The Way Forward
Key Findings and Concrete Actions

Three strikes of a miniature gong by Halim Alamsyah, Deputy Governor of Bank Indonesia, marked the end of the AFI Global Policy Forum in Bali and signified the passing of the financial inclusion baton to Mexico and Peru, who have the honor of hosting the next edition in 2011.

Earlier, Kingsley Chiedu Moghalu, Deputy Governor of the Central Bank of Nigeria, summarized the proceedings of the three-day forum by reiterating the six principles of financial inclusion espoused by President Susilo Bambang Yudhoyono in his opening address.

Mr. Moghalu said the forum showed there was clear understanding among policy makers of the role market incentives play in encouraging innovative business models. He noted the strong correlation between financial inclusion, economic development and poverty alleviation, which emerged from the deliberations, and also alluded to the possible synergies emerging out of G20’s role in promoting financial inclusion.

“We look forward to another year of progress and next year’s Global Policy Forum,” he concluded.

AFI’s Executive Director Alfred Hannig also invoked President Yudhoyono’s address and said that it underlined Indonesia’s commitment and urged the gathering to build upon it in order to take financial inclusion to the next level. There is a clear understanding of and, commitment toward, financial inclusion among leaders but there are conflicting views on how to go about it, he said, and noted that it is important to listen to all views and take a balanced step forward.

The debate regarding mobile financial services has shifted in favor of exploring partnerships between MNOs, banks and other stakeholders, Mr. Hannig observed. “There are many challenges and room for improvement,” he cautioned.

On the G20’s involvement with financial inclusion, Mr. Hannig said, “The G20 seems to endorse AFI’s philosophy and we welcome that very much. In conclusion, he noted: “We’re all going home with new ideas,” and called for action by noting that “the time between the Forums is the most important” and urged members to engage with each other.

For further information please contact info@afi-global.org
National Strategies and Targets for Financial Inclusion
Indonesia and Other Successful Examples

The success of Indonesia’s financial inclusion strategies is the result of coordination and partnerships between local, regional and national entities, and the presence of a robust consumer protection framework, according to Muliaman Hadad, Deputy Governor of Bank Indonesia. Central banks are, and should be, involved in financial inclusion because it is necessary for financial stability, Mr. Hadad noted.

On Tuesday evening, policy makers were provided a glimpse into other successful efforts from around the world. Central bankers from countries as diverse as Colombia, Liberia, Malaysia, and India spoke about the rationale behind and hopes for their respective financial inclusion strategies.

Carlos Serrano from CNBV Mexico said they began with a diagnostic test that revealed the need for more players to increase competition and for technology to lower costs, and more financial innovation. This led to a strategy comprising of four components: Data measurement, Policy, Dissemination and Assessment of policies.

Mr. Serrano’s key insight was not to take on too many things at a time and to focus first on policies that promote access, use and quality, in that order.

Samuel Thompson, Deputy Governor of the Central Bank of Liberia, said his country’s strategy was guided by post-war instability, which caused a breakdown of the banking system and led to capital flight.

Assisted by the International Monetary Fund, the country is now working on a strategy based on rigorous banking supervision designed to restore confidence in the banking system. Liberia is encouraging well-capitalized banks to open branches in remote regions and using a combination of microfinance and mobile financial services to enhance access. Its central bank has created a microfinance unit and has developed a regulatory framework for microfinance institutions (MFIs).

Kamari Zaman Juhari of Bank Negara Malaysia said his country’s experience was different in that the central bank was focused on SMEs, a majority of which are MFIs. So they set about designing a microfinance framework and roped in commercial banks and their wide branch networks and experience in risk management software. This strategy has helped set up an SME credit bureau and consumer education programs, which came in for much praise in an earlier session on consumer protection.

Carlos Moya of Colombia’s Banca de las Oportunidades, says, the focus is on providing people with access to electronic savings accounts and also subsidies to financial institutions and NGOs to help enhance access. More than six million microloans have been disbursed so far, of which two million have been to people who have never received any banking support before, he said.

Umesh Sarangi, Chairman of India’s rural finance giant NABARD, said the strategy is aimed at ensuring the people at the Bottom of the Pyramid benefit from India’s high rate of growth. He noted the creation of the Financial Inclusion Action Plan by the country’s central bank, which will use the retail banking and agent banking models “underpinned by technology” to drive financial inclusion.

In conclusion, Nimal Fernando, Managing Director of Inclusive Finance International and moderator of Tuesday’s session, noted that while strategy is important designing one is not an easy task. If the diagnosis is inaccurate while strategy is important designing one is not an easy task. If the diagnosis is inaccurate, the interventions could be misplaced, he further cautioned.

For further information please contact info@afi-global.org

François
Stratégies nationales et cibles de l’inclusion financière - Le cas de l’Indonésie et autres exemples à succès

Le succès des stratégies d’inclusion financière de l’Indonésie tient aux partenariats entre acteurs locaux, régionaux et nationaux et à la présence d’un cadre de protection des consommateurs solide, a déclaré M. Haddad, vice gouverneur de la Banque d’Indonésie.

D’autres exemples de stratégie furent exposés, comme ceux de la Colombie, Liberia, Malaisie et Inde. Le Mexique a eu recours à un diagnostic révélant un besoin accru de compétition entre acteurs et d’innovation financière. M. Serrano, CNBV Mexique, a déclaré qu’il valait mieux se concentrer sur quelques politiques que de se disperser dans de multiples projets: dans l’ordre, promotion de l’accès, l’usage et de la qualité. Le Libéria et la Colombie ont mis en place des stratégies prenant en compte l’instabilité politique et sociale de leur pays.

En conclusion, Níral Fernando, modérateur, a noté qu’il reste difficile définir des stratégies d’inclusion financière et qu’un diagnostic de qualité est essentiel pour mettre en place des actions adéquates.

Español
Estrategias y objetivos nacionales

Las exitosas estrategias de Indonesia dependieron de la colaboración entre entidades locales, regionales y nacionales, según Muliaman Hadad, Subdirector del Banco de Indonesia. Carlos Serrano, del CNBV de México, dijo que no se debe trabajar en demasiadas cosas a la vez, sino enfocarse primero en las políticas de acceso, uso y calidad, en ese orden.

Samuel Thompson, el Subdirector del Banco Central de Liberia, dijo que se está trabajando en una estrategia basada en la supervisión bancaria. Kamari Zaman Juhari del Banco Negara de Malasia, dijo que el Banco Central se ha centrado en las PYME, 80% de las cuales son IMF.

Carlos Moya, de la Banca de las Oportunidades de Colombia, dijo que su país desembolsó más de seis millones de microcréditos. Umesh Sarangi, Presidente de NABARD, de India, destacó la creación del Plan de Acción para la Inclusión Financiera. Níral Fernando, moderador de Sri Lanka, advirtió que si el diagnóstico resulta inexacto, las intervenciones podrían ser inapropiadas.
Peer-to-Peer Learning in Action
Insights from AFI Knowledge Exchanges

In the penultimate session of the Global Policy Forum in Bali, it became obvious why AFI’s Knowledge Exchange program is one of the most popular among its members. Many financial inclusion innovations emerge out of developing and emerging countries and the Exchanges provide an opportunity for policymakers to learn directly from their peers about successful solutions to diverse policy challenges.

For instance, the key outcome of the exchange between the Central Bank of the Philippines and Bank Negara Malaysia was the formalization of a coordinated approach to consumer protection in the Philippines. Rochelle Tomas of the Central Bank of the Philippines had this piece of advice: “It’s very necessary to have a key objective before you start [the knowledge exchange] process.”

Indeed, the bank came back with a key insight on improving livelihoods - start by promoting basic services - resulting in an increase in the scope of agent banking and consumer protection norms.

The Central Bank of Kenya visited Brazil and Colombia last October to learn about agent banking from central bankers, commercial banks and field trips. Its executives derived an understanding of the supervision and regulation of agents; the value of public-private partnerships; and, a focus on consumer protection, according to Matu Mugo, Assistant Director of Bank Supervision.

For further information please contact info@afi-global.org

Français
L’apprentissage entre pairs en action - Aperçu des Echange de savoir de l’AFI

Cette avant-dernière session a mis l’accent sur la popularité du programme d’échange de savoir de l’AFI. Ce programme fournit la plateforme nécessaire aux pays pour apprendre des expériences, positives ou négatives, des autres pays.

Par exemple, l’échange ayant eu lieu entre la banque centrale des Philippines et la Banque Negara de Malaisie a résulté dans la formalisation d’un cadre national pour l’inclusion financière aux Philippines.

La visite de la Banque de Tanzanie aux Philippines a facilité le développement de réglementations en matière de paiements par téléphonie mobile.

La Banque Centrale du Kenya a visité au Brésil et en Colombie des responsables des Banques centrales, banques commerciales et acteurs de terrain, afin d’en savoir plus sur le système d’agents bancaires.

Il s’agit d’un apprentissage en profondeur des pratiques avec une mise en contexte permettant de créer des programmes sur mesure - a déclaré M. Bukhamana de la Banque de Thaïlande.

Español
Los Intercambios de Conocimientos de AFI

La penúltima sesión del Foro Mundial trató sobre el Programa de Intercambio de Conocimiento de AFI.

Gracias al intercambio entre el Banco Central de Filipinas y el Banco Central de Malasia se logró crear un marco nacional para la inclusión financiera en Filipinas. Rochelle Tomas, del Banco Central de Filipinas, destacó la importancia de contar con objetivos antes de comenzar estos intercambios.

El Banco de Tanzania visitó las Filipinas y esto ayudó a elaborar regulación para pagos móviles en Tanzania. Se debe crear un contexto que fomente la innovación, expresó George Sije, del Banco de Tanzania.

Norasi Bukhamana, del Banco de Tailandia, quien visitara México en febrero de 2010, dijo que la experiencia significó “un aprendizaje profundo y práctico.”

El Banco Central de Kenia visitó Brasil y Colombia para aprender sobre agentes bancarios. Se informaron sobre cómo supervisar y regular a estos agentes, informó Matu Mugo, Subdirector de Bank Supervision.

Norasi Bukhamana of the Central Bank of the Philippines shares insights from the knowledge exchange with Bank Negara Malaysia
The Day in Images

The 2010 AFI Global Policy Forum concluded successfully on Wednesday, Sept. 29. Thank you for your participation. See you in Cancun, Mexico in 2011!