue and to enhance our mutual understanding of the interdependence between financial inclusion, financial stability and consumer protection.

GPIFI 2021 Annual Plan timetable

As far as the timetable is concerned:

- In January GPIFI members are expected to approve and adopt the GPIFI annual Plan and to approve the outline and timeline of the reports by IPs.
- At the 1st GPIFI Plenary Meeting in March IPs will present a more detailed outline of the supporting reports that will be produced on the COVID-19 impact on financial inclusion of individual and SMEs. The Co-Chairs and IPs would provide an overview of the basic new common structure of the information set member countries are called to provide about their NRPs. Moreover, the OECD will present the Recommendation of the Council on Financial Literacy.
- At 2nd GPIFI Plenary Meeting in June IPs will provide a description of the preliminary findings of their reports. Members will reach a final agreement on the new informative content of the NRPs. A half-day seminar on remittances will be organized.



- At the 3rd GPIFI Plenary Meeting in early October Members will discuss and approve the final version of the IPs reports and the menu of policy options proposed by the Italian Presidency. GPIFI members will also discuss and approve the final report on NRPs, with the aim to reach a consensus on all the documents ahead of the G20 FMCBGs meeting later in the same month. The day before the last Plenary, the Italian Presidency will organize a High Level Symposium to present to the international community the main results of the work carried out by the GPIFI throughout 2021 and proposing possible lines of intervention going forward.

Date	Task/Meeting/Event	Location
January	Approval/adoption of the Annual Plan by GPIFI members, including outlines and timeline of the five Reports to be produced by IPs F	
25-26 January	G20 Deputies : Issue note on GPIFI priorities	
24-25 March	GPIFI #1 <ul style="list-style-type: none"> Presentation of the outlines of five IPs' reports on COVID-19 impacts on individuals and SMEs (Italy's G20 Presidency and IPs) Presentation of the new template for the update of NRPs (Co-Chairs and IPs) OECD/INFE presentation to GPIFI members of the Recommendation of the Council on Financial Literacy, OECD/LEGAL/0461 	Webex
7-8 April	G20 Deputies & FMCBG <ul style="list-style-type: none"> Approval and endorsement of new template for NRPs 	
24-25 June	GPIFI#2 <ul style="list-style-type: none"> Presentation of first draft of the five reports on impact of COVID-19 on individuals and SMEs (Italy's G20 Presidency and IPs) Final agreement on the new informative content of the NRPs. Half-day seminar on remittances: "Taking stock and moving forward" 	[TBD]
7-8 July	G20 FMCBG	



	<ul style="list-style-type: none"> • Endorsement of OECD Recommendation of the Council on Financial Literacy, OECD/LEGAL/0461 	
4 October	<p><u>GPFI High Level Symposium</u></p> <p>[Coping with new (and old) vulnerabilities in the post-pandemic world]</p>	[TBD]
5 October	<p>GPFI#3</p> <ul style="list-style-type: none"> • Presentation of the final version of the five stocktaking reports and of the menu of policy options proposed by the Italian Presidency. (Italy's G20 Presidency and IPs) • Presentation of the main findings of the NRPs update (Co-Chairs and IPs) • Summing up of the results achieved during the year (Italy's G20 Presidency and Co-Chairs) 	[TBD]
14-16 October	<p>G20 Deputies & FMCBG :</p> <ul style="list-style-type: none"> • Endorsement of menu of policy options of Italian Presidency ; • Endorsement of NRPs 	
30-31 October	<ul style="list-style-type: none"> • Leaders' Endorsement of main deliverables of GPFI 	