

Driving Policies for Optimal Impact*

Her Majesty Queen Maxima of the Netherlands, United Nations Secretary General's Special Advocate for Inclusive Finance for Development and Honorary Patron of the G20 Global Partnership for Financial Inclusion (GPFI); Governor Zeti Akhtar Aziz of Bank Negara Malaysia; Mr. Bill Gates (*possibly on video feed*); Governors, Ministers and fellow members of the Alliance for Financial Inclusion (AFI); AFI partners; colleagues; ladies and gentlemen; good morning.

It is my privilege to join this official opening of the 2013 Global Policy Forum (GPF) alongside a distinguished panel of speakers. It is likewise my pleasure to address an esteemed audience that is clearly united by the common goal of providing effective access to appropriately designed financial services for the unbanked and financially excluded population, through smart policies that work.

* Delivered by BSP Governor Amando M. Tetangco, Jr. during the Alliance for Financial Inclusion Global Policy Forum on 11 September 2013 in Kuala Lumpur, Malaysia.

This common goal is the tie that binds AFI members, and the primary reason for conducting the GPF. Looking back to the first forum in Nairobi in 2009, when AFI was newly launched and financial inclusion was a relatively new concept, I am confident to say that we have come a long way.

The first GPF provided venue for sharing regulatory experiences in expanding access to finance in developing countries where majority of the world's financially excluded population reside. This peer-learning formula proved very effective in enriching in-country policy solutions; thus it remains as a core objective of all the GPFs thereafter. The 2013 GPF, like all others, is thoughtfully designed to (1) build on the gains of the past, and (2) identify possible ways of moving the financial inclusion agenda further forward.

Today I can say that we are no longer “testing” the peer-learning platform. Sharing experiences has become second nature for AFI members, as we go through the policy development process, and strive to make financial inclusion a reality in our own spheres

of influence. As one of the pioneer members of AFI and a consistent delegate in all past GPFs, the Bangko Sentral ng Pilipinas (BSP) can attest that peer learning and “test-and-learn” approaches work well in policymaking.

Our association with peers has further inspired us to put forward our formal commitments through our Maya Declaration. Over forty AFI members have made their own Maya Declaration commitments, and many others are contemplating to do likewise. We are all firmly committed to improving our policies and programs that address country-specific barriers to financial inclusion.

The endeavors of each AFI member, as well as AFI’s partners,¹ are intended to provide our constituents with the benefits of having effective access to the formal financial system. These endeavors aim to develop broad-based financial systems that serve not only the relatively well-off clients and big businesses; but also the poor, low-

¹ For example: G20 Global Partnership for Financial Inclusion (GPFI), Consultative Group to Assist the Poor (CGAP), Intergovernmental Group of 24 (G24)

income population and smaller enterprises that are currently unbanked or underserved.

The AFI network's commitment to financial inclusion springs from our conviction that an inclusive financial system facilitates economic growth that provides jobs, reduces mass poverty, and draws majority of the marginalized sectors into the economic and social mainstream. Given our strategic role as financial sector policymakers and regulators, we believe that we can exercise flexibility to balance the objectives of financial inclusion and consumer protection, with ensuring financial system stability and integrity.

In a manner of speaking, we have already set the policy wheels in motion to move towards the establishment of truly a inclusive financial system. For this year therefore, we are focusing on what is most important – measuring the impact of these policies. This focus is informed by the recognition that evidence must be collected to prove that we are indeed making progress in our financial inclusion initiatives.

This focus is also informed by the realization that, as policymakers, we can drive the policymaking process and regulatory approaches to achieve the most optimal impact that can be felt by ordinary people on the ground. This, in a nutshell, is the essence of our theme for GPF 2013.

This focus on impact comes at an opportune time. As presented in yesterday's Annual General Membership Meeting (AGM), we are gearing up to drive the transition of AFI into an independent international institution. An independent AFI means having a clearer governance structure; bringing full ownership to its members; attracting more resources to ensure financial sustainability; engaging in more meaningful and binding partnerships; and ensuring the permanence and sustainability of AFI services. In other words, an independent AFI can have better leverage to advance the financial inclusion agenda, both in the domestic realm of its members, as well as internationally.

Even prior to independence, AFI has made significant impact. In five years, the network grew exponentially from a handful of pioneer members to over 100 member institutions from some 90 developing countries.

We have established strong linkages with groups like the G20 GPFI and the G24. We have brought financial inclusion to the forefront of global discussions. For example, the G20 Central Bank Governors and Finance Ministers, in a recent communiqué,² cited AFI members for their Maya Declaration commitments and actions that promote financial inclusion.

Also very recently, we have commenced a dialogue³ with developed countries and standard setting bodies (SSBs) on the risks and benefits of financial inclusion; and how these can be addressed without compromising fundamental concerns of

² "Communique" from the Meeting of the G20 Finance Ministers and Central Bank Governors in Moscow, Russia on 19-20 July 2013

³ "Global Dialogue on Developed and Developing Country Perspectives on Financial Inclusion" on 28 June 2013 in Frankfurt, Germany

financial system stability and integrity. In this GPF, we have an opportunity to continue exploring conceptual convergence and potential collaboration with the SSBs.

In view of the aforementioned gains, the time is ripe for AFI to institutionalize its place as thought leader in financial inclusion, as well as in the financial inclusion discourse, by attaining full independence. We can do this together by actively supporting the independence process. You may not be bidding to host AFI's future headquarters, nor be members of the Subcommittees on Independence or the Host Country Evaluation; but as AFI members, you have the right and the privilege to participate in critical decision making processes that will shape AFI's future.

Ladies and gentlemen, much of the impact that AFI has so far made can be attributed to the support and encouragement provided by our funders, partners and advocates. At this point, allow me to convey, on behalf of the AFI Steering Committee and the entire membership, our deep appreciation to Her Majesty

Queen Maxima of the Netherlands, let's give her a big hand; Mr. Bill Gates and the Bill and Melinda Gates Foundation; the G20 GPFI; the German International Cooperation (GIZ); and all AFI strategic partners⁴, for your enduring support and valuable contribution to the financial inclusion agenda. We have achieved much together, and we hope to continue our meaningful partnerships, even as the AFI network becomes independent.

Optimizing the impact of financial inclusion initiatives, whether by our individual institutions or through our joint initiatives, is a long and arduous journey. As we embark on this road, I think it is fitting to be reminded of a Confucian proverb that says, "It does not matter how slowly you go, as long as you do not stop." For the sake of the unbanked and the excluded whom we all serve, may we not stop in our pursuit of financial inclusion.

Thank you and good morning.

⁴ For example: CGAP and private consultants like the Bankable Frontier Associates, KPMG, Giving Works, etc.