



INCLUSION IN PROGRESS

AFI AND A DECADE OF SMART POLICYMAKING
2008-2018

INCLUSION IN PROGRESS

AFI AND A DECADE OF SMART POLICYMAKING
2008-2018



10 YEARS OF BRINGING SMART POLICIES TO LIFE

Published by

Alliance for Financial Inclusion

Sasana Kijang, 2, Jalan Dato' Onn

50480 Kuala Lumpur, Malaysia

t: +60 3 2776 9000

e: info@afi-global.org

www.afi-global.org

Copyright © 2018 (September)

Alliance for Financial Inclusion.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means without the prior written permission of the publisher.

Contributions by

Monika Lajhner, AFI Head of Communications, Media Relations & Event Management

Sryiani Rao, AFI Digital Communications Manager

Editorial and design by

Salt Media Group Sdn Bhd

A-3A-9, Block Allamanda

10 Boulevard, Lebuhraya Sprint

PJU 6A, 47400 Petaling Jaya

Selangor, Malaysia

t: +603 7726 4077

ISBN 978-967-15450-7-2



9 789671 545072

Contents

4 Message from the Executive Director

5 **Part One**
A for access.
Financial inclusion in brief

9 **Part Two**
A for alliance.
AFI at a glance

19 **Part Three**
A for alignment.
10 years of AFI

63 **Part Four**
A for achievements.
AFI's impact on inclusion

71 **Part Five**
A for aspirations.
The way forward



“Many of the smartest and most innovative policies for increasing access to formal financial services have come from developing countries—those living with the challenges of financial inclusion every day.”

Prof Njuguna Ndung'u and Dr. Alfred Hannig, the 2009 AFI GPF Report.

Message from the Executive Director

By the time the first copies of this publication are distributed, participants of the 2018 Global Policy Forum (GPF) will be converging in Sochi, Russia, ready to kick off AFI's annual flagship event. With each successive forum, the GPF has become increasingly synonymous globally with provocative thought leadership, spirited debate and networking at the forefront of financial inclusion policymaking.

For many of us, the GPFs are also a time when our Alliance most feels like an alliance—we get to catch up with counterparts in person, put a face to a name at last, engage with fellow members and partners across the table rather than across the globe. In these, and all other respects, this GPF will be no different.

In all respects except one, of course: it happens to be our 10th GPF, and it is taking place during our 10th year of existence. We thus stand not only on the shores of the Black Sea, but also at a momentous point in the AFI story.

In one decade, we have evolved from being a fully donor-funded project to being a member-driven, member-owned network widely considered to be the world's leading organization for financial inclusion policy. AFI's

impact on financial inclusion is undeniable. To date, member institutions have implemented 384 policy and regulatory reforms to advance financial inclusion. We can confidently state that efforts undertaken through the AFI network have resulted in over 600 million people being brought into the financial system.

AFI has been bringing smart policies to life for 10 years now, and the journey thus far merits reflection and celebration.

In this 10th anniversary publication, we aim to give the AFI community—those already familiar with the myriad details of the organization—a chance to step back and appreciate the big picture. At the same time, we hope to offer general readers a glimpse of how AFI came to be, and more importantly, an understanding of its relevance.

The contents are in five parts: (1) financial inclusion in brief, which is both introduction to the topic and reminder to those of us at AFI of our reason for being; (2) AFI at a glance, which describes the organization and current products and services; (3) 10 years of AFI, which looks at AFI's work and how it has endeavored to stay aligned with the objective of financial

inclusion; (4) AFI's impact on inclusion and the results thus far; and (5) the way forward, where we consider the exciting journey ahead.

The recurring theme, of course, is AFI's cooperation model, which has always welcomed everyone on an equal basis. We know this model works. Now, as the world enters an era of increasing uncertainty and fragmentation, we stand ready to show the way.

As AFI matures, I hope that we will retain the spirit and passion of those who are just starting out—for while AFI has indeed accomplished much, in many ways the first decade was just the beginning. At the same time, I recall that even in the early days—long before we turned 10—members were already honoring each other with frank and honest exchange; this too, I hope, will endure.

I would like to thank all who have contributed their energies and talents to helping AFI achieve its objectives in our first decade. Together, let us now write the next chapter of the AFI story.

Dr. Alfred Hannig
Executive Director, AFI

A woman in a yellow sari with a red border and a yellow shawl is carrying a large red pot on her head. She is looking down at a tablet computer in her hands. In the foreground, a black cow is visible. The background shows green trees and a white structure.

1

A for access.

Financial inclusion in brief

Financial inclusion: the landscape

The challenge of economic growth is multidimensional and complex. More than ever, policymakers in developing countries need innovative and impactful solutions in areas such as infrastructure, human capital, agriculture, industrial transformation, trade and technology.

Financial services cut across all dimensions of growth. They are the linchpin of any modern economy, and an inseparable part of daily life: we use them to save, borrow and transact, as well as insure ourselves against risk. A nation's financial system must therefore be firmly in place.

Often, however, even in countries where this has been achieved, one problem persists: large segments of the population have limited or no access to the financial system. They are the unbanked, the financially excluded.

The stakes

A total of 1.7 billion people in the world today remain unbanked—and as a consequence, the economic and human potential of 1.7 billion people remains untapped.

The poor in developing countries constitute the majority of the unbanked, and financial inclusion—improving people's access to financial services—is key to poverty reduction. As Raila Odinga, Prime Minister of Kenya, noted at the first AFI Global Policy Forum in Nairobi, Kenya in 2009, it is crucial to break the cycle of poverty in which the poor are unable to save, as a result of which they cannot invest, which in turn means they cannot develop—and so they remain poor.

Inclusive economic growth begins with financial inclusion. By integrating the unbanked into the formal economy, a country can alleviate poverty, make the poor less vulnerable to financial shocks, raise their living standards, and reduce economic inequality.

There is also evidence showing that the poor are not the only ones who benefit when they are given access through smart financial inclusion policies. Smart policies not only accelerate financial inclusion, they also promote the stability and integrity of financial systems. Greater financial inclusion has

positive effects on economic growth and social cohesion, and investing in it yields long-term benefits—for everyone.

The clock is ticking—the longer a group is financially excluded from the mainstream, the further behind they will fall, and the harder it will be to achieve inclusion. Who loses? Everyone.

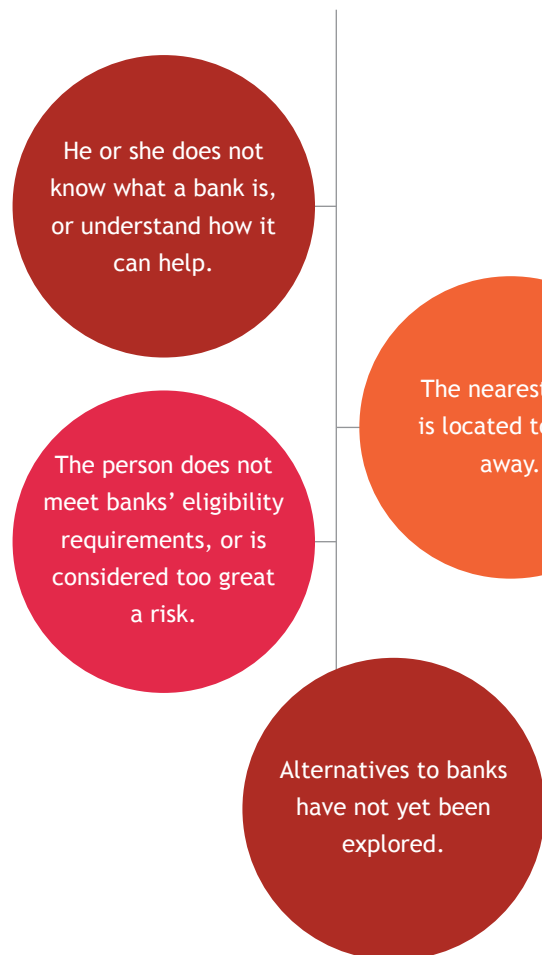
Achieving greater financial inclusion supports many of the 17 United Nations Sustainable Development Goals (SDGs), but is particularly relevant to Goal 1: No Poverty.

“Our vision of success is one that not only includes more of our people into the system, but one that improves the overall income levels, and therefore confidence and character, of the poor.”

Halim Alamsyah, Bank Indonesia, at the 2011 AFI GPF.

Why does a person remain unbanked?

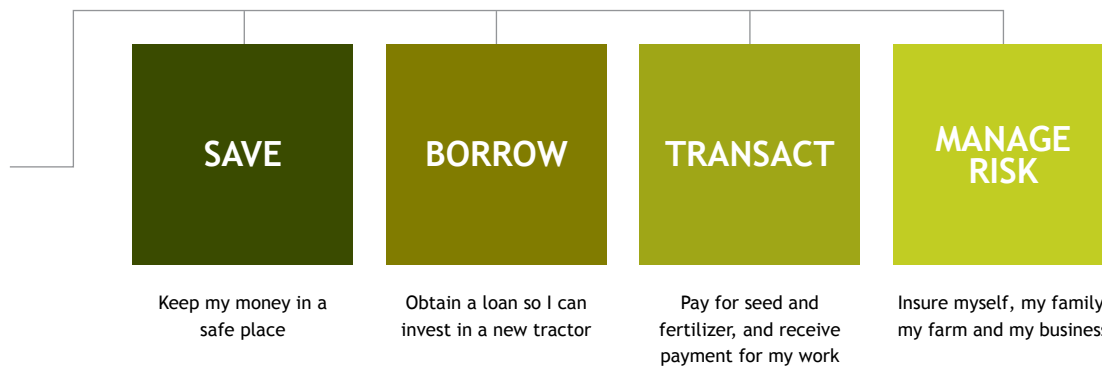
Various circumstances can lead to a person being financially excluded.



Financial inclusion—which is about making sure people have access to financial services—is not an end in itself. It is a means of bringing about real improvements in people's lives by enhancing their economic opportunities.

What can I do with financial services?

Farmers are just one example of the 1.7 billion unbanked who can be empowered with access.



Smart policies: the key

The quality of a country's policies determines whether or not it succeeds in achieving its development objectives. Around the world, policymakers and regulators strive to bring about positive change through smart policies. While many succeed, many others do not; a country with little or no experience in a policy area can end up introducing policies that are ineffective, costly, difficult to implement, or harmful.

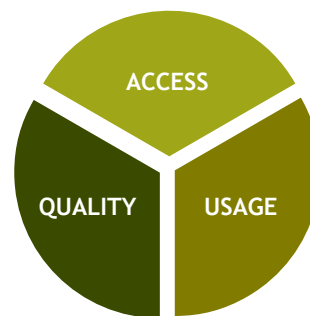
A set of policies that aims to achieve financial inclusion in a meaningful and comprehensive manner must address three key dimensions: access, usage and quality.

The policymakers' choice

To achieve greater financial inclusion, a nation's policymaking and regulatory institutions must design and implement smart policies. Countries can attempt to resolve the issues on their own, each starting from scratch and committing scarce resources to a time-consuming process—or they can accelerate their move towards financial inclusion by forging an alliance, thereby gaining access to each other's experiences and collective knowledge of tried and tested policy solutions.

How has the world chosen?

3 key aspects of financial inclusion



Countries have realized that financial inclusion is a crucial component of the development agenda, and that solutions are urgently needed to meet this great challenge. A total of 107 policymaking and regulatory institutions from more than 90 countries have now chosen to join the Alliance for Financial Inclusion (AFI).

Financial inclusion policies

Greater financial inclusion can be achieved through policies that:

- educate people about the benefits of financial services
- equip people with the basic requirements to qualify for financial services, such as financial identity
- encourage banks to consider new ways of evaluating customers
- create a role for non-bank financial institutions
- encourage the use of technology to overcome physical barriers to access
- focus on groups experiencing higher levels of exclusion, such as women and forcibly displaced persons
- consider not just individuals but also micro, small and medium enterprises
- consider the link between financial inclusion, climate change and green finance.



A

A for alliance.

AFI at a glance

AFI: a profile

The Alliance for Financial Inclusion (AFI) is the world's leading organization on financial inclusion policy and regulation. A peer-to-peer, member-owned network of over 100 policymaking and regulatory institutions, AFI was founded in 2008 on a simple idea: that a global knowledge-exchange platform is key to expanding and improving financial inclusion policy.

At AFI, member institutions contribute to the body of practical knowledge in financial inclusion policymaking, while availing themselves of their collective experience to achieve their respective national goals.

Today, the AFI platform provides a multitude of opportunities and mechanisms for members to engage with each other, from Working Groups and knowledge exchange visits to online knowledge products and the annual Global Policy Forum, as well as an initiative known as the Maya Declaration in which members declare national commitments and help each other stay on track.

Together, members harness the powers of peer learning and positive peer pressure to develop and implement evidence-based policy solutions that will unlock the potential of the world's unbanked through financial inclusion.

VISION

Making financial services more accessible to the world's unbanked.

MISSION

Empowering policymakers to increase access to quality financial services for the poorest populations.

Who are the members?

AFI members consist of central banks and other financial regulatory institutions from more than 90 developing countries, where the majority of the world's unbanked reside. In 2018, there were 107 member organizations in the AFI network.

How does AFI work?

AFI is a peer-to-peer network whose agenda is set by members who choose the policy solutions to focus on, and then the modes of cooperation and knowledge sharing that suit them best.

Using the multiple resources, tools and activities administered by AFI, members translate their collective experience into policy solutions that are practical, tested and adaptable. These policies in turn aim to bring about sustainable and scalable financial inclusion.

The cooperation model upon which the AFI network is built is based on two key priorities: country-led approaches that help countries design and implement solutions; and peer-to-peer engagement that creates and sustains a community of equals.

How is AFI funded?

AFI is an independent, member-owned network. It receives its funding for core operations and delivery of services and products to its members through membership dues and funds from funding partners. AFI also collaborates with its intellectual partners to scale up various member services and peer-learning platforms. Additionally, AFI cooperates with select

private-sector industry leaders within AFI's Public-Private Dialogue Platform to enhance and expand our products and services, and strengthen the technical capacity of member institutions to develop and implement financial inclusion policy.

Our membership advantage

Why have so many institutions representing so many countries opted to be part of the Alliance for Financial Inclusion? What is AFI's value proposition?

Policy impact. Using the numerous products and services available to them, AFI members have implemented tangible and successful national-level policy changes that are helping to improve the lives of millions.

Practical, tested, adaptable solutions. The variety of platforms and activities at AFI exposes members to new perspectives and ideas, enabling them to cultivate a broad understanding of global financial inclusion

issues and allowing them to draw on a range of policy solutions that are practical, tested and adaptable.

A diverse community of experts. AFI is a network of regulators and policymakers working on similar issues and facing similar challenges. At the same time, each member brings its own unique perspective to the table. The resulting pool of members' expertise is complemented by the perspectives of AFI's private-sector partners.

Global policy leadership. AFI raises the profile of smart financial inclusion policy through its association with the G20, G-24 and global Standard-Setting Bodies (SSBs), as well as through partnerships with the World Bank, the Consultative Group to Assist the Poor (CGAP), the United Nations and others. Through AFI, members lead the global discussion on financial inclusion.

The two pillars of the AFI cooperation model

**COUNTRY-LED
APPROACHES**
support for countries

AFI members focus on ways to support countries in designing and implementing high-impact solutions to meet their unique needs and challenges. These country-led approaches have created ownership and a sense of pride as ever more ambitious targets are set and achieved.

**PEER-TO-PEER
ENGAGEMENT**
a community of equals

At AFI, the value of knowledge and experience is not judged by the size or wealth of any one institution. The AFI community is one of equals, where every member, no matter how large or small, is given the opportunity to share as well as learn.



“You are provided with a buffet table of ideas, of best practices and principles, but of course you have to look at your own situation... you should choose what will work in the local context...no one solution fits all.”

Rochelle Tomas, Bangko Sentral ng Pilipinas, at the 2010 AFI GPF.

AFI products and services

From the start, the global knowledge-exchange platform has been the core of AFI. Over the years, the AFI network, with the support of funders and partners, has invested deeply in this platform, and there is ample data to show that the model is delivering tangible results.

Today, the platform comprises a comprehensive range of products and services designed to complement each other in the pursuit of one objective: to support member institutions as they work to accelerate the adoption of innovative and proven policy solutions, with the ultimate aim of making financial services more accessible to the world's unbanked.

1 Working Groups

The Working Groups are AFI's principal communities of practice, the technical backbone of policy development, knowledge generation, regulatory guidance and policy implementation in the AFI network. Working Groups produce policy guidelines and tools for formulating financial inclusion policies, provide peer reviews of members' draft policies and regulatory frameworks, and contribute to the engagement of global Standard-Setting Bodies (SSBs) and financial inclusion ecosystems at national and regional levels. Working Groups focus on the major policy areas identified from the financial inclusion mandates of members across the AFI network.

The six Working Groups currently active are:

- Consumer Empowerment and Market Conduct (CEMC) Working Group
- Digital Financial Services (DFS) Working Group
- Financial Inclusion Data (FID) Working Group
- Financial Inclusion Strategy (FIS) Peer Learning Group
- Global Standards Proportionality (GSP) Working Group
- SME Finance (SMEF) Working Group

2 Knowledge products

Knowledge products are evidence-based publications centered on the insights of AFI members, focusing on efficient formulation and execution of financial inclusion policies.

3 Peer Reviews

Peer reviews are a mechanism through which an AFI member institution with recognized expertise in a particular policy area provides intensive technical support for other AFI members to implement practical policy reforms.

4 Regional initiatives

AFI's regional initiatives provide opportunities for members to develop and implement policy solutions that address their specific challenges

and support in-country policy implementation. These platforms bring together high-level figures and other officials from member institutions to work together to address common financial inclusion challenges in the regions. AFI's regional initiatives are:

- the African Financial Inclusion Policy Initiative (AfPI)
- the Pacific Islands Regional Initiative (PIRI)
- the Financial Inclusion Initiative for Latin America and the Caribbean (FILAC)
- the Financial Inclusion for the Arab Region Initiative (FIARI).

5 Capacity building for development

These exclusive programs provide member institutions with insights into emerging trends and the challenges of implementing financial inclusion initiatives.

Joint Learning Programs are visits hosted by AFI member institutions that have been recognized for excellence in a specific financial inclusion policy area. The objective is for participating institutions to gain in-depth knowledge of the factors contributing to successful policies in the host country and how to adapt these lessons to their own country context.

Member training events, hosted by AFI member institutions, focus on global trends in specific policy areas. The objective is for AFI members to gain knowledge and develop the skills they need to implement what they have learned.

Public-Private Dialogue (PPD) Capacity

Building consists of activities organized in collaboration with AFI's private-sector partners. These activities expose AFI member institutions to private-sector initiatives and innovations and help regulators and policymakers design appropriate regulations to mitigate risks.

Peer Advisory Services are a mechanism through which an AFI member institution with recognized expertise in a particular policy area provides intensive technical support for other AFI members to implement a policy reform.

Certified Expert in Financial Inclusion Policy (CEFI) is an online course on financial inclusion with a special focus on policy and regulations. It was developed by AFI in collaboration with the Frankfurt School of Finance and Management.

6 Grants program

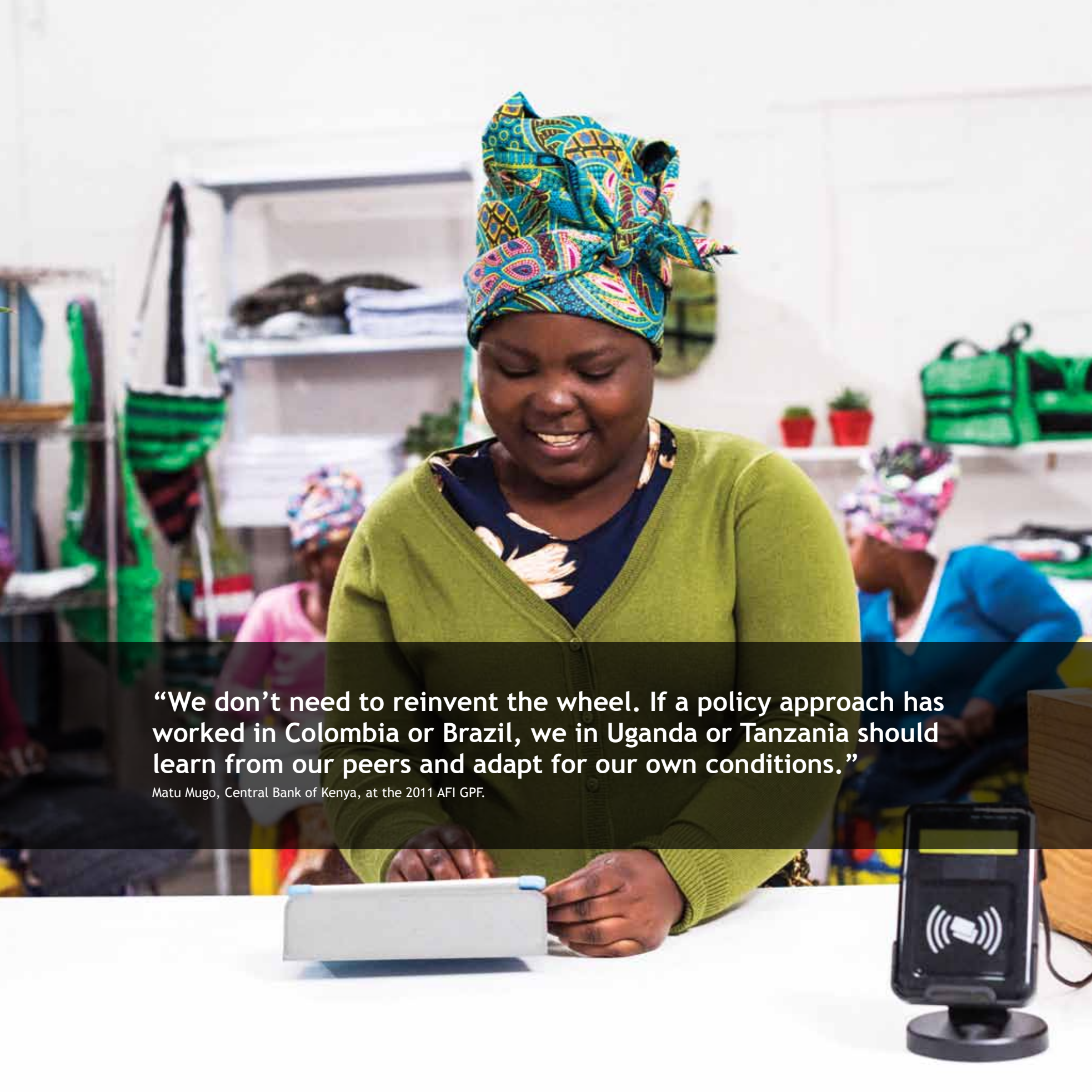
AFI grants provide financial assistance for members to implement financial inclusion policies associated with their Maya Declaration commitments. The grants target high-impact initiatives.

7 Global Policy Forum (GPF)

The annual AFI Global Policy Forum (GPF) is the largest international gathering of financial inclusion policymakers, regulators, researchers, practitioners, civil society and other stakeholders. The GPF provides a platform for AFI members to interact, exchange ideas, gain



AFI: BUILDING CAPACITIES FOR DEVELOPMENT (ABCD)

A woman wearing a vibrant, patterned headwrap and a green cardigan is smiling as she uses a tablet computer. She is in a shop or market setting, with other people and goods visible in the background. A mobile payment terminal is on the table in front of her.

“We don’t need to reinvent the wheel. If a policy approach has worked in Colombia or Brazil, we in Uganda or Tanzania should learn from our peers and adapt for our own conditions.”

Matu Mugo, Central Bank of Kenya, at the 2011 AFI GPF.

insights and showcase their achievements and challenges to the world, which in turn garners support for financial inclusion and elevates the discourse on the global agenda.

8 The Maya Declaration

The Maya Declaration is the first global initiative to encourage national commitments to financial inclusion. Commitments made under the Maya Declaration help members to formulate coordinated national implementation approaches based on their respective needs and challenges. Accords appended to the Maya Declaration strengthen implementation of member commitments:

- the **Sasana Accord** emphasizes the importance of measurable commitments
- the **Maputo Accord** focuses on the role of SMEs in enhancing financial inclusion
- the **Denarau Action Plan** affirms the network's commitment to closing the gender gap in financial inclusion
- the **Sharm El Sheikh Accord** focuses on financial inclusion, climate change and green finance.

9 Public-Private Dialogue (PPD) Platform

The AFI Public-Private Dialogue (PPD) Platform operates at global and regional levels and is a unique platform for systematic dialogue between financial inclusion policymakers and regulators, the private sector, development partners and other key financial inclusion players. By highlighting emerging innovations

and the related risks and challenges associated with scaling up financial inclusion through private-sector initiatives, this platform provides AFI members with insights into how to enhance collaboration with the private sector.

10 Global advocacy on financial inclusion

Through its association with global Standard-Setting Bodies (SSBs) and other forums, AFI advocates for the interests of its members and provides a collective voice on financial inclusion challenges requiring international attention.

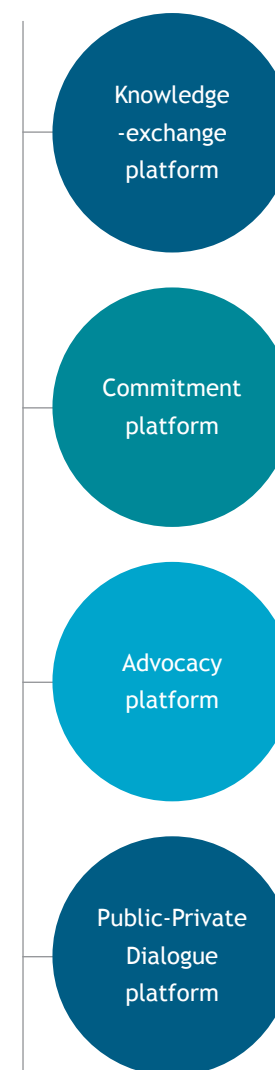
11 AFI Data Portal (ADP)

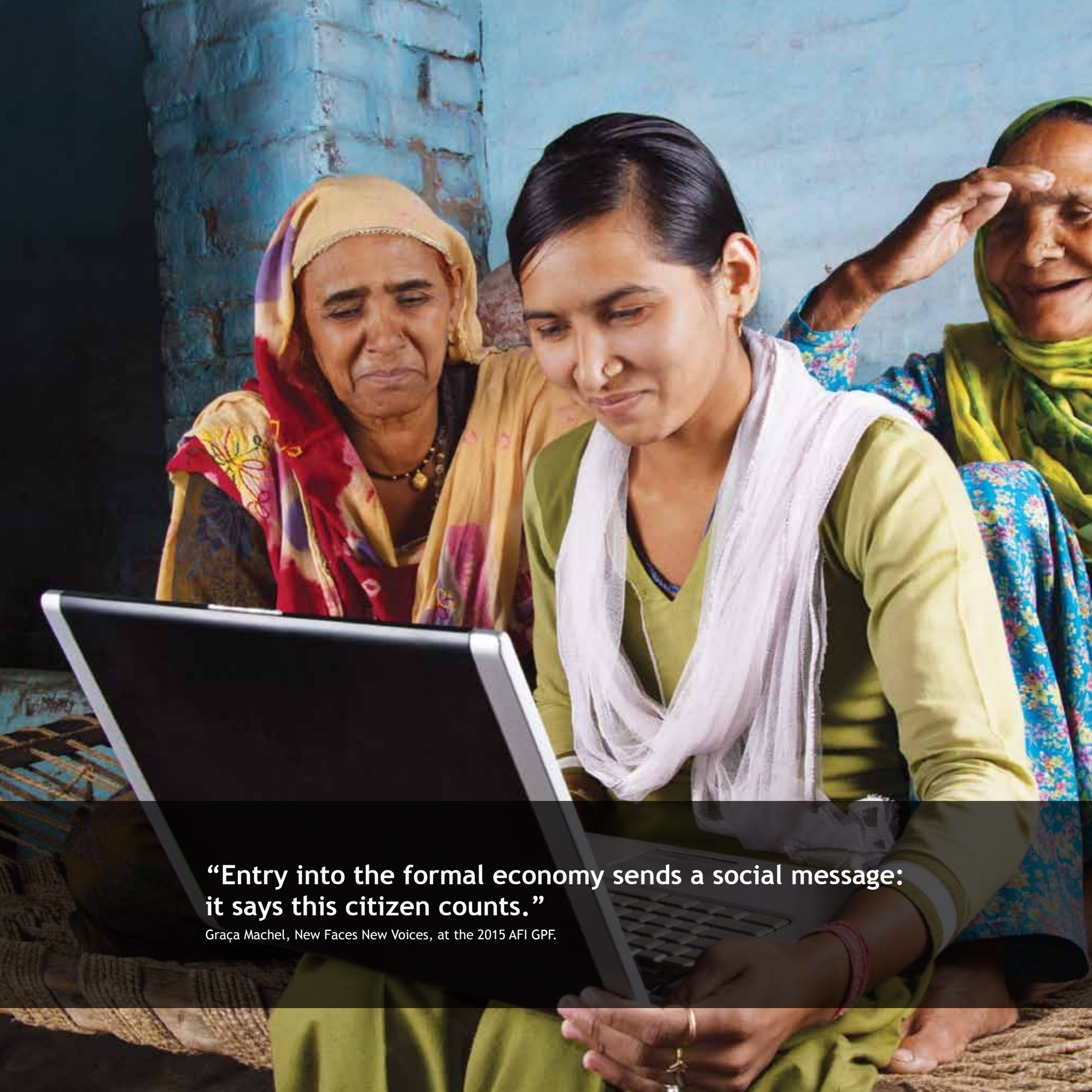
The AFI Data Portal (ADP) is an integrated global database of financial inclusion policies and Maya Declaration commitments. The ADP empowers member country policymakers and regulators to share their financial inclusion stories through data. It is a valuable tool for members to showcase their achievements and benchmark their progress on policy implementation against other countries.

12 Member Zone

The Member Zone is an online knowledge-exchange platform that allows member institutions to openly share views and ask questions on financial inclusion topics. The Member Zone provides an effective and efficient way for members to tap into financial inclusion expertise from around the world.

AFI: a platform with many platforms

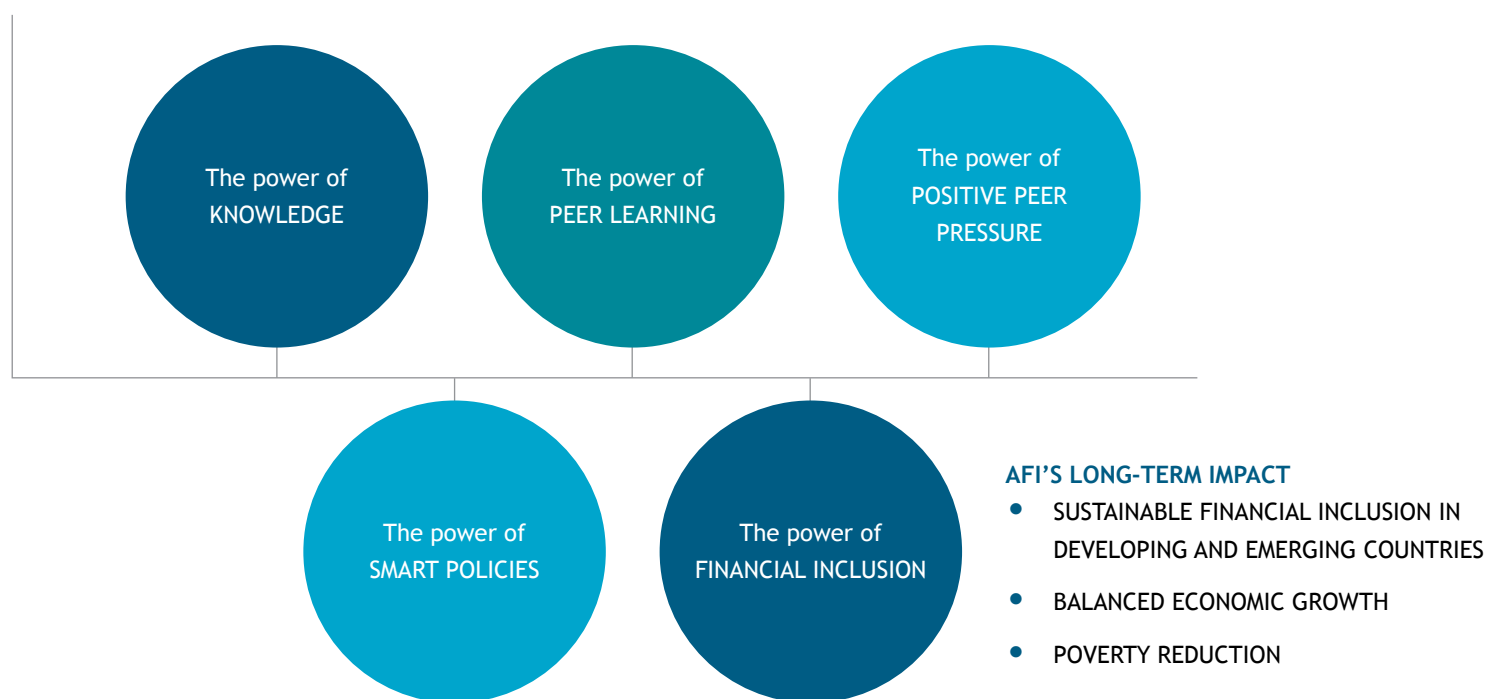




**“Entry into the formal economy sends a social message:
it says this citizen counts.”**

Graça Machel, New Faces New Voices, at the 2015 AFI GPF.

The powers unlocked by AFI



Global advocacy on financial inclusion

Over the years, AFI has come to play a central role in global policy leadership and advocacy in financial inclusion. Through its association with groups such as the G20 and G-24 as well as global Standard-Setting Bodies (SSBs), AFI has helped raise the profile of financial inclusion as an important issue in economic development. It advocates for the interests of its members and provides a collective voice on financial inclusion challenges requiring international attention.

G20

AFI's engagement with the G20 dates back to 2010. As the 2010 Global Policy Forum

Report noted, it was during that year that “developing countries gained a voice and a foothold in the most important global policy dialogue about financial inclusion: the G20 process. AFI's Global Policy Forum gave participants the opportunity to engage directly with the G20 co-chairs responsible for financial inclusion and to help influence the final outcomes and commitments of the [G20's] Seoul Summit.”

When the G20's Global Partnership for Financial Inclusion (GPFi) was created, the role of Implementing Partners to the GPFi was specified and formalized, and AFI was named as a Key Implementing Partner.

AFI also co-chairs the Women 20 (W20) workstream on financial inclusion.

G-24

AFI's engagement with the G-24 grew out of the alignment between the cooperation models of the G-24 and that of AFI. AFI began engaging proactively with the G-24 in 2008, planning joint events including the Annual G-24/AFI Policymakers' Roundtable on Financial Inclusion, held back-to-back with the Spring Meetings of the International Monetary Fund (IMF) and the World Bank.



3

A for alignment.

10 years of AFI

Origins and evolution

The seed that would eventually lead to the creation of AFI was planted in 2006, when Dr. Alfred Hannig, Lawrence Yanovitch of the Bill & Melinda Gates Foundation (BMGF) and a few others met to discuss the challenge of financial inclusion and how the Foundation might play a role.

It was a promising start, but it would take another two years for AFI to take shape; it was only in 2008 that the German International Cooperation (GIZ) received a USD35 million grant from the Gates Foundation to kick off the first phase with six member institutions. AFI was then officially launched in Kenya in 2009.

The network quickly got to work. That year, key components were established that have endured till today: the first AFI Knowledge Exchange was announced, the first Global Policy Forum was held, the AFI website was launched, and the tagline, “Bringing Smart Policies to Life”, was unveiled.

Then based in Bangkok, Thailand, AFI had its own identity, but from an organizational and legal standpoint it remained a project under GIZ. From the start, however, members had already envisioned an independent future for AFI.

Following the network’s early success and members’ strong desire to continue in the long term, members resolved in 2011 to begin moving towards independence in terms of governance and funding.

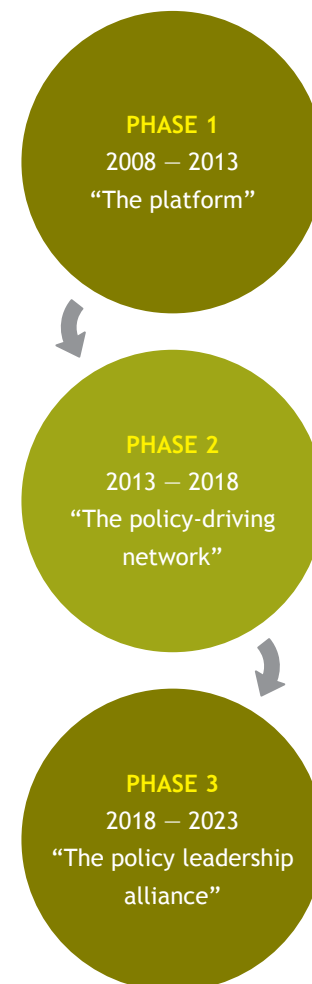
This was achieved in 2016, when AFI became an independent, member-owned organization. By this point, AFI’s base had shifted to its present location in Kuala Lumpur, many new services had been introduced and numerous milestones had been attained, including the Maya Declaration and the regional initiatives.

In AFI’s Annual Report for 2017, Ilan Goldfajn, Chair of the AFI Board, noted that the year had been an exciting one for the network, “not only because of the growing prominence of AFI on the international scene, but also the rise of financial inclusion as a topic of global interest.”

Future plans include setting up operations at the newly opened AFI Africa and Middle East Office in Abidjan, Côte d’Ivoire—and AFI’s exciting transition into a policy leadership alliance.

AFI’s growth in phases

The preparatory phase, from 2006 to 2008, saw the groundwork being laid for the establishment of AFI. **Phase One** was about creating the network, building the platform, promoting the exchanges, establishing the peer learning model, the Working Groups and the Maya Declaration. In **Phase Two**, AFI focused on leveraging what members had built into something more content-driven. AFI became a ‘policy-driving network’, where members began having an impact on policy changes in other countries. It was a period of replication, exchange and implementation based on what had demonstrated success in terms of proven concept. **Phase Three**, which has just commenced, will see AFI becoming a ‘policy leadership alliance’.





Scenes from the first Global Policy Forum, held in Nairobi, Kenya in 2009.



Q&A: Dr. Alfred Hannig, Executive Director, AFI

Beginnings

What was the starting point for you?

The first conversation I had with the people at the Gates Foundation was in 2006. I was in Indonesia, where I had been working with the Indonesian central bank on national-level issues such as microfinance and small bank regulatory frameworks. Prior to that I had also managed a project for the Bank of Uganda, helping them to craft a law and regulations that would allow a specific type of non-bank financial institution to take small deposits and on-lend to the public.

The discussion with the Gates Foundation was about setting up AFI?

The idea was not there from the outset. It crystallized over time. The point that emerged from that first conversation was, quite simply: “Policies matter in financial inclusion.” This led to the question: If they do matter, what could we do in addition to what was already out there in development cooperation? How might the Foundation invest in the belief that strong policies are essential to drive financial inclusion? We had a meeting in Seattle, USA, and we started brainstorming.

How big was the set-up in the early days?

We were a three-person team sitting in a small rented office in Indonesia. We wrote a

proposal, which finally made it through after two years. We went through a very thorough business planning exercise with consultants for three months. We also engaged with potential members. The consultants helped us evaluate locations for our base, and Bangkok, Thailand came out tops. We also had good support from the Bank of Thailand.

How did you generate interest and build membership?

Fortunately, we had a lot of personal contacts. I had worked with a number of central bank governors and representatives. In the early stages I engaged with a critical mass of about 10 to 15 of them, just to test the idea. We received an overwhelmingly positive response, and we later moved forward with a pioneer group of six. Their early success then made it easier to get others on board.

Why the name AFI?

There were other contenders, but in the end we felt the simplest option most strongly reflected the nature of our members, which are central banks and regulatory institutions as opposed to the end beneficiaries of the policies. “Alliance” of course represents the idea of bringing everyone together and working towards a common objective.

AFI is a member-driven network. Is it also a think tank? An NGO?

We are not a think tank. We are a thought leader. We are the ones with the ability to convene all stakeholders with an interest in solving this great challenge. We identify priorities, and also define the path to solving some of these problems, besides leading the discussion on the different roles each stakeholder can play. Coming strongly from the demand side, we know what countries want to do, and which countries have already done it. We can pool resources. We are matchmaker and theme setter. As for AFI being an NGO—legally speaking, we are an NGO, but operationally, we have a strong private-sector culture. I would call us a global startup in terms of how we organize ourselves internally.

Why the need to move towards independence?

In 2011, when we were still a donor-funded project, AFI members resolved to move towards independence in terms of governance and funding. The motivation for this was clear for everyone: if we wanted to make this a permanent activity, we could not continue being a project; we would need to be a member-owned organization that could stand on its own. Over the next three years, until

2014, we developed a plan, and in 2016 we achieved independence. We are now in our third year of membership fee collection, and while we still have donor funding, funds from at least one donor have decreased now that we are able to mobilize membership fees.

What are the highlights in terms of the organization?

We developed rapidly from a small project to a startup organization, which later led to an independent steady state. Organizationally, there have been at least three notable achievements. First, the governance of the organization has emerged very strongly. We have a board and four very relevant, operational board committees. Secondly, we have seen the broadening of the member base in terms of members paying to support the organization. Thirdly, AFI's status now is that of an international organization under Malaysian law, another big achievement. All this happened in less than 10 years. To me this demonstrates the great relevance of AFI's value proposition.

And highlights in terms of initiatives and solutions?

One early success was the creation of the Working Groups, which was an innovation in terms of building communities of practice

that had not existed before. Working Group members typically gain a much better understanding of what they can do. Also very early on, we saw the need for something that would facilitate commitment to tangible policy change among the membership; the Maya Declaration was endorsed at the third Global Policy Forum (GPF) in 2011, and today remains an important living framework. With subsequent accords under Maya, countries have followed up on their initial Maya commitments and realigned their policies and frameworks with the provisions introduced in the later accords.



**Advancing
financial inclusion:
a timeline**



OVER 10 YEARS AGO,
A TEAM GATHERED
IN SEATTLE, UNITED
STATES TO MAP OUT A
SINGLE SHARED DREAM
ON A DRAWING BOARD.

2008



THE ORIGINAL AFI SIX ARE INTRODUCED

Six institutions form the AFI project to unlock the potential of peer learning in advancing financial inclusion through policymakers globally.

“WE NEEDED TO THINK OUT-OF-THE-BOX BECAUSE WE DID NOT HAVE A POINT OF REFERENCE FOR A PROJECT OF THIS KIND AND NO EXPERIENCE IN THIS FIELD FOR A GLOBAL INITIATIVE TO LEARN FROM. ESSENTIALLY, WE HAD TO START FROM SCRATCH.”

Dr. Alfred Hannig, AFI.

\$35 MILLION GRANT FROM BMGF

The Alliance for Financial Inclusion (AFI) project is introduced—as part of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH—with a \$35 million grant from the Bill & Melinda Gates Foundation (BMGF).



BILL & MELINDA
GATES foundation



COMISIÓN NACIONAL
BANCARIA Y DE VALORES



ธนาคารแห่งประเทศไทย
BANK OF THAILAND



BANGKO SENTRAL NG PILIPINAS

BRINGING SMART POLICIES TO LIFE

2009

MEMBERS OF THE AFI NETWORK REPORTED MAKING THREE POLICY AND REGULATORY REFORMS TO ENHANCE FINANCIAL INCLUSION IN THEIR COUNTRIES.

THE FIRST AFI GLOBAL POLICY FORUM (GPF) KICKS OFF IN NAIROBI, KENYA WITH THE THEME, A *MARKETPLACE OF IDEAS*.



The first AFI steering committee meeting takes place where Central Bank of Kenya (CBK) is elected the Chair.

AFI GAINS 44 NEW MEMBERS, REPRESENTING 70% OF THE WORLD'S UNBANKED POPULATION.

“HAVING A NETWORK OF POLICYMAKERS IN DEVELOPING COUNTRIES WORKING TOGETHER ON FINANCIAL INCLUSION AND BEING ABLE TO LEARN FROM EACH OTHER AND THROUGH EXPERIMENTATION, AS AFI OFFERS ITS MEMBERS, IS GREAT.”

Amar Bhattacharya,
Former director of the G24 Secretariat.



G24 THROWS WEIGHT BEHIND AFI



NEW MEMBERS

- > Bangko Sentral ng Pilipinas
- > Comisión Nacional Bancaria y de Valores
- > Central Bank of Kenya
- > Superintendencia de Banca, Seguros y AFP
- > Union Bank India
- > Banque de la République du Burundi
- > State Bank of Pakistan
- > Ministère de l'Economie, des Finances et du Plan du Sénégal
- > Bank Negara Malaysia
- > National Bank of Rwanda
- > Commission Bancaire de l'Afrique Centrale (COBAC)
- > Bank of Uganda
- > Bank of Thailand
- > Ministère de l'Economie et des Finances du Burkina Faso
- > Bank of Namibia
- > Ministry of Planning and International Cooperation, Jordan
- > Banca de las Oportunidades
- > Bangladesh Bank
- > National Bank for Agriculture and Rural Development, India
- > Cooperative Development Authority of the Philippines
- > Central Bank of Yemen
- > Ministry of Economic Development of the Russian Federation

- > Microcredit Regulatory Authority of Bangladesh
- > Ministry of Finance Bangladesh
- > Ministry of Investment Egypt
- > Banque Centrale de la République de Guinée
- > Central Bank of Samoa
- > People's Credit and Finance Corporation Philippines
- > Reserve Bank of Fiji
- > Banque Centrale de Madagascar
- > Ministère de l'Economie et des Finances du Togo
- > Ministère de l'Economie et des Finances de la Côte d'Ivoire
- > Ministère des Finances de la République du Niger
- > Bank of Sierra Leone
- > Reserve Bank of Vanuatu
- > Securities and Exchange Commission of Cambodia
- > Central Bank of Sudan
- > National Reserve Bank of Tonga
- > Central Bank of Solomon Islands
- > National Credit Regulator, South Africa
- > Bank Indonesia
- > Da Afghanistan Bank
- > Superintendency of Banks of Panama
- > Superintendencia del Sistema Financiero de El Salvador

G20 LAUNCHES THE GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION

2010

The AFI network forms the first four working groups:

-  Pacific Islands (PIWG)
-  Financial Inclusion Data (FIDWG)
-  Mobile Financial Services (MFSWG)
-  Financial Integrity (FINTWG)

“IN CONTRAST TO CONVENTIONAL APPROACHES TOWARDS FINANCIAL INCLUSION, AFI KEENLY ADVOCATES THE CONCEPT OF ‘POLYLATERAL DEVELOPMENT’ —AN INTUITIVE APPROACH THAT COMBINES PEER-TO-PEER EXCHANGES AND GLOBALLY LATERAL FLOWS OF KNOWLEDGE, AND RESOURCES TO CREATE A MORE ROBUST, AND ENDURING ENVIRONMENT FOR TRUE, SUSTAINABLE GROWTH AND DEVELOPMENT.”

Dr. Alfred Hannig,
Executive Director of AFI.

THE AFI NETWORK REPORTED MAKING SIX POLICY AND REGULATORY REFORMS TO ENHANCE FINANCIAL INCLUSION IN THEIR COUNTRIES.



Following the concerted focus on financial inclusion at the 2010 G20 Summit in Korea, the leaders of the world’s 19 largest national economies and the European Union formally announce the launch of the Global Partnership for Financial Inclusion (GPFI).



G20 NAMES AFI AS A KEY IMPLEMENTING PARTNER.



The 2010 AFI GPF takes place in Bali, Indonesia with the theme, *Taking Financial Inclusion to the Next Level.*

MORE THAN 70
INSTITUTIONS
ARE NOW PART
OF THE AFI
NETWORK.

NEW MEMBERS

- > Bank of Zambia
- > Maldives Monetary Authority
- > Central Bank of Sri Lanka
- > Bank of Tanzania
- > Reserve Bank of Malawi
- > Bank of Ghana
- > Central Bank of Nigeria
- > Superintendencia de Bancos de Guatemala
- > National Bank of the Republic of Belarus
- > Financial Regulatory Commission of Mongolia
- > Palestine Monetary Authority
- > Banco Central del Ecuador
- > Central Bank of Liberia
- > Ministerio de Inclusión Económica y Social de Ecuador
- > Bank of Papua New Guinea
- > Banco Central de Timor-Leste
- > Banco Central do Brasil
- > National Treasury of the Republic of South Africa
- > Banque Centrale du Congo
- > Ministry of Finance and Planning, Jamaica
- > Royal Monetary Authority of Bhutan
- > Nepal Rastra Bank
- > Banque de la Republique d’Hai

COMMITMENTS YOU CAN BANK ON

2011



The Maya Declaration

Commitments
you can bank on

“TODAY COUNTRIES ACROSS THE DEVELOPING WORLD TOOK IMPORTANT STEPS TO CREATE HOME-GROWN POLICIES AND LAUNCH INITIATIVES TO REDUCE ONE OF THE MOST SIGNIFICANT BARRIERS TO GLOBAL ECONOMIC GROWTH. THE RESULT COULD BE TO EMPOWER HUNDREDS OF MILLIONS OF PEOPLE TO JOIN THE FORMAL FINANCIAL SECTOR IN THE YEARS AHEAD.”

Dr. Alfred Hannig, AFI, as member institutions first sign the Maya Declaration.

THE AFI NETWORK REPORTED MAKING 11 POLICY AND REGULATORY REFORMS TO ENHANCE FINANCIAL INCLUSION IN THEIR COUNTRIES.



THE MAYA DECLARATION URGES FINANCIAL INCLUSION FOR THE WORLD'S UNBANKED POPULATIONS.



The 2011 AFI GPF takes place in Rivera Maya, Mexico with the theme, *Taking Stock, Setting Goals, Moving Forward*. It concludes with the launch of the Maya Declaration—the world's first commitment platform for AFI member institutions to make concrete financial inclusion targets, implement in-country policy changes, and regularly share progress updates.



“WE EACH COME TO THE GPF BECAUSE WE ARE TRYING TO FIGURE OUT HOW, AS POLICYMAKERS, WE CAN FOSTER SUCCESS OF FINANCIAL INCLUSION AND EVEN COME UP WITH NEW MODELS IN THE NETWORK TO SHARE EXPERIENCES THAT WORK. THAT IS WHAT THE AFI NETWORK IS ALL ABOUT.”

Prof Njunguna Ndung'u,
Central Bank of Kenya (CBK).

The AFI network also forms the Consumer Empowerment and Market Conduct (CEMC) Working Group while the Financial Inclusion Data Working Group (FIDWG) releases its first set of data indicators.



CONSUMER EMPOWERMENT
AND MARKET CONDUCT
(CEMC) WORKING GROUP



AFI GAINS 17 NEW MEMBER INSTITUTIONS.

NEW MEMBERS

- > Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO)
- > Banque Centrale de Syrie
- > Central Bank of Armenia
- > National Bank of Ethiopia
- > Banco Central del Paraguay
- > National Bank of the Kyrgyz Republic
- > Banco Nacional de Angola
- > Bank Al-Maghrib
- > Ministère des Affaires Economique et Générales du Maroc
- > Superintendencia Financiera de Colombia
- > Ministerio de Desarrollo Social de Chile
- > China Banking Regulatory Commission
- > Ministerio de Hacienda y Crédito Público de Colombia
- > People's Bank of China
- > Banco de Mozambique
- > Bank of Mongolia
- > National Bank of Tajikistan

MAKING FINANCIAL INCLUSION REAL

2012

35 MAYA DECLARATION COMMITMENTS

2012 GPF HIGHLIGHTS GLOBAL IMPACT OF FINANCIAL INCLUSION, SEES NEW MAYA DECLARATION COMMITMENTS

Set against the theme, *Making Financial Inclusion Real*, the 2012 AFI GPF takes place in Cape Town, South Africa.



MAYA DECLARATION IS OFFICIALLY ENDORSED BY G20 LEADERS



“THE RESPONSE FROM
OUR MEMBERSHIP TO
THE MAYA DECLARATION’S
CALL TO ACTION HAS
BEEN TREMENDOUS.”

Dr. Alfred Hannig, AFI, as Bank of Namibia becomes the 19th AFI member institution to make Maya Declaration commitments.



THE AFI NETWORK
REPORTED MAKING
17 POLICY AND
REGULATORY
REFORMS TO
ENHANCE FINANCIAL
INCLUSION IN THEIR
COUNTRIES.

The AFI network also launches the Financial Inclusion Strategy Peer Learning Group (FISPLG) in Abuja, Nigeria.



AFI GAINS 11 NEW MEMBERS.

NEW MEMBERS

- > Banque Centrale des Etats de l'Afrique de
- > Financial Services Board of South Africa
- > Reserve Bank of Zimbabwe
- > Ministère des Finances, du Budget et de la Privatisation du Burundi
- > Banco Central de Reserva de El Salvador
- > Secretaría de Hacienda y Crédito Público de México
- > Russian Microfinance Center
- > Banco de la República de Colombia
- > Reserve Bank of India
- > Direction Générale du Budget du Ministère des Finances et du Budget de Madagascar
- > Central Bank of Lesotho
- > Ministry of Finance and Economic Planning Ghana

OUR 100TH MEMBER!

2013



THE AFI NETWORK GAINS ITS 100TH MEMBER, CENTRAL BANK OF TRINIDAD & TOBAGO

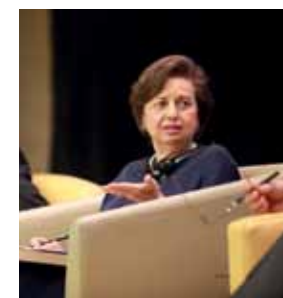
THE FIRST AFRICAN MOBILE PHONE FINANCIAL SERVICES POLICY INITIATIVE (AMPI) IS LAUNCHED IN ZANZIBAR, TANZANIA.

AMPI serves to become the primary platform for AFI's African members to provide high-level leadership in the overall development of MFS policy and regulatory frameworks.



The African Mobile Financial Inclusion Initiative (AMPI)

THE AFI NETWORK REPORTED MAKING 16 POLICY AND REGULATORY REFORMS TO ENHANCE FINANCIAL INCLUSION IN THEIR COUNTRIES.



THE SASANA ACCORD IS LAUNCHED AT THE 2013 GPF.



This year's GPF takes place in Kuala Lumpur, Malaysia with the theme, *Driving Policies for Optimal Impact* that also sees the launch of the Sasana Accord.

The Sasana Accord prioritizes evidence-based financial inclusion policy by collecting and analyzing comprehensive data and producing comparable indicators in the network.



THE FIRST LATIN AMERICAN AND CARIBBEAN (LAC) REGIONAL MEETING

The first LAC meeting is held from 21-22 February in Cartagena, Columbia to discuss the current state of development of mobile financial services (MFS).



Políticas Efectivas para la Banca Móvil en América Latina
Los siguientes avances para la inclusión financiera

AFI forms the SME Finance (SME) Working Group.



NEW MEMBERS

- > Nigeria Deposit Insurance Corporation
- > Ministerio de Desarrollo e Inclusión Social del Perú
- > Superintendencia de Bancos de la República Dominicana
- > Sacco Societies Regulatory Authority (SASRA) Kenya
- > Central Bank of Trinidad & Tobago
- > Ministerio de Economía y Finanzas de Uruguay

- > Superintendencia de Bancos y de Otras Instituciones Financieras de Nicaragua
- > Comisión Nacional de Bancos y Seguros de Honduras
- > Superintendencia General de Entidades Financieras de Costa Rica
- > Ministry of Finance of Swaziland
- > Autoridad de Supervisión del Sistema Financiero de Bolivia
- > Central Bank of Egypt
- > Ministerio de Hacienda de Chile
- > National Bank of the Republic of Macedonia
- > Ministère des Finances de la République Tunisienne
- > Undersecretariat of Treasury, Republic of Turkey Prime Ministry
- > Autorité de Contrôle de la Microfinance de la République Tunisienne
- > Superintendencia de las Instituciones del Sector Bancario de Venezuela

PUBLIC-PRIVATE DIALOGUE PLATFORM

2014



INTRODUCING THE PPD PLATFORM

The AFI network launches the global Public-Private Dialogue (PPD) platform that provides opportunities for systematic dialogue among policymakers, regulators, the private sector, development partners and other key players in financial inclusion.

DIALOGUE AMONG POLICYMAKERS, REGULATORS AND THE PRIVATE SECTOR.



“THE MAIN ROLE OF POLICYMAKERS AND REGULATORS IS TO PROVIDE AN ENABLING ENVIRONMENT AND PROTECT THE CONSUMERS. HOWEVER, IN THE AFI NETWORK, WE ALSO SEE A STRONG LEADERSHIP ROLE FROM POLICYMAKERS IN SETTING A COMMON VISION AND GOAL, AS WELL AS PROVIDING INCENTIVES TO THE PRIVATE SECTOR.”

Sung-Ah Lee, Former Director of Global Partnerships at AFI.



2014 GPF PAVES THE WAY FOR IMPACT

The 2014 AFI GPF takes place in Trinidad and Tobago with the theme, *Global Partnerships, National Goals, Empowering People*. Maya Declaration commitments propel from 40 in 2013 to 54 in 2014.



THE NUMBER OF
POLICY AND
REGULATORY
REFORMS BY THE AFI
NETWORK LEAPS TO
38, A SIGNIFICANT
INCREASE COMPARED
TO 2013 (16).

THE MAYA DECLARATION
IS A COMMITMENT TO UNLOCK THE
ECONOMIC AND SOCIAL POTENTIAL
OF THE 2.5 BILLION UNBANKED
THROUGH FINANCIAL INCLUSION.



AFI GAINS NINE
NEW MEMBERS,
REPRESENTING
85% OF THE WORLD'S
UNBANKED.

NEW MEMBERS

- > Bank of Mauritius
- > Central Bank of Swaziland
- > Ministry of Finance and Economic Planning Rwanda
- > Central Bank of the Russian Federation
- > Agency for Supervision of Fully Funded Pension Insurance, Macedonia
- > Central Bank of Seychelles
- > State Service of Regulation and Supervision for Financial Markets under the Government of the Kyrgyz Republic
- > Insurance Regulatory Authority of Uganda
- > Retirement Benefits Authority of Kenya

MAKING AN IMPACT IN THE PACIFIC

2015

GOVERNOR BENNO
NDULU OF BANK
OF TANZANIA IS
APPOINTED AS CHAIR
OF THE NEW AFI
BOARD.



THE AFI NETWORK
REPORTED MAKING
39 POLICY AND
REGULATORY
REFORMS TO ENHANCE
FINANCIAL INCLUSION
IN THEIR COUNTRIES.

AFI'S BRAND NEW
OFFICE OPENS IN
SASANA KIJANG,
KUALA LUMPUR,
MALAYSIA.



The Pacific Islands Working Group (PIWG) transforms into the long-term Pacific Islands Regional Initiative (PIRI), officially launched in Dili, Timor-Leste.

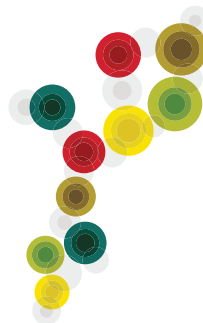


“THE ESTABLISHMENT OF THIS REGIONAL INITIATIVE IS AN AMBITIOUS AND PROGRESSIVE EFFORT UNDERTAKEN WITHIN THE AFI NETWORK TO ENHANCE CONDITIONS THAT WILL LEAD TO THE FINANCIAL EMPOWERMENT OF ALL PACIFIC ISLANDERS.”

Governor Abraão, Banco Central de Timor-Leste (BCTL).

Bank of Mozambique plays host to this year's GPF with the theme, *Inspiring Innovation to Advance Financial Inclusion*.

The GPF also sees the launch of the Maputo Accord –supporting access to SME finance by promoting sustainable and inclusive development, and spurring innovation.



THE UNITED NATIONS
SUSTAINABLE
DEVELOPMENT
GOALS

A public commitment to the Maya Declaration is a means to champion financial inclusion, contributing to the range of the United Nations Sustainable Development Goals, starting with Goal 1-No Poverty.



THE AFI
NETWORK
GAINS SIX NEW
MEMBERS.

NEW MEMBERS

- > National Bank of Cambodia
- > Bank of Jamaica
- > Centrale Bank van Suriname
- > Social Security Regulatory Authority of Tanzania
- > National Bank of Kazakhstan
- > Banco Central de São Tomé e Príncipe

A HISTORIC BEGINNING!

2016

“THE NETWORK RENEWED ITS EFFORT TO PROMOTE FINANCIAL INCLUSION IN THE YEAR AHEAD TO SUSTAIN PROGRESS IN REACHING THE GOAL OF ACCESS TO, AND USAGE OF QUALITY FINANCIAL SERVICES FOR ALL INDIVIDUALS, HOUSEHOLDS AND SMALL BUSINESSES.”

Governor Benno Ndulu,
Bank of Tanzania (BOT).



THE AFI DATA PORTAL IS LAUNCHED ON 18 APRIL 2016.

Bali Outcome Statement calls for renewed efforts to promote financial inclusion, whilst ensuring strong protection for consumers and vigilance regarding preserving financial system stability from new risks arising from the digitization of financial services.

LAUNCH OF THE FINANCIAL INCLUSION INITIATIVE FOR LATIN AMERICA AND THE CARIBBEAN (FILAC)



AFI MAKES HISTORY AS IT GAINS INDEPENDENCE ON 27 JANUARY 2016.

AFI is recognized as an international organization by Bank Negara Malaysia (BNM) and the Malaysian Government.

“THIS IS A HISTORIC MOMENT FOR OUR NETWORK AND FINANCIAL INCLUSION. ESTABLISHING AFI AS AN INDEPENDENT, MEMBER-OWNED ORGANIZATION IS A CLEAR RECOGNITION OF THE VALUE OF OUR PEER-TO-PEER LEARNING APPROACH AND THE POSITIVE IMPACT OUR MEMBERS ARE MAKING ON THE LIVES OF THE WORLD’S UNBANKED.”

Dr. Alfred Hannig, AFI.

GENDER TAKES CENTER STAGE AT 2016 GPF.

The 2016 GPF takes place in Nadi, Fiji with the theme, *Building the Pillars of Sustainable Inclusion*. The GPF sees the launch of the Denarau Action Plan, drawing focus to gender and women’s financial inclusion.



BRIDGING THE GAP
Financial inclusion for gender and women

“AS THE FINANCIAL REGULATOR, WE ARE WORKING TO FIND THE RIGHT BALANCE BETWEEN MITIGATING RISK AND PROVIDING SPACE FOR INNOVATION WHILE MAINTAINING THE SOUNDNESS OF THE FINANCIAL SYSTEM. WE BELIEVE THAT COOPERATIVE DIALOGUE WITH SERVICE PROVIDERS WILL HELP REMOVE THE CONSTRAINTS TO AGRICULTURE THROUGH THE USE OF DIGITAL TECHNOLOGY.”

Dr. Johnson Asiama,
Deputy Governor, Bank of Ghana.

THE NUMBER OF POLICY AND REGULATORY REFORMS BY THE AFI NETWORK LEAPS TO 56, A SIGNIFICANT INCREASE COMPARED TO 2015 (39).

AFI GAINS TWO NEW MEMBERS.

NEW MEMBERS
> South African Reserve Bank
> Central Bank of Jordan

GENDER AND WOMEN'S FINANCIAL INCLUSION COMMITTEE (GWFIG) GETS A PERMANENT SPOT

2017

THE FIRST ONLINE COURSE ON FINANCIAL INCLUSION POLICY

The Certified Expert in Financial Inclusion Policy (CEFI) course is launched on 5 September. The course was developed in collaboration with the Frankfurt School of Finance and Management.

AFI ANNOUNCES ITS NEW REGIONAL OFFICE IN AFRICA IN ABIDJAN, COTE D'IVOIRE.



AMPI BECOMES AfPI

In May 2017, leaders from AFI member institutions in Africa decide to broaden the scope of the regional initiative and change its name from African Mobile Phone Financial Services Policy Initiative (AMPI) to African Financial Inclusion Policy Initiative (AfPI).



FINTECH FOR FINANCIAL INCLUSION

AFI sets up the FinTech for Financial Inclusion workstream—a key commitment under the Maya Declaration.

THE NUMBER OF POLICY AND REGULATORY REFORMS BY THE AFI NETWORK LEAPS TO 118, A SIGNIFICANT INCREASE FROM 2016 (56).

THE FINANCIAL INCLUSION FOR THE ARAB REGION INITIATIVE (FIARI)

FIARI | Financial Inclusion for the Arab Region Initiative

Launched on 14 September by the Arab Monetary Fund (AMF), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, and AFI during the 2017 AFI GPF held in Sharm El Sheikh, Egypt.

The aim of FIARI is to help accelerate conducive policies and actions for enhancing Arab societies' access to financial services through an effective coordination mechanism, by supporting the implementation of national financial inclusion policies.



FINANCIAL INCLUSION OF FORCIBLY DISPLACED PERSONS (FDPs)

AFI publishes a special report on the financial inclusion of Forcibly Displaced Persons (FDPs). The report examines the roles of the central bank, financial regulator and other financial sector players in addressing the financial inclusion of FDPs.



SPOTLIGHT ON GENDER AT 2017 GPF

2017 GPF takes place in Sharm El Sheikh, Egypt with the theme, *Exploring Diversity, Promoting Inclusion*.



The AGM formally approved the Gender and Women's Financial Inclusion Committee (GWFIG) as a permanent committee of the Board of Directors. Governor Ilan Goldfajn of Banco Central do Brasil is elected as Chair of the AFI Board of Directors.

"IT IS MY HOPE THAT WITHIN FIVE YEARS—IF NOT TOTALLY ERADICATED—THE GENDER GAP WOULD HAVE BEEN SIGNIFICANTLY DIMINISHED."

Tukiya Kankasa-Mabula, Deputy Governor, Bank of Zambia.



AFI GAINS FOUR NEW MEMBERS.

NEW MEMBERS

- > Banco Central de la República Argentina
- > Ministry of Employment, Entrepreneurship Development and Business Innovation, Seychelles
- > Banque Centrale de Mauritanie
- > Central Bank of The Gambia

AFI TURNS 10!



2018

GENDER DIVERSITY WITHIN AFI MEMBER INSTITUTIONS

AFI publishes a special report on the current practices, gaps, and progress in institutional gender diversity among selected AFI members. The report identifies barriers that prevent progress in this area.



“OUR MEMBERSHIP IN AFI CONNECTS US TO THE GLOBAL COMMUNITY—REGIONS WHERE TECHNOLOGY AND INNOVATIONS ARE KEY DRIVERS IN FINANCIAL SECTOR DEVELOPMENT.”

Dr. Seeku Jaabi, First Deputy Governor, Central Bank of The Gambia

CELEBRATING 10 YEARS OF FINANCIAL INCLUSION, AFI HAS FLOURISHED TO BECOME A LEADING GLOBAL NETWORK OF FINANCIAL POLICYMAKERS FROM DEVELOPING AND EMERGING COUNTRIES. WITH ITS 107 MEMBERS, AFI MARKS THIS MILESTONE AT THE 10TH GPF IN SOCHI, RUSSIA WITH THE THEME, *INNOVATION, INCLUSION, IMPACT.*



AFI Financial Inclusion and Climate Change (FICC) program becomes part of the International Climate Initiative (IKI) supported by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety.



Supported by:



based on a decision of the German Bundestag



FINTECH FOR FINANCIAL INCLUSION IN THE PACIFIC

AFI sets up the FinTech for Financial Inclusion workstream in the Pacific to drive the uptake of digital financial services.

NEW MEMBERS

- > Central Bank of The Bahamas
- > National Bank of Georgia
- > Banque Centrale de Tunisie
- > Insurance Development and Regulatory Authority of Bangladesh
- > Central Bank of the Republic of Uzbekistan

Thematic areas

At AFI, members themselves choose the areas they wish to work on, and this determines the set of thematic issues that the network collectively focuses on at any given time. Past and current issues have included the following:

- **Technology and digital financial services.** The critical relationship between financial inclusion and technology—from mobile phone banking to fintech and regtech—has remained a key focus area at AFI.
- **Financial inclusion data.** Data is an essential building block of any financial inclusion policy or strategy. This important aspect of financial inclusion has been the focus of a Working Group since 2010.
- **Balancing financial inclusion and Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) measures.** In 2009, AFI's GPF Report noted that policymakers had become increasingly concerned about the potential constraints that AML/CFT recommendations would place on financial inclusion: "Oftentimes, international standards are based on the experiences of developed countries, where the lack of financial inclusion tends to be less of a problem. For this reason, AFI members have stressed the importance of tailoring AML/CFT recommendations to reflect the realities of developing countries, including

leaving room for the objective of financial inclusion."

- **Financial inclusion, climate change and green finance.** Developing countries feel the effects of climate change the most; climate change increases financial exclusion, and is among the greatest barriers to financial stability and poverty alleviation. Financial inclusion helps vulnerable communities build resilience and mitigate losses resulting from climate change. It is a key pillar of green finance, which aims to strike a balance between financing for development and protecting the environment.
- **Micro, small and medium enterprises.** MSMEs, including the informal sector, are significant economic drivers in AFI member countries, and the network has long recognized that financial inclusion strategies must address their needs. The SME Finance Working Group was formed in 2013, and the Maputo Accord was launched in 2015.
- **Gender.** Women remain disproportionately excluded from the formal financial system. The Denarau Action Plan launched in 2016 outlines AFI members' commitment to closing the gender gap, which stood at 9 percentage points according to the

2017 Global Findex. Policies must address gender differences in financial and socio-cultural needs and behaviors of women and men, as well as specific constraints facing women, such as their lower levels of asset ownership and traditional forms of collateral to obtain credit.

- **Forcibly displaced persons (FDPs).** According to UNHCR estimates as of June 2018, 68.5 million people around the world have been forced to flee their homes, giving rise to a category of unbanked people who face unique challenges. While there are no simple answers for overcoming the current global displacement crisis, what's clear is that financial inclusion will be a necessary component of any lasting solution.
- **De-risking.** For some countries, the practice of de-risking, in which international banks terminate operations in emerging economies, is a significant obstacle to financial inclusion.

Other issues such as **financial identity** and **financial literacy** continue to be addressed on an ongoing basis.

The Working Groups

Issues in financial inclusion often surface in the AFI network as broad themes, but at some point, the thematic areas need to be examined in detail. In the effort to translate the big picture into policies that can be implemented on the ground, AFI's Working Groups are the principal "communities of practice".

As the technical backbone of AFI, the Working Groups grapple with the nuts and bolts, and are thus the main knowledge contributors with regard to the technical dimensions of policymaking and the regulatory environment. Each Working Group focuses on one of the major thematic areas identified from the financial inclusion mandates of members across the AFI network. There were six active Working Groups in 2018. "Together, the issues form a complete ecosystem for financial inclusion," said AFI Deputy Executive Director Norbert Mumba.

Within its assigned policy area, a Working Group aims to:

- produce policy guidelines and tools for formulating financial inclusion policies
- provide peer reviews of members' draft policies and regulatory frameworks
- contribute to AFI's engagement with global Standard-Setting Bodies (SSBs) and financial inclusion ecosystems at national and regional levels.

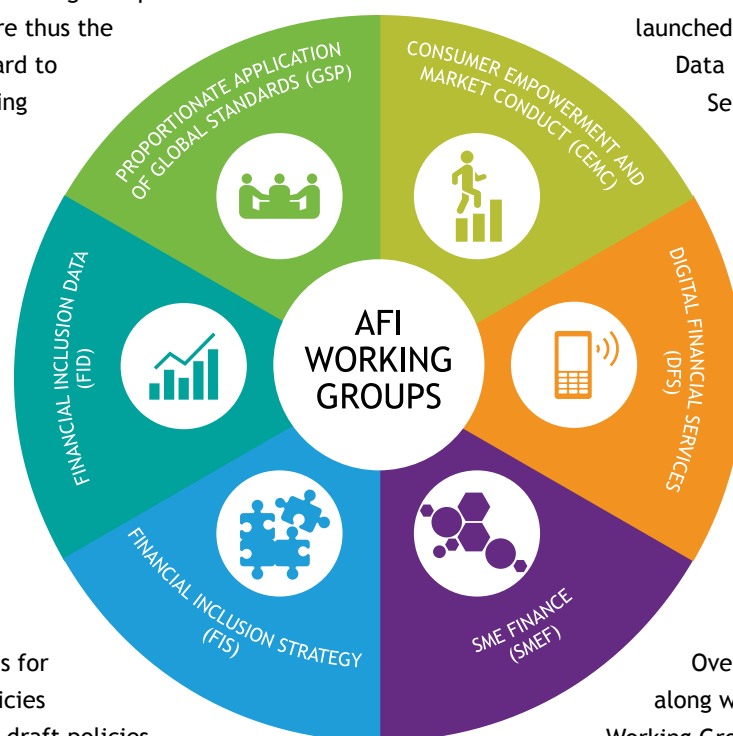
Working Groups are where the AFI network deepens its understanding of key financial inclusion issues. They are the primary mechanism for

generating and incubating knowledge at AFI, and their members and chairs contribute significantly to other initiatives within the network, such as the annual Global Policy Forum (GPF) and the Member Zone.

An early AFI innovation

AFI's first Working Group was the Pacific Islands Working Group, formed in 2010. Three more Working Groups were launched later that year: the Financial Inclusion Data (FID) Working Group, the Mobile Financial Services (MFS) Working Group and the Financial Integrity (FINT) Working Group.

The Working Group model proved to be well-suited to the aims of AFI, and three more were later created to address other key policy themes identified by AFI members: the Consumer Empowerment and Market Conduct (CEMC) Working Group in 2011, the Financial Inclusion Strategy (FIS) Peer Learning Group in 2012 and the SME Finance (SMEF) Working Group in 2013.



Over time the Working Groups have evolved along with the issues. Of the pioneer batch of Working Groups from 2010, only the FID Working Group has remained in its original form. The MFS Working Group became the Digital Financial Services (DFS) Working Group, while the FINT Working Group expanded its mandate and was renamed the Global Standards Proportionality (GSP) Working Group. The very first Working Group, the Pacific Islands Working Group, evolved into the Pacific Islands Regional Initiative, or PIRI.

Working Groups

Consumer Empowerment and Market Conduct (CEMC) Working Group



The Consumer Empowerment and Market Conduct (CEMC) Working Group examines how consumer empowerment and protection can help to secure access to financial services and improve the quality of these services.

Approaches taken by the CEMC Working Group to achieve its objectives include:

- promoting transparency and disclosure
- encouraging effective sales and marketing practices
- promoting the harmonization of international initiatives
- creating avenues for help and redress
- championing the benefits.

Within the CEMC Working Group, one subgroup focuses on building members' capacity to implement audience-appropriate, evidence-based consumer protection and financial literacy programs. The subgroup also identifies best practices—emanating from the public, private, and NGO sectors—in consumer protection and financial education policies that support the use of digital financial products and services.

Other subgroups focus on aspects such as responsible lending, and the institutional framework and supervision pertaining to consumer empowerment and market conduct.

Since its launch in April 2011, the CEMC Working Group has issued numerous Guideline Notes and conducted multiple surveys and peer reviews.

“As policymakers we must ensure that consumers understand their rights and responsibilities... A financial services sector that provides affordable and appropriate products and services—and does so in an enabling way to all—is a national asset. But a sector that is dominated by greed and opaque practices is, as we have all learned, a national threat.”

Pravin Gordhan, Ministry of Finance, Republic of South Africa, at the 2012 AFI GFP.



At the 15th CEMC Working Group meeting in Mexico in 2018.

Working Groups

Digital Financial Services (DFS) Working Group



The ever-expanding array of digital financial services (DFS) holds immense promise for financial inclusion—mobile financial services, branchless banking, electronic money and digital payment solutions are just a few of the many services made possible by rapidly advancing technology. At the same time, it is important to ensure that these services are adequately regulated and consumers protected.

The Digital Financial Services (DFS) Working Group brings policymakers together to discuss regulatory issues related to DFS and promote DFS as a major driver of greater financial inclusion in emerging and developing countries.

The Group's objectives are to:

- create an enabling policy and regulatory environment for transformational DFS at national levels
- develop a shared understanding of the risk profiles of emerging DFS business models, which is essential in designing appropriate regulatory frameworks
- stimulate discussion and learning on new

approaches and good practices in DFS regulation

- provide a platform for capturing, tracking and sharing information on innovative DFS, products, business models and appropriate new policy responses
- engage the DFS industry and global Standard-Setting Bodies (SSBs) seeking to establish proportionate supervisory practices for DFS.

Keeping up with technology

The first AFI Working Group to focus on digital financial services was the Mobile Financial Services (MFS) Working Group, formed in 2010. The MFS Working Group was renamed the Digital Financial Services (DFS) Working Group in 2013.

Members of the DFS Working Group have contributed to policy changes in their respective countries that touch on aspects such as agent banking, mobile banking, telco regulators and national retail payment systems.

AFI's first three Guideline Notes, issued in March 2013, were developed by the DFS Working Group (known then as the MFS Working Group) and centered on mobile financial services (MFS):

- MFS Basic Terminology, Guideline Note No.1
- MFS Technology Risks, Guideline Note No.2
- MFS Regulatory Reporting, Guideline Note No.3.

Subsequent Guideline Notes continued to address issues in mobile financial services, including indicators for measuring access and usage; supervision and oversight; consumer protection; mobile-enabled cross-border payments; and assessing levels of interoperability. More recent Guideline Notes have looked at basic terminology in digital financial services, and national retail payment systems to support financial inclusion.

“Technological solutions, including those using smart cards and mobile phones, offer the opportunity to fast-track financial inclusion, by reducing barriers to access related to cost and distance.”

The 2009 AFI GPF Report.

Working Groups

Financial Inclusion Data (FID) Working Group



Leveraging on the experience of AFI members and practitioners around the world, the Financial Inclusion Data (FID) Working Group is dedicated to promoting and sharing information on the topic of financial inclusion measurement. Data is crucial to financial inclusion. As the 2009 AFI GPF Report noted, “Policymakers not only face huge data gaps, but also often lack understanding of data definitions, measurement tools and impact assessment.”

The group aims to develop a common framework among its members for measuring financial inclusion, including components and indicators. Besides promoting the adoption of this framework, it also aims to share lessons learnt regarding:

- target setting
- survey methodology

- data analysis
- the use of data to inform policymaking.

Strengthening the core

By August 2017, 45 AFI members had made changes to their data measurement policies by incorporating the AFI Core Set of Financial Inclusion Indicators. Developed by the FID Working Group, the Core Set measures the most basic and important aspects of financial inclusion, helping policymakers develop appropriate regulations and monitor the progress of financial inclusion over time.

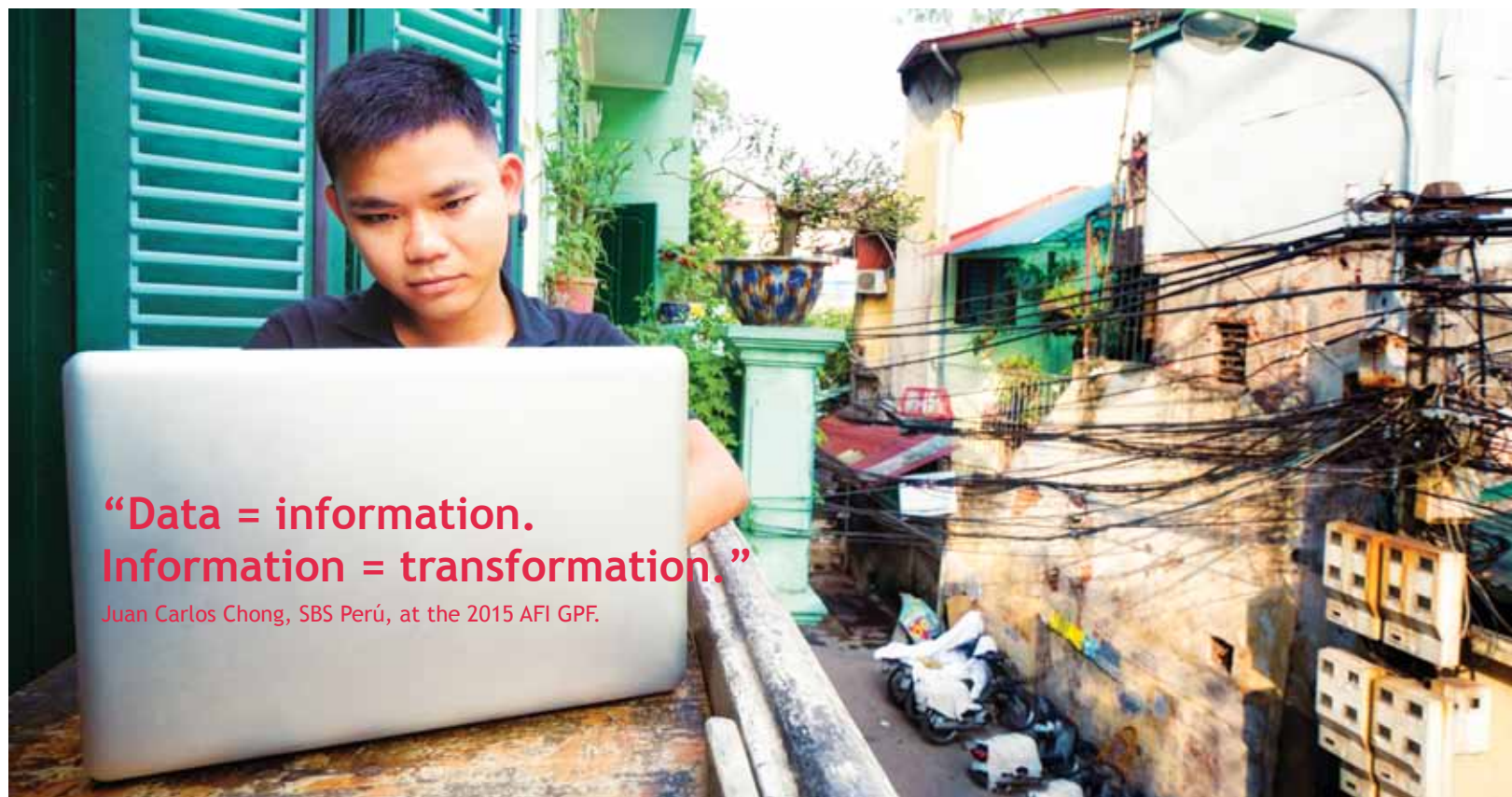
Key themes in the FID Working Group case studies

Data enables national financial inclusion targets to be set.

Data collection and policy formulation are mutually enforcing.

Data gives evidence that often challenges widely-held assumptions.

Collaboration on data gathering is important.



Indicators of inclusion: how to measure financial inclusion

In 2013, the Financial Inclusion Data Working Group issued Guideline Note No.4, *Measuring Financial Inclusion: Core Set of Financial Inclusion Indicators*. The publication included a reminder of the crucial role of data: “With rigorous, objective and reliable data, policymakers can accurately diagnose the state of financial inclusion, set judicious targets, identify barriers, craft effective policies and monitor and assess the impacts of these policies.”

The Core Set was developed because no standard existed “for what to measure

or how to measure it.” To address the need for consistent data across countries, the Core Set focuses on two dimensions of financial inclusion, namely access and usage. Included in the Guideline Note are guiding principles, definitions, formulas and suggested proxies.

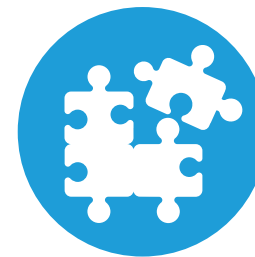
The indicators for access are: number of access points per 10,000 adults at a national level segmented by type and administrative unit; percentage of administrative units with at least one access point; and percentage of total

population living in administrative units with at least one access point.

The indicators for usage are: percentage of adults with at least one type of regulated deposit account; and percentage of adults with at least one type of regulated credit account.

Working Groups

Financial Inclusion Strategy (FIS) Peer Learning Group



Taking a country-level approach, the Financial Inclusion Strategy (FIS) Peer Learning Group supports AFI members as they address the challenges of national coordination and develop national financial inclusion strategies (NFIS).

The FIS PLG enables members to accumulate, monitor and share information on innovative and diverse approaches to NFIS. The group provides practical support to countries that have made commitments under the Maya Declaration and to the G20 through its Financial Inclusion Peer Learning Program. Support provided by the FIS PLG is grounded in empirical evidence on various aspects of the strategy development and implementation process.

The FIS PLG's agenda focuses on:

- private-sector engagement
- national coordination mechanisms
- sequencing the implementation of national financial inclusion strategies

- identifying the main challenges and barriers to financial inclusion.

Tools and timelines

The FIS PLG's inaugural meeting took place in Abuja, Nigeria in October 2012, in conjunction with the launch of Nigeria's NFIS. By 2018 the FIS PLG membership had grown to 56 member institutions from 47 countries.

At its second meeting in Bangkok, Thailand in March 2013, 26 FIS PLG members worked together to create a National Financial Inclusion Strategy Timeline, which documented the steps member institutions had taken to develop and implement financial inclusion strategies in their countries.

Another milestone was attained in August 2016, when the FIS PLG issued Guideline Note No.20, *National Financial Inclusion Strategies: A Toolkit*.



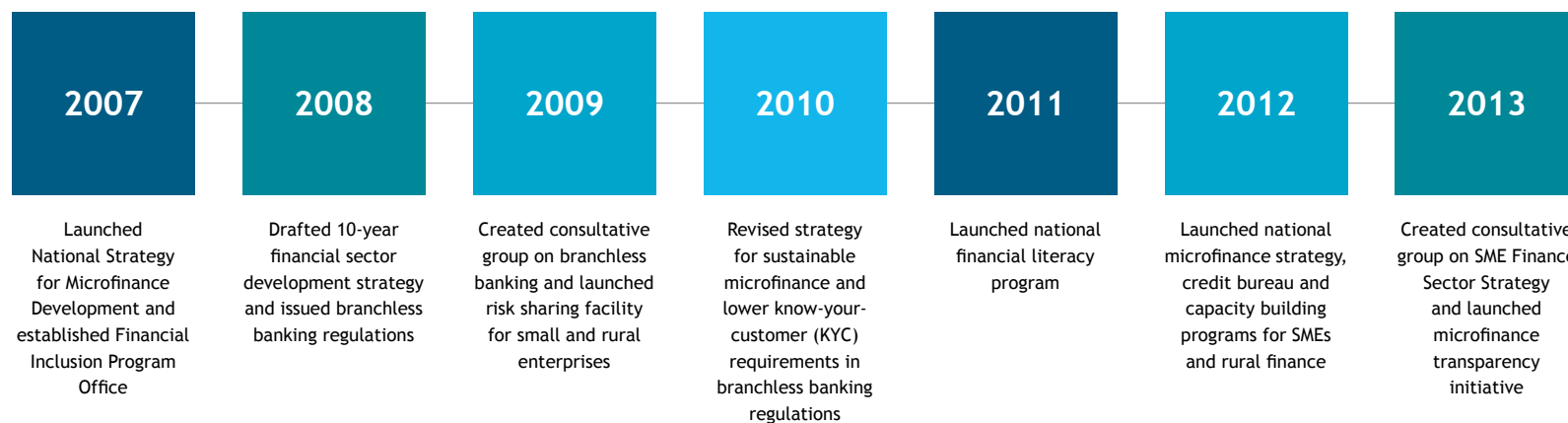
At the 12th FIS PLG and 8th GSP Meetings in Cambodia in 2018.

A national financial inclusion strategy (NFIS) is a comprehensive public document formulated at the national level to systematically accelerate the level of financial inclusion in a given country. Typically, an NFIS will include an analysis of the current status and constraints on financial inclusion, a measurable financial inclusion goal, how the country proposes to reach this goal and by when, and how it would assess the progress and achievements of the NFIS.”

AFI Guideline Note No.20 National Financial Inclusion Strategies: A Toolkit.

Timeline for a strategy: an example

In 2013, the State Bank of Pakistan (SBP) was one of 26 FISPLG members that documented the steps they had taken to develop and implement NFIS (below).



The NFIS Toolkit

If the NFIS is the master plan that guides a country towards achieving its financial inclusion goals, what tools are needed in order to draw up the master plan?

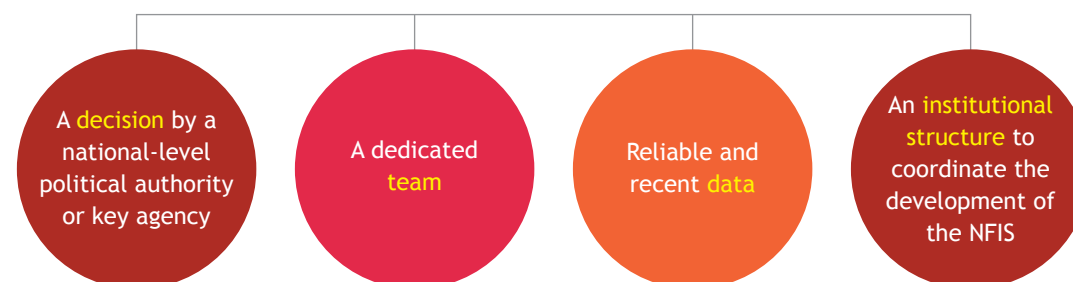
By 2016, AFI through its multiple platforms had generated a body of knowledge deep enough that it was able to offer members a “strategy toolkit” which would be of particular value to countries that had yet to

begin, or were still engaged in, the process of formulating an NFIS. In August that year, the Financial Inclusion Strategy Peer Learning Group (FISPLG) issued Guideline Note No.20, entitled *National Financial Inclusion Strategies: A Toolkit*.

The Toolkit provides practical guidance on formulating and implementing national financial inclusion strategies (NFIS),

and then systematically and efficiently monitoring and evaluating progress over time. The Toolkit includes examples taken from members’ actual experience in developing NFIS, as well as formulas for calculating the core set of financial inclusion indicators.

What is required to develop an NFIS?



Working Groups

Global Standards Proportionality (GSP) Working Group



The Global Standards Proportionality (GSP) Working Group focuses on the proportionate implementation of the global standards for financial integrity and stability that are set by Standard-Setting Bodies (SSBs), and on helping AFI members ensure that financial inclusion is pursued in tandem with a safe and sound financial system.

Besides providing a platform for members to exchange knowledge, the group provides technical support to the AFI Global Standards Committee (GSC).

The GSP Working Group also establishes a consultative mechanism with various stakeholders, including the FATF (Financial Action Task Force), FATF-style Regional Bodies (FSRBs), the Basel Committee on Banking Supervision (BCBS), Financial Stability Board (FSB), International Association of Deposit Insurers (IADI) and other international SSBs.

A key aim is to improve understanding of how global standards such as the FATF 40 Recommendations, the Basel Core Principles,

and the IADI Core Principles for Deposit Insurance can be implemented without unintended consequences for financial inclusion.

Another area concerns the opportunities and risks associated with new technologies that impact regulatory compliance. The GSP Working Group has also advanced thought leadership on practical solutions to the emerging challenge of de-risking by financial institutions, and proportionate regulatory frameworks for non-bank financial institutions which distinguish between high-risk shadow banking and genuine innovation for financial inclusion.

The GSP Working Group began as the Financial Integrity (FINT) Working Group, which was established in 2010. The FINT Working Group expanded its mandate and adopted its present name in 2014.

The Bali Outcome Statement

In November 2016, AFI and Bank Indonesia co-hosted a global conference titled “Maximizing the Power of Financial Access: Finding an Optimal Balance Between Financial Inclusion and Financial Stability.” The Conference culminated in the formulation of the Bali Outcome Statement on the Linkages Between Financial Inclusion and Financial Stability.

“Regulators [should] remain risk-aware, not risk-averse, in promoting their financial inclusion goals.”

The Bali Outcome Statement.

Working Groups

SME Finance (SMEF) Working Group



The SME Finance (SMEF) Working Group focuses on micro, small and medium enterprises (MSMEs) and policies that facilitate their access to formal financial services, in particular access to finance. In many member countries MSMEs are important economic drivers, and the SMEF Working Group aims to provide a platform to address the challenges and opportunities in achieving sustainable development for this vital segment of the global economy.

One sub-group focuses on defining the criteria to define MSMEs, while another looks primarily at policies to enhance access to finance of MSMEs owned by women and women entrepreneurs.

Outcomes produced by the SMEF Working Group include internal surveys and knowledge products that have led to the creation of indicators to measure MSMEs' access to finance.

The SMEF Working Group was formed in 2013. Guideline Notes developed include:

- SME Financial Inclusion Indicators Base Set (Guideline Note No.16, 2015)
- The Role of Financial Regulators in Promoting Access to Financing for MSMEs: Lessons from the AFI Network (Guideline Note No.23, 2016).



The Global Policy Forum

The annual Global Policy Forum (GPF) is more than just the keystone event on the AFI calendar—it is the largest and most comprehensive international gathering of financial inclusion policymakers, regulators, researchers, practitioners, civil society and other stakeholders.

Participants interact face-to-face at the GPF, with the dynamic exchange of ideas and insights elevating the discourse and garnering support for financial inclusion on the global agenda.

Every year, the Forum is co-hosted by AFI and a different member institution in a different region of the world. In addition to the plenary and concurrent sessions where participants discuss and debate issues in financial inclusion, there are also meetings for the Working Groups and the Regional Initiatives, as well as networking events and the AFI Awards. Another important component of the GPF program is the AFI Annual General Meeting.

The GPF brings together more than 100 member institutions representing over 90 nations across the globe, making it the most important and comprehensive forum for regulatory institutions with an interest in the promotion of financial inclusion policy.

The GPF is the world's most important forum for financial inclusion policymakers.



2018 RUSSIA

Sochi

Innovation. Inclusion. Impact.





(1) Registering for the 2010 AFI GPF in Bali. (2) A dance performance at the 2009 AFI GPF, Nairobi. (3) Interacting on Day 2 of the 2010 AFI GPF. (4) At the close of the 2017 AFI GPF, the ceremonial AFI gong 'travels' from the Red Sea in Egypt to the Black Sea in Russia, venue of the 2018 AFI GPF. (5) An 'A' at the Working Group Meetings at the 2017 AFI GPF. (6) At the 2011 AFI GPF in Riviera, Maya. (7) A rapt audience at the 2011 AFI GPF.



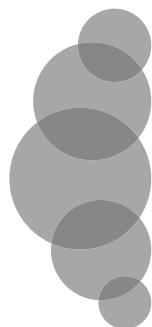
“The AFI Global Policy Forum is an ideas marketplace. Its currency is knowledge. Let me advise you just this once to spend your currency and trade it widely! For only by sharing our ideas, experience, and knowledge will new innovations be sparked that could have major impacts on our ability to extend financial service to those who need them most.”

Dr. Alfred Hannig, AFI, at the 2011 AFI GPF.



A session at the 2011 AFI Global Policy Forum.

GPF: Logos and co-hosts



2009 KENYA

Nairobi

A Marketplace of Ideas
Central Bank of Kenya



2010 INDONESIA

Bali

Taking Financial Inclusion to the Next Level
Bank Indonesia



2011 MEXICO

Riviera Maya

Taking Stock, Setting Goals, Moving Forward
CNBV Mexico and SBS Peru



2012 SOUTH AFRICA

Cape Town

Making Financial Inclusion Real
National Treasury of South Africa



2013 MALAYSIA

Kuala Lumpur

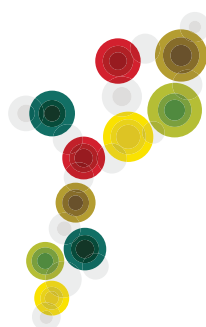
Driving Policies for Optimal Impact
Bank Negara Malaysia



2014 TRINIDAD & TOBAGO

Port of Spain

**Global Partnerships, National Goals,
Empowering People**
Central Bank of Trinidad & Tobago



2015 MOZAMBIQUE

Maputo

Inspiring Innovation to Advance Inclusion
Banco de Moçambique



2016 FIJI

Nadi

Building the Pillars of Sustainable Inclusion
Reserve Bank of Fiji



2017 EGYPT

Sharm El Sheikh

Exploring Diversity, Promoting Inclusion
Central Bank of Egypt

The regional initiatives



Countries located in the same region often face similar financial inclusion issues. AFI's four regional initiatives serve as platforms that bring together high-level figures and other officials from AFI member institutions to work together to address common challenges in a particular region. The Leaders' Roundtable and the Expert Group on Financial Inclusion Policy (EGFIP) constitute the key governance structures in the regional initiatives.

PIRI

The Pacific region has one of the world's highest unbanked rates; it consists of geographically dispersed islands with low density populations, and faces challenges in physical and banking infrastructure.

The first attempt to address the region's constraints in a coordinated manner took place in 2009 when the Pacific Islands Financial Inclusion Working Group (PIWG) was formed at the request of the central banks of Fiji, Samoa, Solomon Islands, Vanuatu, Papua New Guinea and Timor Leste. Tonga joined in 2012. AFI in partnership with the Pacific Financial Inclusion Programme (PFIP) undertook key initiatives and policy decisions in the seven countries.

In 2014 the PIWG was elevated to become the Pacific Islands Regional Initiative (PIRI) at the Global Policy Forum (GPF) in Trinidad and Tobago. PIRI was officially launched in May 2015 in Dili, Timor Leste, with the Dili Consensus outlining the initiative's objectives. With PIRI, member institutions now share a common vision, working towards inclusion through initiatives such as the PIRI FinTech workstreams. The "Apia Action Plan" on de-risking is expected to be endorsed by all PIRI members, including stakeholders, at the 4th PIRI meeting in Apia, Samoa in 2018. To date, 21 policy reforms to advance financial inclusion have been developed by member institutions as a result of their participation in AFI.



The first meeting of the Pacific Islands Working Group took place in Samoa in 2011.



AfPI

The report for the first GPF, held in Kenya in 2009, noted: “Agriculture, the informal sector, and small and medium enterprises (SME) represent the biggest source of livelihood for the majority of people in Africa. Yet the growth of these sectors has been constrained by poor access to credit and other financial services.”

The first AFI initiative in Africa was the African Mobile Phone Financial Services Policy Initiative (AMPI), launched in February 2013 in Zanzibar, Tanzania (also the venue for the African Financial Inclusion Policy Forum held the previous year.) AMPI’s primary policy focus was increasing access for the unbanked by creating an enabling regulatory environment for scaling-up mobile phone financial services.

By 2017, the scope of financial inclusion policy in African countries had expanded beyond mobile phone financial services, resulting in the need for AMPI to evolve in tandem. In May that year, in Maputo, Mozambique, the leaders of AFI member institutions in Africa unveiled the successor to AMPI, known as the African Financial Inclusion Policy Initiative (AfPI). AfPI’s broader scope includes SME finance, agriculture finance and women’s financial inclusion. It is the primary platform for African members to develop policy and regulatory frameworks. It also coordinates the region’s peer learning efforts.



FILAC

Latin America and the Caribbean (LAC) is the second largest region in the AFI network. Despite impressive economic growth in recent years, there are still approximately 200 million adults without access to financial services.

Since 2009, AFI has provided 17 grants to Latin America and Caribbean (LAC) members to promote financial inclusion. AFI has a regional coordination office, and currently has 25 member institutions from the region that participate actively in the AFI network.

In June 2016, AFI and the International Development Research Centre (IDRC) launched a three-year partnership to develop a regional peer-learning platform for AFI members in LAC. The Financial Inclusion Initiative for Latin America and the Caribbean (FILAC) was officially launched in November 2016 in Cartagena de Indias, Colombia. FILAC will generate and synthesize knowledge on digital financial services, financial inclusion data and financial literacy and consumer protection, all with a focus on gender.



FIARI

The Financial Inclusion for the Arab Region Initiative (FIARI) was launched by the Arab Monetary Fund (AMF), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, and AFI during the 9th Global Policy Forum in Sharm El Sheikh, Egypt in September 2017.

The aim of FIARI is to help accelerate policies and actions for enhancing Arab societies’ access to financial services through an effective coordination mechanism, by supporting the implementation of national financial inclusion policies, in alignment with United Nations Sustainable Development Goals (SDGs). Six AFI members from the Arab region are currently part of FIARI, which will examine issues such as financial inclusion for forcibly displaced persons, women’s financial inclusion and SME finance.

The Maya Declaration

How can countries help each other stay committed to their respective financial inclusion targets?

Launched at the 2011 Global Policy Forum in Riviera Maya, Mexico, the Maya Declaration is the first global initiative to encourage national commitments to financial inclusion. This unique “commitment platform” enables AFI member institutions to make concrete financial inclusion targets, implement in-country policy changes, and regularly share progress updates.

By making a commitment to the Maya Declaration, a country does much more than just publicly state its goals—it is also paving the way for fellow members to support its implementation efforts with practical advice and guidance as well as motivation to stay on track. It is through the Maya framework that members draw on the power of positive

peer pressure to make progress. “Mutual accountability is key and AFI as a family should not shy away from providing honest feedback, both positive and negative,” noted Jason Lamb of the Bill & Melinda Gates Foundation.

In 2016, AFI identified five key lessons learnt after five years of the Maya Declaration. First, ownership is the foundation of every strong commitment. Second, smart commitments are not stand-alone targets. Third, public commitments optimize opportunities for collaboration. Fourth, positive peer pressure does work. And fifth, real commitments are not one-off.

As of July 2018, there are 67 Maya Declaration Commitments made by members, with over 600 targets committed towards achieving their nation’s financial inclusion agenda.



The Maya Declaration
Commitments you can bank on

Key figures

67

commitments
as of July 2018

with

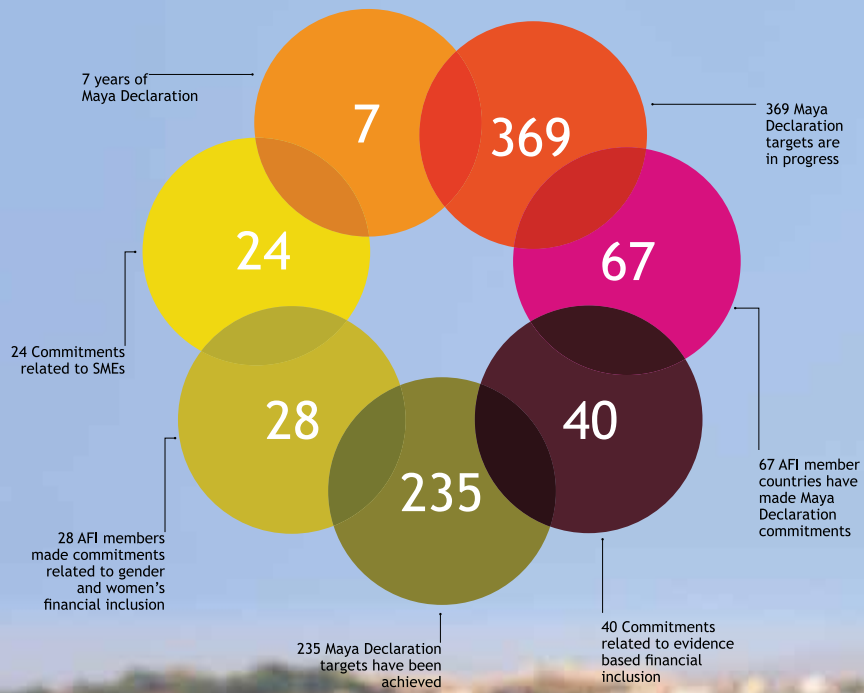
604

concrete targets
(235 completed and 369 ongoing)

AFI at work in 2018. (1) The 15th CEMC and 17th FID Working Group meetings in Mexico. (2), (3) The High-Level Joint Learning Program on MSME financing in Kuala Lumpur, Malaysia. (4), (5) Capacity building at Training of Trainers on Instructional Strategies in Kuala Lumpur. (6) The FinTech Policy Forum in Amman, Jordan.



Maya Declaration: key figures

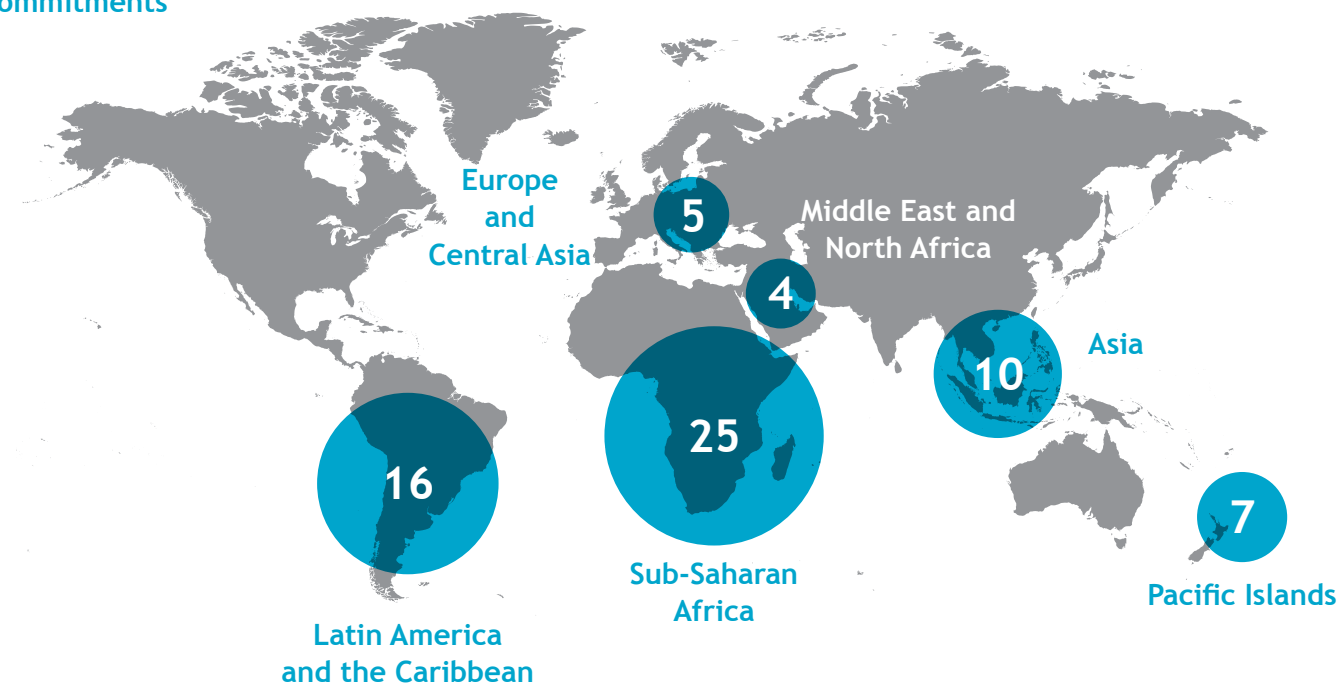


“...the Maya Declaration made us accountable, which motivated us to work harder to ensure we met our national target. Coming under the greater network of AFI has also enabled us to learn from peers not only regionally but globally as well. Only through a collaborative and cooperative partnership, nationally and internationally, were we able to achieve our target.”

Barry Whiteside, Reserve Bank of Fiji, on driving financial inclusion in the Pacific.

Maya commitments, by region

67 commitments



The Accords

The Maya Declaration is a living framework not only because members make new commitments on an ongoing basis, but also because the framework itself has served as a foundation to which various accords have been appended over the years, each adding a new dimension to the whole. The accords emphasize specific aspects of financial inclusion, and strengthen the effectiveness of members' commitments.

The Sasana Accord: evidence-based financial inclusion

Launched during the 2013 Global Policy Forum in Kuala Lumpur, Malaysia, the Sasana Accord dictates that “financial inclusion policymaking and strategies will see evidence and data-based results and contribute to accelerated progress and the measurement of its impact.”

The Sasana Accord emphasizes, among others, the achievement of commitments through measurable national goals, and the measurement of progress based on the common indicators in the core set of AFI Financial Inclusion Data. The Accord has been key in ensuring that financial inclusion takes into account quality as well as access.

The Maputo Accord: SME financing

The Maputo Accord, which emerged from the 2015 Global Policy Forum in Mozambique, makes clear that AFI has to address the

important issue of small and medium enterprise (SME) finance. The Accord was a natural follow-up from Turkey's 2015 G20 presidency, under which support for SMEs had been a key theme. The Maputo Accord supports access to finance for SMEs in acknowledgement of their shared objective with financial inclusion, namely promoting sustainable and inclusive development, as well as spurring innovation.

The Denarau Action Plan: gender and women's financial inclusion

Launched during the 2016 Global Policy Forum in Nadi, Fiji, the Denarau Action Plan represents AFI's commitment to closing the gender gap in financial inclusion and contributing to women's economic empowerment and the Sustainable Development Goals (SDG), specifically Goal 5 (Gender Equality). The Denarau Action Plan identifies measures AFI members can take to increase the number of women with access to quality and affordable financial services globally, thereby closing the financial inclusion gender gap.

The Sharm El Sheikh Accord: financial inclusion, climate change and green finance

The AFI network's most recent Accord, launched in 2017 at the Global Policy Forum in Sharm El Sheikh, Egypt, looks into linkages between climate change, green finance and financial

inclusion, an intersection which has not been examined comprehensively on the international level.

Recognizing the dual threats of financial exclusion and climate change as key barriers to financial stability, an overwhelming 94 percent of members endorsed the Sharm El Sheikh Accord. The quantified targets on financial inclusion, climate change and green finance as addressed in the Accord are expected to contribute to the SDGs, in particular Goal 13 (Climate Action).

“We, the members of the Alliance...”

Following the adoption of the Sharm El Sheikh Accord in 2017, the network is expected to launch its newest accord at the 2018 AFI Global Policy Forum. The Sochi Accord will affirm member institutions' commitment to fintech for financial inclusion.

Strengthening the power of the Maya Declaration

2014
**SASANA
ACCORD**

Evidence-based
Financial Inclusion

2015
**MAPUTO
ACCORD**

SME
Financing

2016
**DENARAU
ACTION
PLAN**

Gender and
Women's Financial
Inclusion

2017
**SHARM
EL SHEIKH
ACCORD**

Financial Inclusion,
Climate Change and
Green Finance

2018
**SOCHI
ACCORD**

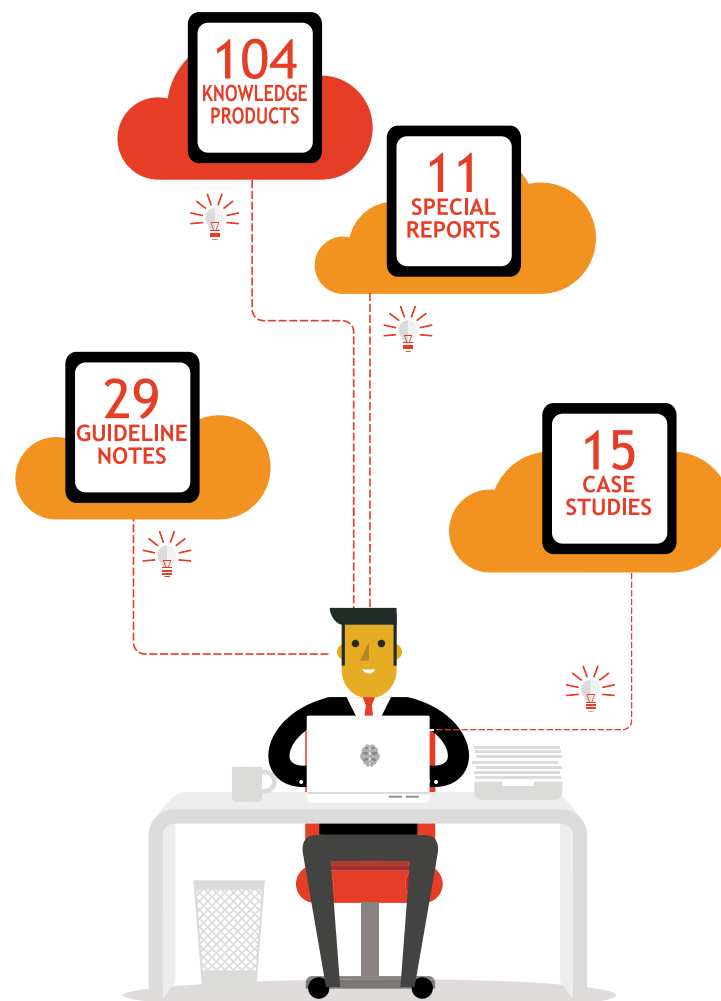
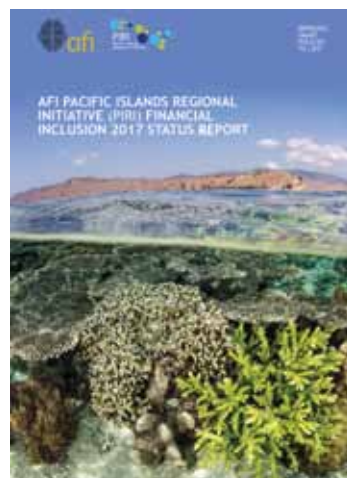
FinTech for
Financial Inclusion



Meeting the needs of the network: other vital solutions

Knowledge products

AFI publishes a variety of resource material covering all aspects of financial inclusion. Along with Guideline Notes, Case Studies and Special Reports, AFI's publications library includes basic Fact Sheets, Brochures, Viewpoints, Snapshots and more.



Other products and services

In addition to the Working Groups, the Global Policy Forum, regional initiatives and Maya Declaration, AFI has over the years introduced a diverse range of products and services designed to meet members' needs, including Peer Reviews, the Public-Private Dialogue (PPD) Platform, the AFI Data Portal (ADP), the Member Zone and the Grants Program.

The Grants Program was initiated in 2009, while the Member Zone was launched in 2011. The PPD Platform was established in 2014.

Every year AFI carries out a comprehensive program of capacity building for development. These consist of the Joint Learning Programs (JLP), member training, Public-Private Dialogue (PPD) Capacity Building, Peer Advisory Services, and the Certified Expert in Financial Inclusion Policy (CEFI).

The first knowledge exchange in 2009 saw Russian policymakers visiting Brazil to learn about the country's novel approach to agent banking. The following year, the central banks of Tanzania and Burundi participated in AFI's first joint exchange, visiting the Philippines together to learn about the innovative regulatory approach adopted by the Bangko Sentral ng Pilipinas (BSP) on mobile phone financial services. Another exchange that year linked three continents, with policymakers from the Central Bank of Ecuador (CBE) and the Superintendence of Banks of Guatemala (SBG) gaining insights on mobile financial services from counterparts in Kenya and the Philippines.

Joint Learning Programs (JLPs) and member training have been organized for all levels. In 2018 Governors and Deputy Governors participated in the first high-level JLP, which focused on SME financing.



Peer Advisory Service with the Central Bank of Nigeria, held in Abuja, Nigeria.



A High-level Public-Private Dialogue (PPD) in Washington D.C..

“The essence of AFI’s peer exchange model informs the development of almost all our products and services. On the capacity building front, for example, the knowledge of one member is used to build capacity in another. With the Joint Learning Programs, a group of institutions seeking to deepen their knowledge of a particular area benefit from the experience of a fellow institution that is already in the lead.”

Norbert Mumba, AFI.

Governance and management

At AFI, governance was initially undertaken by the Steering Committee. At the first meeting in Bangkok, Thailand on 10 July 2009, committee members discussed AFI by-laws, the two-tier membership, the AFI Donor Coordination Mechanism, and the launch of a flagship project on using survey data to design financial inclusion policies.

In 2016, the Steering Committee as AFI's governing body was transformed into the AFI Board as part of the network's independence process. Bank of Tanzania (BOT) Governor Benno Ndulu served as the first Chair.

The Board provides strategic guidance to the AFI Management Unit and oversight of

the organization's direction and activities, contributing ideas and advice on meeting objectives, identifying opportunities, and building the Network. High-level Committees provide specialized support as per their respective terms of reference. The Advisory Group, which generally comprises non-AFI members, provides external stakeholder perspective and strategic advice, while the Donors Consultative Council represents all Funding Partners in the AFI Network.

The AFI Membership Council, comprising Principal, Associate and Specialist Members, meets once a year at the Annual General Meeting (AGM), with Principal Members voting on decisions.

The AFI Management Unit

The AFI Management Unit structure consists of three pillars. The Executive Director spearheads communications, media relations and events; strategy and financial inclusion policy; and donor relations and global partnerships. The Deputy Executive Director leads policy programs and regional initiatives, as well as capacity building. The Chief Operations Officer oversees human capital; finance and accounting; procurement and contracts; information technology; and process improvement and risk management.



Dr. Alfred Hannig at the 2011 AFI GPF.



The 2017 Annual General Meeting.

Q&A: Norbert Mumba, Deputy Executive Director, AFI

Diverse and dynamic

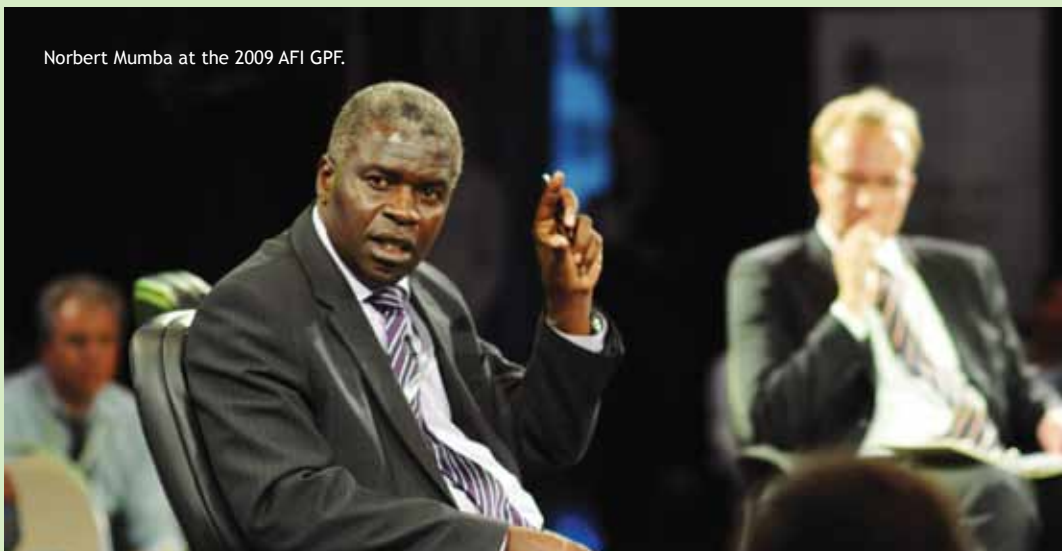
Norbert Mumba was a familiar face at AFI even before he was appointed Deputy Executive Director in 2014. While at the Bank of Zambia, where he served for 19 years, he was the central bank's liaison with AFI, actively participating in many AFI activities including co-chairing the Financial Inclusion Data Working Group.

What did you discover after coming on board?

The first thing that made an impression on me was the structure of the Management Unit which, for all practical purposes, was neither hierarchical nor rigid. It is this flexibility that has enabled the team to respond effectively to the different needs of member institutions. The second aspect that struck me was the diverse nature of the staff. I was familiar with a central bank environment, where employees are typically of a single nationality. In contrast, the AFI team had about 15 nationalities when I joined. Today we have 22. An equally striking feature has been the diverse competencies and professional backgrounds. So it is in short a very dynamic organization that stands ready to respond.

Which aspects of the job do you find fulfilling?

What gets me going every morning is that there is a clear beneficiary at the end of the process. In a central bank, one's focus is on financial stability and reducing inflation, and these are broad objectives. In financial inclusion we've got 1.7 billion people out there who



are outside the financial system. This is down from 2.5 billion a few years ago. So what drives me is having a number that we are targeting to reduce in order to empower people and elevate their standard of living—and then the satisfaction of seeing that achieved.

To what would you attribute AFI's success?

Two elements: mutual respect and ownership of the process. The peer learning model has been central to AFI's success, but if we take a step back, we see that the foundation of the model is really the culture of mutual respect among members, and the equality in the fabric of the network. The second element of success is members' ownership of the process. The ownership starts with a Member

Needs Assessment (MNA) every year: what do the members want? This is then crystallized into policy areas and programs, and then the members themselves get to work on them.

Partners

Through strategic partnership platforms, AFI engages and collaborates with a variety of stakeholders who fall under three categories.

Funding Partners

Funding Partners provide unique and substantial intellectual, technical and financial contributions to AFI. Since inception, AFI's work has been made possible by the generous contributions of Funding Partners. Funding Partners in 2018 were: the Bill & Melinda Gates Foundation; German Federal Ministry of Economic Cooperation and Development (BMZ); German Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMU); Omidyar Network; International Development Research Centre (IDRC), Canada; French Development Agency (AFD); and Data2X.

Public-Private Dialogue (PPD) Partners

AFI's Public-Private Dialogue (PPD) Partners are leading global and regional private-



sector institutions that have a keen interest and proven capacity to advance financial inclusion. Each PPD Partner contributes unique knowledge, resources and expertise to support AFI programs and activities. In turn, they benefit from a variety of offerings that promote frank dialogue and knowledge sharing with regulators and policymakers in the AFI Network. In 2018 AFI worked with the following PPD Partners: Visa Inc; Mastercard; Letshego; GSM Association (GSMA); and TransferTo.

Knowledge-Resource Partners

Knowledge-Resource Partners are generally non-profit institutions that have demonstrated significant thought leadership in financial

inclusion policy. They have bilateral cooperation agreements with AFI and systematically provide AFI members with unique technical know-how that enhances members' capacity to develop and implement policy solutions. In 2018, AFI's Knowledge-Resource Partners were: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH; International Telecommunication Union (ITU); and United Nations Capital Development Fund (UNCDF).

“By working together we can make financial inclusion not just good public policy, but also good business. Through this open and neutral platform we will create clarity around key risk issues and appropriate regulatory responses which will lead to greater security for market participants and regional consistency. Our success in this field will be positive for the national goals of our members, for the corporate goals of private sector players and, most importantly, it will make a real difference in the lives of the poor.”

Dr. Alfred Hannig, AFI, in a discussion on AFI's Public-Private Dialogue platform at the World Economic Forum in 2015.

A man with a beard and glasses, wearing a blue shirt, is sitting at a workbench in a workshop. He is holding a gold credit card in his right hand and looking at it. His left hand is on a laptop keyboard. The workshop is filled with various tools and equipment.

4

A for achievements.

AFI's impact on inclusion

Progress in inclusion

As an organization, AFI measures its success in terms of how effectively it has helped member institutions formulate and implement policy changes.

By July 2018, the cumulative number of in-country financial inclusion policies and regulations attributable to the AFI network had grown to 384. In contrast to the early years of the Alliance, recent years have seen a significantly higher number of reforms being introduced, reflecting the fact that more members are now completing the learning phase and advancing to implementation. Since

2011, the Maya Declaration framework has helped members build a strategic mindset with which to translate commitments into concrete achievements. Over the years, AFI members have been supporting countries in designing and implementing high-impact, tailor made solutions to meet their needs and challenges.

Impact on policymaking

In a global network like AFI's, policy change is not linear. It is shaped by a variety of influences, from AFI's global and regional programs and events, to the everyday work of national financial institutions, to conversations

Impact in numbers

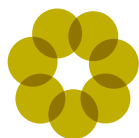
Since 2008, AFI members have developed and implemented

384 POLICY CHANGES



>60 COUNTRIES

More than 60 countries have developed or are in the process of developing national financial inclusion strategies (NFIS).



67 MEMBER INSTITUTIONS

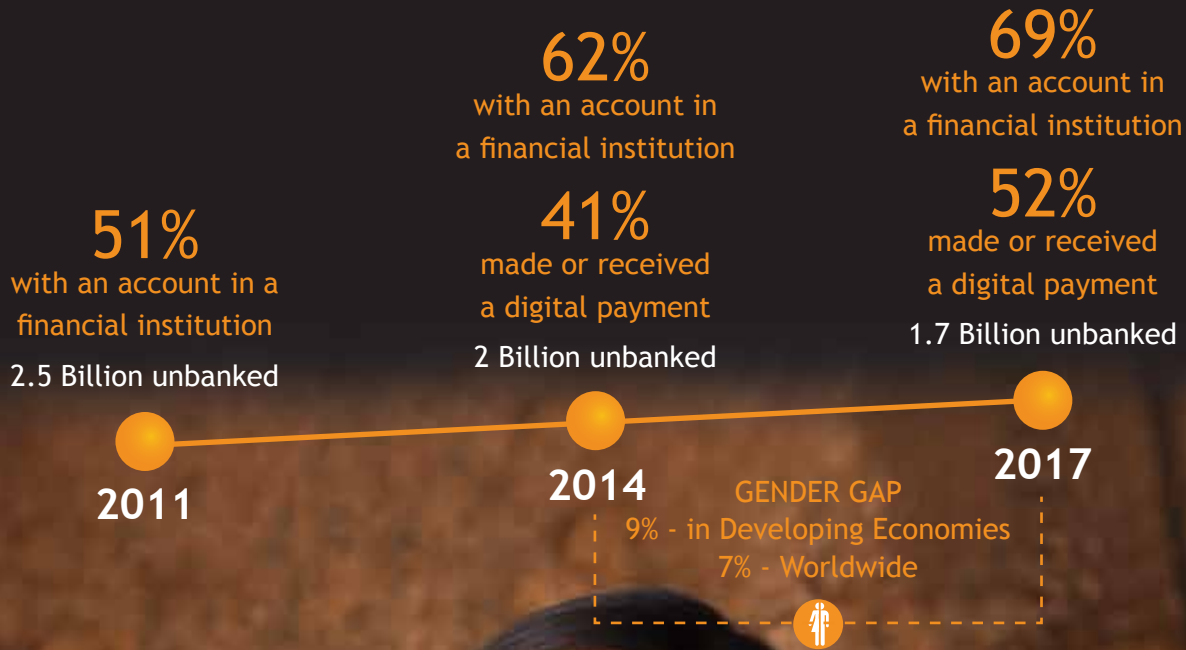
67 AFI member institutions have made Maya Declaration commitments to advance financial inclusion.



500 POLICY MAKERS

Over 500 policymakers are contributing to and benefiting from the collective wealth of knowledge in the AFI network.

Evolution of Financial Inclusion



and knowledge-sharing through the AFI Data Portal.

In this context, the direct method of gauging AFI's impact on members' policymaking agendas is to consider the degree of influence as assessed by members themselves. The results of the Member Needs Assessments routinely conducted by AFI have indicated that the level of attribution accorded to AFI by members is consistently above 60 percent on a year-to-year basis.

The World Bank Global Findex data, considered together with AFI figures, provide a basis by which to determine how successful members' policy changes have been in terms of bringing about real change in the number of financially included people.

Introduced in 2011 and conducted once every three years, the Global Findex is the most comprehensive database on financial inclusion, with data on the level of access and usage of financial services among adult individuals in more than 140 countries.

Covering six out of ten years of AFI's existence, the Findex data indicates that significant progress was made in financial inclusion from 2011 to 2017. During this period, over 80 percent of the newly banked adult population were in the AFI network, with efforts undertaken through the network resulting in over 600 million people being brought into the financial system.

There have been more reforms in the area of digital financial services than in any other

policy area. Many members are also developing, reforming or launching their national financial inclusion strategies. To date, the Network has 47 countries with national financial inclusion strategies, while 21 are in the process of formulation.

Some reforms naturally cover more than one thematic area. Several initiatives around financial literacy, for example, have been aimed at micro, small and medium-sized enterprises (MSMEs). There have also been a number of reforms in new areas such as gender and women's financial inclusion, financial inclusion of forcibly displaced persons (FDPs), climate change and financial inclusion, FinTech for financial inclusion and Islamic banking.

Additional adults financially included with AFI attribution



From 2011 to 2017, an additional 634 million adults have been financially included as a result of efforts made by the AFI network.



“Economies that include everyone benefit everyone.”

Melinda Gates, Bill & Melinda Gates Foundation, addressing participants of the 2016 GPF via video link.

Q&A: Dr. Alfred Hannig, Executive Director, AFI

Surpassing targets

When did AFI first start seeing results?

We define AFI's impact in terms of the policy and regulatory changes in member countries that have been strongly driven by their participation in AFI activities. In the cycle of a policy, the learning and capacity building come first, and this initial phase takes time. This is the reason why out of the 384 AFI-related policy changes made by member institutions to date, 118 have taken place in the last year alone.

This recent number, which is much higher compared to previous years, demonstrates that now, after effective peer learning and capacity building, implementation has started and we are seeing more results in terms of policy changes.

What are some examples of policy changes?

There have been many outstanding examples. When Kenya started with mobile phone services, these basically consisted of payments through SMS. While it was very successful in bringing small payments to the poor with no access to finance, as a model it was limited, because there was a limit as to what could be done among mobile network operators. Through AFI, the policymakers in Kenya looked at agency banking regulations in Brazil and Colombia, and married these with their own experience tackling mobile phone supervisory issues and regulation. So they brought together two innovations: the infrastructure innovation which involved the agent, and the technological innovation which involved the mobile phone. This was achieved through exchanges and a grant that was made and facilitated by AFI.

In another example, Peru made a Maya commitment on the introduction of laws on electronic money issuing. The resulting law, introduced in 2015, was quite revolutionary in Peru because it allowed non-bank financial institutions to issue electronic money. Mobile network operators were able to issue electronic money, and this had a huge effect on outreach to poor customers who didn't even have a bank account.

Has a clear picture emerged of results on the ground?

This is one of the big ongoing challenges: documenting the impact on the ground. The lack of a solid, sound methodology to measure policy impact in financial inclusion makes it difficult, but we have started to document individual cases and produce case studies. We

look at proxies and analyses, for example the World Bank's Global Findex database, to get a sense of the reductions in the numbers of unbanked over a period of, say, three years. Then we look at the countries achieving these changes and determine the extent to which they have been engaging in the AFI process, and from there we try to drill down to the number of people who have gained access as a result of AFI activity.

Have targets been met?

An early goal, to enable an extra 50 million people living on less than USD2 a day to have access to formal financial services by 2012, was achieved and surpassed. We believe that from 2011 to 2017, AFI activities managed to bring more than 600 million unbanked people into the system globally.





Halima Khatun, owner of a textile production company in Bangladesh.

On the ground

In Bangladesh, female and financially included

Bangladeshi entrepreneur Rownak Sultan recalls the tough, early days of business: “It was difficult at first, as anyone would expect, but being a woman and an entrepreneur in a country like ours added a different dimension to my hardship.” Rownak owns ShoeMart, which employs 60 people and has a turnover of around BDT30 million (USD362,700).

In Bangladesh, access to finance remains the greatest hurdle for women entrepreneurs. To address this, the Bangladesh Bank (BB) opened a Women Entrepreneurs Development Unit at its head office and branch offices. Banks and financial institutions across the country were advised to open similar units and instructed to provide credit to new women entrepreneurs in cottage, micro, and small and medium enterprises (CMSME).

Every branch was advised to identify at least three prospective women entrepreneurs who had not yet taken out any formal loans. Banks

and financial institutions were to provide the necessary training for the selected entrepreneurs and financial services were to be extended to at least one each year. They were also asked to consider authorizing loans for women entrepreneurs of up to BDT2.5 million (USD30,225) without collateral, but against a personal guarantee under the refinance facilities provided by the BB.

The intervention worked: the amount of financing for women entrepreneurs and the number of borrowers quickly increased. In 2010, banks and financial institutions in Bangladesh financed USD231 million for 13,233 women-led MSMEs. By 2016, the amount was USD543 million, while the number of women-led CMSMEs had risen to 32,842.

Among them was entrepreneur Halima Khatun. “I took BDT1 million (USD12,090) from Rupali Bank Limited and BDT1.6 million (USD19,344) from Islami Bank Bangladesh Limited,” said

Halima, whose textile production company employs 20 women and men as permanent workers to produce saris, bed and cushion covers. An additional 600 women work for Halima from their homes and are paid based on their production.

Financing women-owned enterprises not only improved the lives of female entrepreneurs and their families, but also fostered a CMSME-friendly environment in the country’s banking sector, bringing together financial institutions and development agencies.

Halima is convinced that financial support from the banks has been crucial to her success. “I overcame all the obstacles and today I am Halima Khatun Mukta, a successful woman entrepreneur!”

On the ground

Financial inclusion: for the forcibly displaced, a passport to a better future

In today's global financial system, physical borders have become increasingly irrelevant; it is ironic, then, that for forcibly displaced persons (FDPs) who have had to leave their homes, financial exclusion remains a serious problem.

This category of the unbanked includes those fleeing armed conflicts, natural or human-made disasters, and human rights violations. The UNHCR estimates that there are currently 68.5 million such people.

FDPs, who already contend with life-and-death situations, face additional obstacles on the road to financial inclusion. In August 2017, AFI published a special report entitled *Financial Inclusion of Forcibly Displaced Persons: Perspectives of Financial Regulators*. Produced with the Global Partnership for Financial Inclusion (GPI), the report summarized AFI members' views on challenges, opportunities and approaches taken.

When Typhoon Haiyan (Super Typhoon Yolanda) battered the Philippines in November 2013, Bangko Sentral ng Pilipinas (BSP) ensured that displaced victims were able in the aftermath to access financial services. Measures included a relaxation of anti-money laundering/identification requirements, a reduction of the general loan loss provision for restructuring loans in affected areas, and flexibility on branch relocation and temporary offices. Victims who had lost identification documents could still make withdrawals, receive remittances, take out loans and submit insurance claims.

Other AFI members have also begun to push financial inclusion strategies for FDPs in various forms. The Bank of Zambia granted approval for mobile money service providers to provide mobile financial services (within transaction and balance limits) to refugees by using refugee identification cards or registration documents issued by the Ministry of Home Affairs to satisfy know-your-customer (KYC) requirements.

Da Afghanistan Bank instructed all banks and mobile network operators to open transaction accounts for registered FDPs, while Bangladesh Bank issued a circular to financial service providers notifying them that photo identity documents issued by the Government of Bangladesh and United Nations (UN) organizations would be acceptable for KYC purposes when providing financial services for the Rohingya.





5

A for aspirations.

The way forward

AFI as policy leadership alliance

What's next for AFI? Having advanced from “knowledge-exchange platform” in Phase One to “policy-driving network” in Phase Two, AFI has now entered Phase Three, where it assumes the role of a “policy leadership alliance”.

With 10 years' worth of collective experience, AFI members now stand ready to lead content and enrich the global technical debate around financial inclusion. In this regard, AFI's thought leadership will continue to inform the processes of the standard-setting bodies (SSBs) as well as national-level implementation in individual countries. In terms of solutions for members, a central pillar of Phase Three is a plan to introduce “policy models”.

Thus far, the Working Groups at AFI have been providing guidance to members in a decentralized manner. Phase Three will now see AFI offering guidance in a formalized way, with the Global Standards and Policy Committee endorsing some of the frameworks that come out of the Working Groups and providing them as guidance from the highest level.

“One might think of these frameworks as ‘policy models’ or ‘endorsed policy models’,” says Dr. Alfred Hannig, Executive Director of AFI.

As an example, countries intending to craft regulations around cross-border remittances might look at AFI's policy model for that issue and adopt particular elements—regulatory principles that the AFI network considers as best practice—in addition to considering the cross references to other countries that have achieved success.

“With this approach,” explains Dr. Hannig, “we would be assisting members in a manner that complements the SSBs' roles, filling gaps that the SSBs have not yet covered, and offering members additional guidance that they have been unable to obtain elsewhere. We see this as a complementary offering that members can opt for on a voluntary basis.”

To illustrate why the policy leadership alliance is the most logical and compelling next step

in AFI's evolution, Deputy Executive Director Norbert Mumba draws on a familiar divide in financial inclusion: some countries think that a bank-led approach should drive financial inclusion, while others favor a non-bank-led approach that includes microsavings banks, microcredit institutions and others.

“In the past, the network would put both approaches on the table without forming a position,” Mumba explains. “The two approaches would be put in place by various countries and tested; challenges would be observed, addressed and documented. Over time, we would start to see the best model emerging—it could even be a hybrid or amalgamation of the two—and this is where we are now. Going forward, this is what we will present to the members: that we have arrived, after a period of testing, at what we consider to be the best approach, or model.”

Mumba notes that AFI will not be hiring a veritable army of technical staff to do this work. “Like everything else at AFI, much of

“AFI was a successful innovation because of three factors: a good (crazy) idea, strategic partners and allies.”

Dr. Alfred Hannig, AFI, at the 2015 AFI GPF.

the process—documenting the pros and cons, refining, determining at a certain point that an approach is ready to ‘graduate’ to policy model status—will be driven by the members themselves through existing mechanisms such as the working groups.” Why? In a word: ownership.

Challenges for the future

Meanwhile, certain challenges from the first decade will continue to inform the future. “We grew very rapidly, and in an organisation with such rapid growth, you have to strike a balance,” Dr. Hannig said. “On the one hand, you want to avoid overheating, while on the other hand—and this is particularly important given AFI’s startup culture—you want to preserve the stimulating atmosphere where every idea counts, and everything that makes sense can be done. It has been a very flexible, thought-provoking environment, and the challenge is to strike a balance between attempting to do all the things that we can do, and focusing on what really needs to be done.”

Another challenge appears to have emerged almost as a byproduct of AFI’s success: “Because we have been so successful in elevating financial inclusion in the global debate, new players have entered the space. To a certain extent there has been some imitation of what we do, and we are seeing a degree of overcrowdedness in this space,” said Dr. Hannig.

Many of these projects are more oriented towards the shorter term, which may not serve the long-term interests of AFI members. “Certainly, countries should avail themselves





“AFI is our institution, and we play a significant role in driving it to further success. It is vital that we continue to collaborate, have the right attitude, and demonstrate commitment to pursue the agenda of financial inclusion.”

Jennifer Sullivan, Central Bank of Seychelles.

of all the options out there today, but they must be clear about their own needs,” advised Dr. Hannig. AFI’s challenge, meanwhile, is to identify complementarities with the other players and the right cooperative relationship so that everyone can work together. “As pioneers, I see ourselves at the head of the formation, providing the thought leadership.”

A third challenge has been in the area of communications. AFI must continue trying to communicate better, especially now if it is to demonstrate that it can successfully transition into a policy leadership alliance. The organization must communicate with members, and also on their behalf.

Finally, funding was a challenge and will remain so, despite the fact that AFI now has a system of membership fees. AFI must seek and nurture long-term funding relationships that help it retain its value proposition.

Global concerns

Growing isolationism in the world today is a concern. There has been more and more talk about walls and barriers, segregation and protectionism. This is at odds with the culture of cooperation that is the hallmark of the network, and it could adversely affect the AFI model.

On the other hand, AFI’s *raison d’être* has never been clearer: if anything, the current trends underscore why AFI is essential, and why the

AFI cooperation model is not just the present but also the future. “It is open, flat and non-hierarchical,” says Dr. Hannig. “It lets everyone participate. Big, small, rich or poor, your voice counts. This is the strength of the AFI model, and because it is embedded in the way forward, I am optimistic about AFI remaining useful and relevant in the future.”

That said, financial inclusion is complex and a healthy dose of realism is warranted. Severe financial crises have broken out in places with very high degrees of financial inclusion. The problem in those instances had to do with the quality of financial inclusion. “So even if we somehow managed today to secure full coverage in terms of access, our work to maintain high levels of quality financial inclusion has just started,” says Dr. Hannig.

Dr. Hannig does not hesitate when asked about what the highlight has been for him. “The highlight has been the members’ engagement and the ownership that we have seen from the outset. The rapid emergence of AFI has been unprecedented, and all the more powerful for having been driven by the members themselves. Given the current momentum, I am excited about the future. Yes, there is still much to learn and do, but I am confident that when history assesses the current era, what’s clear will be AFI’s role in helping the world move steadily towards scoring an ‘A’ for financial inclusion.”

Issuing guidance

Following a strategic discussion at the 2017 AFI GPF on the role of issuing guidance, members agreed to adopt an approach to issuing regulatory and policy guidance that would consist of:

- **Structured member endorsement:** Members will endorse tested policy solutions in the AFI network that address major challenges to financial inclusion. The working groups will translate key policy lessons into recommendations that will be elevated to the AFI governance structure for final member endorsement.
- **In-country implementation:** Members will endorse guidance that can be implemented across the AFI network, tailored to the country context and specific member needs.
- **Cooperation with the SSBs:** This will provide better evidence of the state of practice of the adoption of global standards in AFI member countries and a feedback mechanism for supportive financial inclusion policies.



A

A for AFI.
Join the Alliance

membership@afi-global.org



10 YEARS OF BRINGING SMART POLICIES TO LIFE

#AFITURNS10

Alliance for Financial Inclusion
Sasana Kijang, 2, Jalan Dato' Onn
50480 Kuala Lumpur, Malaysia

t +60 3 2776 9000
e info@afi-global.org

www.afi-global.org