



March 1, 2012

The African Financial Inclusion Policy Forum: Scaling up financial services through mobile technology, March 1, Zanzibar, Tanzania

Opening remarks by Alfred Hannig, Executive Director, Alliance for Financial Inclusion

To Your Excellency, Hon. Khamis Mussa Omar, Permanent Secretary at the Office of the President, Zanzibar; Professor Benno Ndulu, Governor, Bank of Tanzania; Professor Njuguna Ndung'u, Governor, Central Bank of Kenya; Governors, Deputy Governors, High-level Government representatives; Professor Mwangi Kimenyi, Director of the Africa Growth Initiative, Brookings Institution; and Development partners, researchers, private sector representatives; and our intellectual partners and funders from the Bill & Melinda Gates Foundation:

Welcome to Zanzibar!

There is a well-known story about three blind men who come across an elephant. As the story is told, each touches a different part of the elephant and draws a different conclusion about the animal they have encountered. Amongst themselves, they discuss the following questions. Is the creature:

- Long and thin, like a snake?
- Wide and fat, like a hippo?
- Thick and round, like a tree?

They proceed to argue over who is right until a wise man informs them that they are, in fact, all correct.

The elephant, like the world of financial inclusion, is made up of many parts. There is no single path to success, no definition of what works best. It is not until we step back and see all the parts, and all the possibilities, that a clear picture of Financial Inclusion policy starts to take shape.

The quest for a clear picture has been the goal of AFI since its inception, as an alliance of regulators and policy makers from the developing world who, by working together, can successfully assemble the financial inclusion puzzle.

A first major step towards this goal was made at the Global Policy Forum in Mexico, when our network adopted the Maya Declaration and set forth common goals for the promotion and development of financial inclusion across the globe.

A second, and equally important step is being made today at this forum.



This is AFI's first regional forum and the first forum that deals with a single topic: policy and regulatory aspects of mobile financial services (MFS). The African Financial Inclusion Policy Forum is also the first concrete follow-up activity under the Maya Declaration adopted by AFI members in Mexico in September 2011, to move forward with the building of an enabling policy and regulatory framework for mobile financial services which will lead to a wider impact on financial inclusion in Africa. The Forum is also a milestone on our way to the next AFI Global Policy Forum in South Africa in September this year, where we will report on the outcomes of our regional efforts.

The objectives of this Forum are:

- Clarifying regulatory barriers for MFS in Africa and the available policy solutions to break down these barriers;
- Making further commitments on creating enabling policy and regulatory frameworks for MFS; and
- Formulating concrete action points for implementation based on the policy priorities of AFI members.

The call for this Forum came from Africa - and it all started at the Brookings Institution in May of last year when Central Bank of Kenya (CBK) Governor Prof. Njuguna Ndung'u and Prof. Mwangi Kimenyi, the Director of the Africa Growth Initiative, invited AFI to co-host a conference and a series of workshops on MFS. As a result of the conference, CBK, the Africa Growth Initiative and AFI suggested convening a roundtable event on MFS policy and regulatory issues in Africa.

Prof. Ndulu and Prof. Ndung'u carried this suggestion forward, and now we are already here - despite our busy schedules and the comparatively short lead time to get this event organized.

Africa is the continent from which some of the most innovative policy solutions for financial inclusion have originated. Why is this? We are witnessing the fact that African policymakers and regulators are not only showing increased leadership on the issue of financial inclusion but are also demonstrating a profound openness to new/innovative financial inclusion solutions and experimentation. And this is why the learning, the leadership, and the commitment to financial inclusion is going to continue to spur further innovations and break new ground for the poor.

We all know about the runaway success of M-Pesa. But if you take a closer look, you will see that dozens of regulators from across Africa and beyond are seeking to learn directly from the Central Bank of Kenya and other champions to find out how they coped with the introduction of this new service.

To help provide an understanding of what is possible, I often like to quote the situation in the BCEAO countries, which I think is illustrative: only approximately 10.4% of the UEMOA population



(93.5 million people) has an account in a formal financial institution, whereas according to the BCEAO the percentage of adults who use a mobile phone is close to 100%.

As a matter of fact, MFS have been a priority for our African members' policy work which is emphasized by the fact that 50% of the members of the AFI Mobile Financial Services Working Group (MFS WG) come from Africa.

This Forum can be a first step in bringing together the best lessons of MFS from across the region and laying the foundation for solid policy principles, backed by a history of success across a wide range of experiences.

We are optimistic when envisioning a dramatic increase in access to and use of formal financial services in Africa within the next ten years. The biggest opportunity exists in the potential that information and communication technology, as well as infrastructural innovations, offer in terms of reducing transaction costs.

We are meeting here today in a place called the Dream Hotel - as Governor Ndung'u reminded us in his opening remarks. Is it perhaps allowed, therefore, to share a dream with you?

Given the openness and readiness of policy makers on the continent and based on the existing evidence, would it really be too optimistic to expect that **at least 70% of the African population will have access to at least basic financial services in the next 5 years?** We believe that this dream can come true and we are looking for partnerships to make that happen.

Assembled in this room are African policy leaders from across the region who are here to see the full picture and establish common objectives for what is potentially the most important channel for reaching out to the continent's millions of unbanked: **Mobile Financial Services.**

In a couple of years from now we expect Africa to be the global role model in terms of financial inclusion. With financial inclusion as an ongoing policy priority in Africa, a stimulating culture of openness and mutual learning has been established, with clear and sustainable high-level commitments to maintain high levels of financial inclusion, mirrored by smart in-country policy initiatives and reforms that have shown substantial improvements not only in terms of access but also with regards to usage, i.e. through providing a broader range of high-quality financial services.

I am looking forward to what I am certain will be a rich discussion. Together we can create a vision of MFS that can serve as a model, not only for Africa, but for the entire world. I believe that the people who can make this happen are in this room.