

H.R.H. Princess Máxima of the Netherlands
The UNSG's Special Advocate for Inclusive Finance for Development
"Making Financial Inclusion a Reality in Nigeria"
Speech at the Launch of *Nigeria's Financial Inclusion Strategy*
Abuja, Nigeria - 23 October 2012

Excellencies, Mr. Vice-President, Ladies and Gentlemen, good afternoon. I am pleased to be with you on this important day for financial inclusion in Nigeria. I would like to thank President Jonathan and Governor Sanusi for hosting us today. And I would like to commend you for your vision in developing and launching a National Financial Inclusion Strategy that is sure to change the future of millions of Nigerians.

We know that a financial sector will only contribute fully to Nigeria's equitable economic growth when it engages all the population and all enterprise activity. So, with this strategy, Nigeria has the opportunity to build a financial system that also advances urgent social and development goals. This will mean acting on the belief that financial services are not an end in themselves, but a means to an end. And that end should be equitable development.

This Strategy also follows a commitment Nigeria made at the G20 Leaders Summit last June to create a coordination platform and a national strategy as part of the G20 Financial Inclusion Peer Learning Program. In doing so, Nigeria is joining 16 other countries, including Turkey, Brazil, Indonesia, Chile, Mexico and South Africa that have also put financial inclusion at the heart of their economic and national development. And this Strategy will be an inspiration for other participating countries and many other countries too—some of which are here today.

Today, about 39 million adults in Nigeria do not have access to the basic financial services that help them manage cash to meet daily needs, invest in opportunities, and protect themselves against unforeseen risks. And there are millions of micro and small enterprises that also need access to diverse financial services. Meeting this demand is of course a huge challenge. It is also a very big opportunity.

The Financial Inclusion Strategy sets targets to guide this. It begins with convenient, affordable, reliable ways to make payments. This is so important. An efficient payment system is the backbone for many other services. And then savings accounts. All of these make such a difference for families, livelihoods and welfare.

Meeting the Strategy's goals will require diverse financial products, tailored for different clients in different contexts. And because we want diverse products, we will then most likely have diverse providers and means of delivery. For example, the right financial product for a family to save a thousand Naira every week for children's education is going to be very different from a commitment savings product for a farmer to buy fertilizers for next season's cassava. Merchants from Abuja to Zaria

will all benefit from affordable and quick ways to receive and make payments, while a small factory owner will benefit from lines of credit during peak production and long-term financing to acquire faster machines.

The only way Nigeria can do all this is to harness new channels. In particular, mobile phones can play a very big role. There are already four times as many mobile phone towers as there are bank branches in Nigeria. Mobile money is also in-line with national goals for digital financial transactions, which can be safer for customers—and provide new tools for supervisors to do their job well. But to do all this will require working across traditional regulatory and service sectors. And we will have to promote innovative partnerships.

In Nigeria, as in the Netherlands, SMEs provide many jobs and contribute to GDP. Approximately one in every five Nigerians work for a micro, small or medium- sized enterprise. As you may know, many of these enterprises are informal. They do not have access to the affordable payment services, current accounts, insurance and long term finance that will help them to grow and thrive. But imagine the impact if they actually would have access.

I would like to stress that finance is not the only constraint on enterprise growth. The legal regime, enforceable contracts, energy and the enabling environment are just as important. Also, having business skills is very important. We have seen in numerous countries the positive impact of providing business skills development services together with finance. And I am hoping to have a visit tomorrow to a microfinance company that combines financing with business development services. This can make a big difference, especially but not only, for women-led enterprises.

There are also other important enablers of financial inclusion, I am very happy that consumer protection and financial education are part of the National Strategy. Both will require ongoing policy initiatives and regulatory reform. Responsible finance also requires action by banks, microfinance institutions and other service providers. This begins with the proper design of products that consider client needs and local context. It includes marketing, outreach and client support. And it should be part of management and internal incentives.

I would like to caution that a part of building a responsible financial system means growing only apace with quality. In the case of Nigeria, this includes building on recent efforts to consolidate and improve the quality of microfinance institutions. There is much to do in this sector. Issues like lack of trust and very high cost of lending need to be addressed if we want to make a difference. So, an emphasis on the right products at the right price, technology, capacity building support, and innovative partnerships can all help this sector reach new heights.

Now, after this launching, it is time for implementation. This will entail two things. First, coordination and leadership, such as agriculture, social welfare, and health ministries. And it is partnership with diverse financial service providers, as well as mobile phone companies, merchants and public and private stakeholders. Financial inclusion cannot be achieved by any one party alone. So, while it is very commendable what the Central Bank has been doing to get to this Strategy, it will not be able to implement the Strategy by itself. It will be very important to have the support and coordination of all ministries.

A second success factor is a time-bound action plan. This is a good moment to bring in all stakeholders and expertise, to consider the latest progress, and to build partnerships for specific activities. This is a very good responsibility for the proposed Financial Inclusion Committee, which should be part of a bigger economic development implementation program.

I am extremely happy to acknowledge how much Nigeria's Strategy is based on available data. This is also a factor for success. There is no good policy without the right data. Without data on supply, demand and impact, we cannot define strategy, we cannot target implementation activities, and we cannot measure progress. Gathering even more and better data along the way will deepen understanding of how new financial services benefit whole communities and the continued needs of the unbanked. It will also give us more knowledge, certainly for the private sector to design even better products and move to new markets.

Every country is unique. Thus, priorities and strategic approaches are different, and financial products will be different. By learning from others' experiences, however, we can accelerate the process and improve outcomes everywhere – just as Nigeria did when it developed the Strategy. I hope Nigeria, and all the other countries here today, will document and share their financial inclusion journeys widely.

With this Strategy, Nigeria's journey toward financial inclusion has truly begun. The path you have chosen will only be possible if all stakeholders are involved. Coordination and leadership at the highest and technical levels will be so important to ensure that the Strategy achieves its potential.

I will be following your progress very closely. I have confidence that Nigeria will set an example for others to follow. I wish you great success.

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