



May 9, 2012

Opening remarks by Deputy Governor Dr. Grant Kabango of the Reserve Bank of Malawi at the Alliance for Financial Inclusion (AFI) Financial Integrity Working Group's (FINTWG) fourth meeting, held at the Sogecoa Golden Peacock Hotel in Lilongwe, Malawi.

To the Chairperson, AFI Financial Integrity Working Group and Deputy General Director in the Ministry of Finance and Public Credit of Mexico, Mr. Jose Christian Carreon Alvarez;

The Director, Bank Supervision in the Reserve Bank of Malawi, Mr. Noel Mkulichi;

The Director, Microfinance and Capital Markets Supervision in the Reserve Bank of Malawi, Mr. Eldin Mlelemba;

The Director, National Payment Systems, Mr Fraser Mdwazika;

AFI Staff and Consultants;

Distinguished Delegates;

Ladies and Gentlemen;

It gives me pleasure and honour to grace this important occasion. The Reserve Bank of Malawi is honoured to co-host this year's technical meeting for the Alliance for Financial Inclusion (AFI), Financial Integrity Working Group (FINTWG) and in this regard I would like to welcome all delegates particularly those who have travelled from overseas as well as regional member countries to participate in this event.

The Chairperson, Ladies and Gentlemen, I wish to commend all AFI FINTWG members for your continued interest and dedication to the financial inclusion agenda with financial integrity in mind. Your attendance in such numbers is a clear testimony of your desire to create harmony between financial integrity and inclusion. We in Malawi acknowledge the benefits of integration which, I am glad to say, include systematic growth and development of the financial sector in general.

To this end, I would like to thank AFI for the support given to developing countries committed to financial inclusion through the working groups' meetings and the Global Policy Forum. I strongly believe that FINTWG, as one of the working groups of AFI, will continue to deliberate the two complimentary policies of inclusion and integrity with a view to come up with balanced implementable policy and regulatory solutions to the challenges that impede financial inclusion.

The Chairperson, Ladies and Gentlemen, the financial sector is a catalyst of economic growth and all efforts to develop and deepen this sector remains a key public policy challenge. In this regard, I find the role of AFI FINTWG to be consistent with aspirations of our Governments. FINTWG encourages knowledge sharing between affiliate member experts by providing a platform to discuss ways of creating harmony between financial integrity and inclusion. This is a critical function because perception has been that issues pertaining to AML/CFT retard inclusion of financial services to the populace, in particular the poor. It is in this regard that we draw comfort



through the AFI FINTWG continued efforts that are relevant for financial inclusion for our developing economies.

The Chairperson, Ladies and Gentlemen, FINTWG supports initiatives created to foster collaboration with the Financial Action Task Force (FATF) in their efforts to set international guidelines for Anti-Money Laundering and Combating of Financing Terrorism (AML/CFT). FINTWG plays a very important role to cooperate with FATF on the development of standards and to promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. As we are aware, one of the G20 principles of innovative financial inclusion is proportionality; which is to provide balance on policy and regulatory framework that is proportionate to the risks and benefits associated with the innovative products and services especially in developing countries. Sound and well co-ordinated policies and regulations promote and maintain confidence in financial systems. Allow me, therefore, to commend FINTWG's efforts in developing a common understanding of the FATF standards that are relevant when promoting financial inclusion and the explicit flexibility that such standards offer, in particular the risk-based approach, which enables jurisdictions to develop AML/CFT regimes, tailored and adapted to the specific national risk contexts by focussing on higher risks threats. This approach ensures efficiency in the AML/CFT system thereby striking a balance between financial integrity and inclusion.

The Chairperson, Ladies and Gentlemen, You may wish to know what Malawi is doing with respect to reinforcing the two complimentary policies of financial integrity and inclusion for our financial sector. The financial sector laws underwent rigorous scrutiny and review. In 2010 the Financial Services Act which is an umbrella law for all financial services law was promulgated while the Microfinance Act and the Banking Act were reviewed and enacted. Further in 2011, the Financial Intelligence Unit (FIU) issued the Money Laundering, Proceeds of Serious Crime and Terrorist Financing Regulations. The regulations provide the detailed information on how financial institutions should implement obligations especially KYC with a view of taking on board low risk customers. These legislative instruments will provide us with a stronger mandate and enabling regulatory frameworks for the regulation and supervision of the entire financial sector. In addition, there is a Memorandum of Understanding (MOU) on financial inclusion for Banks in Malawi. I therefore wish to take this opportunity to express my appreciation to the Ministry of Finance, the Financial Intelligence Unit (FIU) and in particular the Reserve Bank team who have been involved in advancing the financial inclusion subject. I wish to encourage them not to relax but to continue working hard so that together we increase outreach of financial services to the unbanked and under-banked without compromising the measures that exist for the purpose of combating crime.

The Chairperson, Ladies and Gentlemen, I therefore call upon all the distinguished delegates to consider this meeting as a rare opportunity for sharing experiences regarding the issues of financial inclusion and integrity. I note from the meeting agenda that you will also reflect on the initiatives of ESAAMLG and FATF that are relevant for financial inclusion. This is commendable as we try to harmonise initiatives driven by regional and international bodies.



With these remarks, it is now my pleasure and privilege to declare the meeting for the Alliance for Financial Inclusion, Financial Integrity Working Group, officially open.

**Distinguished Delegates, Ladies and Gentlemen**

Thank you for your attention.