

**THE ALLIANCE FOR FINANCIAL INCLUSION  
9<sup>th</sup> ANNUAL G-24/AFI POLICYMAKER'S ROUNDTABLE  
ON FINANCIAL INCLUSION**

**OPENING REMARKS BY THE CHAIRMAN OF THE AFI BOARD OF  
DIRECTORS, PROF. BENNO NDULU, GOVERNOR, BANK OF TANZANIA  
HELD ON 19 APRIL, 2017, WASHINGTON, D.C**

---

**G-24 Secretariat, Director, Marilou Uy;**

**AFI Executive Director, Alfred Hannig;**

**Ministers of Finance,**

**Fellows Governors;**

**Representatives from multilateral organizations;**

**Partners;**

**Distinguished guests;**

**Ladies and Gentlemen,**

It is my great pleasure to open the 9th Annual G24-AFI Policymakers Roundtable on the occasion of the Spring Meetings of the International Monetary Fund and the World Bank Group.

The G24-AFI Roundtable, of which the first edition was held back in 2008, has been an extremely effective platform over the years for discussing pertinent issues relevant to financial inclusion, particularly from the perspective of developing countries. This forum has played an important role in contributing directly to the financial inclusion agenda of successive G20 presidencies through the global partnership for financial inclusion (GPFI).

And in the last two years' the Roundtable has focused attention on the important issue of de-risking and its potential impact on financial inclusion across AFI and G-

24 members, culminating in the publication at the 2016 AFI Global Policy Forum of the G24 & AFI Special Report “Stemming the Tide of De-Risking Through Innovative Technologies and Partnerships”.

This year the 9th Annual G-24-AFI Policymakers’ Roundtable focusses on the theme of “**Leveraging Innovative Technology to Deliver Sustainable Financial Inclusion**” and these are topics in which the AFI Network has been particularly active.

**Ladies and Gentlemen;**

Please allow me to update you on some notable recent developments.

**(i) Establishment of AFI Board Committees**

In 2016 AFI established both the Committee on Gender and Women’s Financial Inclusion (GWFIC) to enhance the Network’s focus on closing the Global Financial Inclusion Gender Gap, and the Global Standards and Policy Committee (GSPC) as a permanent Committee under the board to provide guidance advice for AFI’s engagement and peer learning initiative with international Standard Setting Bodies (SSBs) and oversees policy and program initiatives proposed by AFI Working Groups and AFI Management Unit.

With respect to the Gender and Women’s Financial Inclusion Committee, you will hear updates directly from the Committee Chair in the second part of the Roundtable this evening. I will therefore focus my remarks on topics under the purview of the Global Standards and Policy Committee. The Committee will be chaired by Governor Ibrahim of Bank Negara Malaysia, and with members from Bangladesh, Kenya, Malawi, Mexico, Paraguay and Russia. The GSPC builds on the successful Global Standards Sub-Committee which represented AFI to the SSBs prior to AFI Independence. The Committee will hold its inaugural meeting in Kuala Lumpur on 23 May 2017.

Three of the key topics to be under the purview of the GSPC are de-risking, financial technologies (FinTech) and the linkages between financial inclusion and financial stability. Please allow me to say a few words on each of these important topic areas in the remainder of this address.

### **(a) De-Risking**

De-risking is a continuing concern of AFI and G-24 members, despite the considerable work of a range of international organizations to analyse and make recommendations on the issue, and the work of AFI and the G-24 to ensure developing countries are well represented in the global dialogue on de-risking challenges and potential solutions.

The G-24 / AFI Special Report on De-Risking published after the discussions at last year's Roundtable highlighted five areas for the international community and national policymakers to focus:

- **Voice amplification** – Impacted countries must be more engaged in the global debate on identifying solutions to de-risking;
- **Overcoming the risk-reward dilemma** – providing financial institutions guidance on how to manage high-risk scenarios without withdrawing from such relationships;
- **Increasing broader understanding** of how impacted countries address de-risking concerns;
- **Supporting innovation** – particularly the use of DFS and customer identification technologies, including the use of KYC utilities; and
- **Clarifying cross-border regulatory expectations** – providing principles to banks when terminating accounts as well as guidelines to smoothen the impact of closure.

The recommendations of the G24-AFI special report are largely aligned with the recommendations by key stakeholders, including the Financial Stability Board (FSB)'s 4-point plan, the International Monetary Fund and the World Bank.

The urgent question before us all now is how to accelerate the progress to translate these recommendations into practice, given that some jurisdictions continue to face de-risking.

### **(b) FinTech**

With respect to new Fin Tech and its potential to catalyse progress towards full financial inclusion, the AFI Network has been no less active. A commitment to implement enabling regulatory environments which foster technological innovation is the very first pillar of the Maya Declaration, to which all AFI members subscribe when they join the Network, and many AFI members have seen the fruits of this approach with rapid increases in financial inclusion resulting from the spread of digital financial services in their countries.

At the 2016 AFI Annual General Meeting in Fiji went further by giving their assent for AFI to initiate additional peer learning activities for new FinTech and RegTech which is financial inclusion focussed. This will include examining the benefits and risks for financial inclusion of technologies such as Biometrics, alternative credit scoring and Blockchain-Based Payments. Through this project, AFI will focus on achieving proportionate policies & regulations that balance the benefits and the risks of FinTech & RegTech, examining relevant and innovative regulatory approaches such as: Regulatory Sandboxes, Test and Lean Approaches and Tiered Application of Global Standards.

Under this initiative AFI has already conducted a Survey of Members on FinTech and RegTech which highlighted as the top activities for AFI Members to pursue under this initiative will be: (1) Exposure to the latest FinTech & RegTech trends

at the GPF (2) Exposure visit to both AFI member countries and to developed countries with relevant experience (3) Specialized member trainings on FinTech and RegTech. These initiatives are now being operationized by the AFI Management Unit and under the guidance of the new GSPC.

### **(c) Linkages of Financial Inclusion & Financial Stability**

A third area of recent policy focus for AFI has been the interlinkages of Financial Inclusion and Financial Stability, explored in depth at the AFI & Bank Indonesia co-hosted conference “***Maximising Financial Access: Finding Optimal Balance between Financial Inclusion and Financial Stability***”. This topic connects back to both de-risking – which threatens both inclusion and stability – and to FinTech – which must be deployed in such a way as to be complementary to financial regulators’ core mandate of financial stability as well as benefitting financial inclusion.

**The Bali Outcome Statement** released after this conference made a series of recommendations on the way forwards, including:

- exploring tailored and proportionate regulatory approach to allow innovative solutions to develop within a test-and-learn environment;
- developing a set of indicators which reflect a healthy complementarity between financial stability and financial inclusion; and
- ensuring stronger protection for consumers and financial system stability from new risks arising from a more advanced and digitized financial services environment.

### **Ladies and Gentlemen;**

De-Risking, FinTech, Financial Stability & Inclusion. These are all pertinent topics for the work of the G-24 and AFI that I look forward to discussing during this

evening and to the guidance of all members and partners here on this special occasion to help us shape these important G-24 and AFI Initiatives.

Wishing all of us fruitful deliberations.

**Thank you for your attention!**