

**Remarks by H.R.H. Princess Máxima of the Netherlands,
UN Secretary-General's Special Advocate
for Inclusive Finance for Development**

**Global Policy Forum 2010 of the Alliance for Financial Inclusion
27 September 2010**

Good morning governors, ladies and gentlemen.

I am sorry that I cannot be with you in person in Bali. But I am happy that we can make use of technology so that I can join you through video conferencing. This Leaders' Roundtable on cross-sector policies and coordination for financial inclusion interests me very much, because leadership and coordination is the tip of the spear for financial inclusion processes in a given country.

There has been increased attention to financial inclusion at global and national levels in the last year. Certainly the fact that the United Nations Secretary General designated me as his Special Advocate for Inclusive Finance for Development one year ago is testament that we have come very far from initial conversations focused on microfinance. The Alliance for Financial Inclusion, AFI, is a testament to this progression too. I am happy to hear that representatives from 48 countries are gathered today in Bali. Your presence not only demonstrates the importance you give to financial inclusion in your own countries, but also demonstrates how it is gaining global momentum. Other evidence of the growing global momentum includes efforts on financial inclusion in the G20, in particular the Financial Inclusion Expert Group where a lot of progress has been made.

Now, we are talking about coordination and leadership in this roundtable. I believe that there are three levels where increased coordination can have a large impact on financial inclusion.

First, there is coordination at the cross-national level among policy makers in different jurisdictions. AFI covers this well. Coming together to learn from each other and share experiences is so valuable, especially as most of the policy and product innovations are coming from the developing and emerging countries. Sharing these national experiences in global dialogue is also relevant.

Second, it is very important that we work through existing standard setting organizations. Some standard setters, such as FATF, have recognized the triple complementarity of financial integrity, financial inclusion and financial stability. As a result, FATF is now working to identify more ways to promote financial inclusion in its activities and come up with practical solutions. We need to make a strong case to other standard setters about this triple complementarity, so that they too take financial inclusion into greater consideration. More outreach and coordination is needed with these organizations, and also among them.

The third and most important level for coordination is within countries. At the end of the day, this is where authorities translate and apply global conversations, such as the G20 one, as well as national priorities. In my travels, I have found that the countries that have been most successful in advancing financial inclusion have been those that have had strong leadership and subsequently good coordination. But, often, I have found this missing in most conversations. No country, to my knowledge, has appointed a national coordinator to take financial inclusion forward (although a number have in relation to microfinance).

What do I mean by coordination? It is important to have a national platform where stakeholders can discuss the many dimensions of financial inclusion. At the end of the day, only through strategic partnership will we get financial inclusion at the right place at the right price. Thus, coordination is important within the public sector already engaged on financial services, but also across the whole public sector, as well as between public and private entities. It would be fantastic if you can help take this theme forward.

Now, how do we achieve financial inclusion? This can be a big agenda, covering savings, remittances, payments, credit and other services. So, I encourage you to start simply, with the most critical elements of building an inclusive financial infrastructure.

I believe that universal access to an account is one of these critical elements. What do I mean? Does access mean a savings account for everyone? A transaction account? Other? I will return to this issue in a moment.

First, what is the one thing we need to enable all accounts, services and innovation? It is a widespread national payment system. This critical financial infrastructure is essential for development and growth, just like roads. Through it, governments can make payments to their own people. A very good example is in Mexico. It also helps people come into the formal system -- and thus

increases universal access to a formal account. Also, once we have a transaction account, we can build up on the provision of other services through it. So this is the stepping-stone.

Universal access means that people have access to a transaction point within reasonable distance. For example, villages with more than 2,000 people should have some transaction point, even if an ATM. When we talk about universal access, we should also not forget about consumer rights and protections, including access to systems like credit reporting. Finally, the process of universal access should be monitored and measured. I am very happy to hear that the AFI Working Group on Data and Measurement will be looking into these issues as well.

To go back to the issue of accounts, I am inclined to prioritize universal access to transaction accounts. We know that savings accounts have important development impacts. But experiences shows that starting with them brings risks of slow roll out and lack of sustainability. Starting with a transaction account, however, helps to create very big volumes at low prices, as we have seen with M-Pesa in Kenya. And, as I said before, savings and other products can then be added on to a basic transaction account.

Finally, what does universal access mean for national leadership and strategies? Financial inclusion should be brought within the framework of the national financial system. In many instances, this might go hand in hand with deepening national capacity. As I mentioned, I have not yet heard of a country with a national coordination platform for financial inclusion. I thus recommend that countries appoint a leader who is mandated with sufficient authority to address the full range of issues, from individual to SME finance, and who works with the private sector, and not only the financial sector, a wide range of government actors, and non-governmental organizations.

In closing, I heard that the President of Indonesia spoke with strong vision this morning about the importance of financial inclusion, bringing more people into the formal system, and the link with poverty reduction. I am really sorry that was not able to be present at his speech. This is just the kind of leadership needed to take financial inclusion forward and make it a reality.

I do appreciate this opportunity to engage with you and share some of my thoughts about what leaders in other countries can do. From these discussions, what I would foremost like to hear from you is: How would you structure a

national platform for financial inclusion? What kind of mandate does such a platform need? Who should lead it and where should the platform be housed? Etc. Also, in order to make this a reality, what do you need from global actors such as the G20 or a global advocate like myself to support your efforts, including perhaps technical assistance.

I wish you a most successful forum.

Thank you.

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