



# SOCHI ACCORD FINTECH FOR FINANCIAL INCLUSION



# FINTECH IS LEADING TO RAPID INNOVATIONS IN THE FINANCIAL SERVICES INDUSTRY. THESE INNOVATIONS CAN ENHANCE FINANCIAL INCLUSION BY BROADENING FINANCIAL ACCESS “AT SCALE” AND IMPROVING THE AFFORDABILITY AND QUALITY OF FINANCIAL SERVICES THROUGH “EFFICIENCY”.

At the same time, leveraging FinTech for Financial Inclusion creates new regulatory challenges and poses cybersecurity, data privacy, money laundering and consumer protection-related risks.

With this context, we shared our thinking on FinTech for Financial Inclusion examples and use cases which are transformative and therefore advancing the cause of financial inclusion.

Such transformative solutions aim at accelerating access and usage of financial services with special focus on closing of the gender gap, management of climate change risks, the mitigation of de-risking challenges, the inclusion of forcibly displaced persons, reducing the financing gap for the MSMEs, and lowering costs for cross-border remittances along with promotion financial stability and integrity. We also identified ways in which we can strengthen peer learning and knowledge sharing with an aim to develop regulatory or policy interventions to balance innovations and oversight.



# THE DISCUSSIONS TO REINFORCE OUR EFFORTS IN EXPANDING AFI'S WORK IN FINTECH ENSUED FROM THE 2016 GLOBAL POLICY FORUM (GPF) WHERE AFI MEMBERS UNANIMOUSLY APPROVED FOR AFI TO EMBARK ON EXPANDING AND REFINING ITS DIGITAL FINANCIAL SERVICES WORKSTREAM TO INCORPORATE PEER LEARNING INITIATIVES ON FINTECH AND REGTECH.

AFI's Digital Financial Services Working Group (DFS WG) took the lead on FinTech workstream because of natural synergies or overlaps. DFS WG is already working on topics such as KYC innovations, interoperability, cybersecurity etc. to enhance regulatory preparedness related to newer technologies.

Further, outcomes from 2018 Fintech Policy Forum in Amman, the 2018 Pacific Islands Regional Initiative (PIRI) Leaders roundtable meeting in Samoa and the 2017 Policy Conference on Cybersecurity and Financial Inclusion in Kuala Lumpur also fed into the discussions. Implementation of the FinTech for Financial Inclusion initiative is already underway through the setting up of global and regional (Pacific) workstreams.

At the 2018 AFI Global Policy Forum in Sochi, Russia we, the Members of the Alliance for Financial Inclusion, strengthen our determination and affirm our commitment to leveraging digital financial services and FinTech for financial inclusion.

## SPECIFICALLY, WE:

- > **Acknowledge** that innovative, technology-based financial services or FinTech holds promise towards advancing financial inclusion especially among vulnerable sections of the society, including MSMEs.
- > **Promote** technological advancements that serve the distinct needs of the underserved, including cultural differences, gender, income patterns and the level of digital literacy.
- > **Recognise** that innovative, technology-based financial services demand a relook at the existing regulatory approaches and structures.
- > **Encourage** strategies and regulatory approaches to reduce the gender gap in financial inclusion through the use of technology.
- > **Commend** members of AFI that have already taken concrete steps in recognizing that the innovation in FinTech offers great opportunities for developing and emerging economies to significantly drive the usage of digital financial services.
- > **Welcome** innovative solutions, new business models, and successful cross-sector collaborations in delivering financial services to forcibly displaced persons and other vulnerable segments of the population.
- > **Harness** and nurture the potential elements for FinTech to alleviate information asymmetries and administration costs for financial institutions in dealing with the MSMEs to enhance their "Business Case" for financing.
- > **Identify** cutting-edge solutions to facilitate behavioral changes on the demand side in view of a thriving FinTech industry.

## THE STATEMENT CALLS FOR MEMBERS TO:

1. **Demonstrate** through examples and case studies that FinTech advances financial inclusion and includes vulnerable sections of the society, as well as the MSMEs.
2. **Build and reinforce** institutional capacity and talent to clearly understand technological complexities and business model innovations to come up with appropriate regulatory interventions.
3. **Create** and participate in platforms for systematic dialogue and partnership among regulators, policy makers, FinTech companies, technology providers, standard-setting bodies, NGOs and academic researchers on the issue of FinTech for Financial Inclusion.
4. **Promote** a culture of innovation within the regulatory bodies as well as within the broader ecosystem.
5. **Commit** to identify, understand improve or develop new approaches to regulation and policy making, along with the use of technology, to balance the benefits of financial services innovation and financial stability, consumer protection mandates.
6. **Concur** to work towards developing Maya Declaration commitments with quantified targets on Fintech for Financial Inclusion and call upon AFI to support members in formulating these commitments and delivering on them.
7. **Strive** to learn not only from peers in developing and emerging countries, but also advanced economies, reflecting their international experience in FinTech development and implementation of innovative or proportionate regulatory approaches through the AFI's joint learning platform.
8. **Leverage** FinTech solutions to mitigate the impact of de-risking in developing and emerging countries.
9. **Call on** financial institutions and private sector stakeholders to use FinTech solutions to break gender-specific barriers to financial inclusion and reduce the gender gap.
10. **Share** their knowledge and practices on FinTech solutions among members of the network and beyond, especially those that help in break gender-specific barriers to financial inclusion and reduce the gender gap, mitigate climate change risks and building resilience, and contribute to inclusion of forcibly displaced persons.

