



GPFI

Global Partnership
for Financial Inclusion

SECOND PLENARY MEETING OF THE GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION

24-25 June 2021
(Virtual Meeting)

CO-CHAIRS' SUMMARY



The Second Plenary Meeting of the G20 Global Partnership for Financial Inclusion (GPIFI) took place on 24 and 25 June in virtual mode.

The first day of the meeting was entirely dedicated to the topic of remittances and included a workshop on “Remittances in times of crisis and beyond”. The workshop was attended by a large audience of participants from member and non-member countries. It was the occasion to bring to the table different perspectives: from receiving and sending countries, from service providers, as well as from international organizations. All the interventions highlighted that important progress has been achieved in this area, especially in reducing the average cost of transfers. However, it is necessary to continue the efforts aimed to decrease costs and to monitor the market at an international level to continue on a path of ever-greater efficiency. Supply conditions and service levels are not yet satisfactory, especially for some corridors and for some countries. These activities are even more critical if we consider that, despite the difficulties of the pandemic, the flows of remittances have remained substantially stable, confirming that they are a necessary and irreplaceable source of funding for recipient families in the poorest countries. Despite the impact of the COVID 19 pandemic on the global economy, officially recorded remittance flows to low- and middle-income countries (LMICs) declined only by 1.6 per cent (to US\$540 billion) in 2020, and are even projected to increase this year. Remittances are the only large financial flow to developing countries that have remained stable during this period of crisis. This demonstrates once more the incredible resilience of migrants, especially in times of crisis.

For receiving countries, it is very important to work together with the private sector to reduce transfer costs and reach a larger share of the population in a safe and transparent way. The pandemic has increased the use of formal channels for remittances, and a key issue is now how to consolidate this pattern going forward. Also, many migrants in sending countries have reduced their assets to support families back home, hence it is very important to capitalize on remittances in terms of their capacity to reinforce the link between saving, investment and insurance, also with the support of digital financial education policies to reduce the risks of financial exclusion of the most vulnerable.

In a dedicated session, all member countries expressed support to the new template of the National Remittances Plans prepared by the World Bank and IFAD and will provide the Biennial Update following this new template by October.

The second day of work was dedicated to discussing the first drafts of the reports prepared by GPIFI implementing partners to support the objectives of the G20 Italian Presidency and the 2020 FIAP. The reports analyze the impact of the pandemic on the financial resilience of individuals and small and



medium-sized enterprises, the new risks of exclusion and those linked to cyber fraud, due to the increased digitization of financial services and products. Based on the analysis, the reports highlight, on the one hand, which policies have been adopted by countries to mitigate the most adverse consequences of the pandemic and of the increased digitization on financial inclusion and, on the other hand, in a longer-term perspective, what actions have been taken to increase financial literacy, especially digital, and to provide greater protection for financial customers in the face of new digital risks.

The use of digital payments and financial services increased during the pandemic due to social distancing measures. As a result, many countries have adopted policies to support the individuals most affected by the pandemic, those most vulnerable and micro and small enterprises. Specific protection measures and digital financial education programs have also been launched to accompany these changes. However, it seems clear that, while greater digitalization offers greater opportunities for inclusion - also for the benefit of those previously excluded - the pandemic has highlighted the need for interventions aimed at avoiding new forms of exclusion of the poorest, the weakest, the most marginalized.

It is precisely in this context that the activities of the GPIFI fit: at the end of the year, the GPIFI under the Italian Presidency will produce a menu of the effective policies adopted by the various G20 Countries in the two complementary areas of financial consumer protection and financial literacy. In particular, the menu will highlight the strategies aimed to protect individuals and enterprises in the access to formal financial services - especially the new digital financial ones - and to raise their awareness of the opportunities offered by digital finance and the safeguards aimed at protecting them from the risks of frauds, scams and digital exclusion.

GPIFI members expressed great support for all the envisaged deliverables, and expressed their willingness to continue the collective efforts to gather more evidence on vulnerable groups, including women, forcibly displaced people and small enterprises.