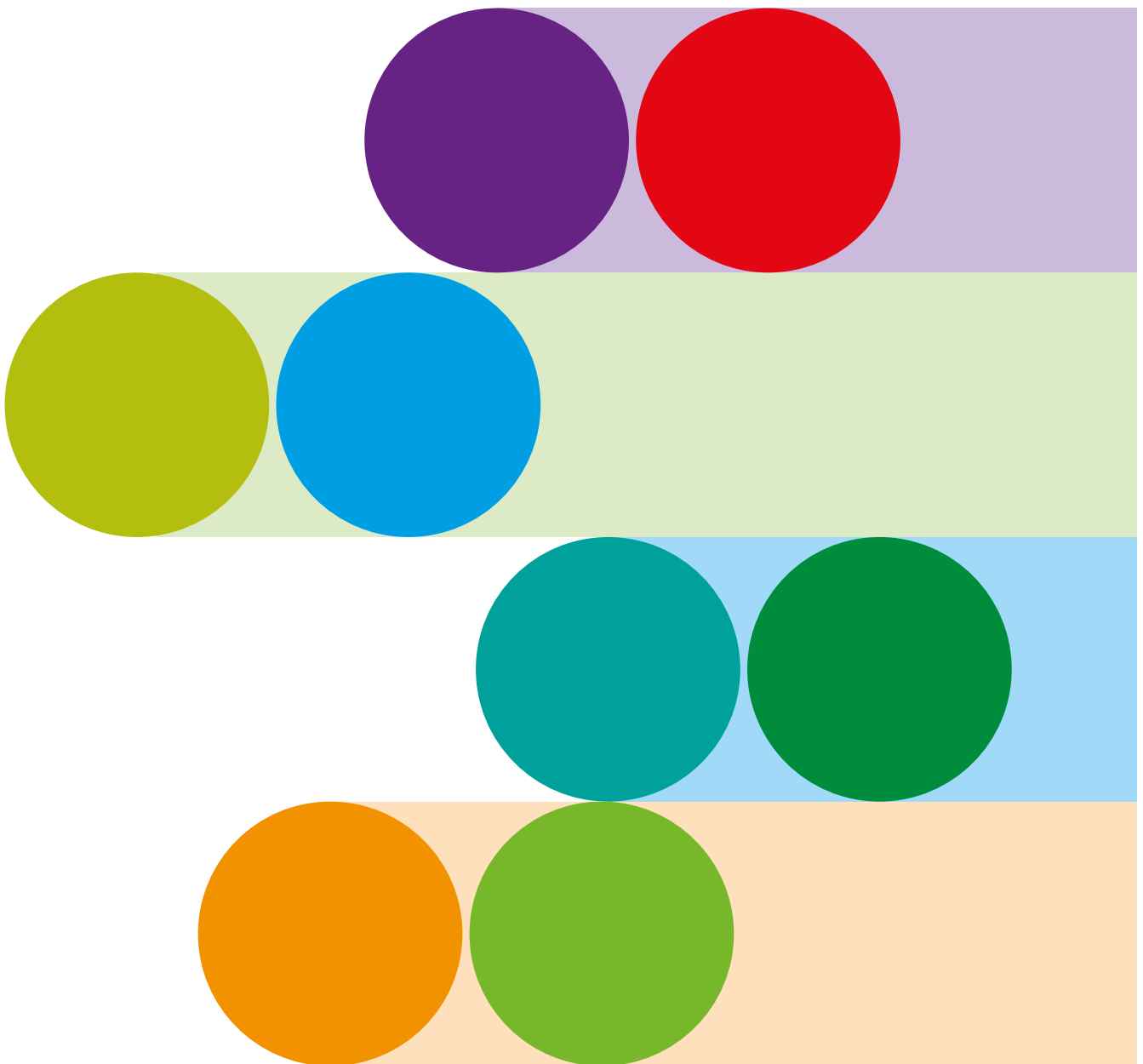




# POLICY AND REGULATORY REFORMS IN THE AFI NETWORK 2022



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## ACKNOWLEDGMENTS

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This survey report is a product of the AFI Monitoring and Evaluation Unit.

### Contributors:

The survey respondents include the following member institutions: Banco Nacional de Angola, Central Bank of Armenia, Bangladesh Bank, Banque de la République du Burundi, National Bank of Cambodia, Superintendencia de Bancos de la República Dominicana, Superintendencia de la Economía Popular y Solidaria de Ecuador, Central Bank of Egypt, Banco Central de Reserva de El Salvador, Central Bank of Eswatini, Reserve Bank of Fiji, Central Bank of The Gambia, Comisión Nacional de Bancos y Seguros de Honduras, Central Bank of Iraq, Sacco Societies Regulatory Authority (SASRA) Kenya, Central Bank of Lesotho, Central Bank of Liberia, Direction Générale du Trésor, Ministère de l'Économie et des Finances, Madagascar, Reserve Bank of Malawi, Bank Negara Malaysia, Maldives Monetary Authority, Comisión Nacional Bancaria y de Valores de México (CNBV), Financial Regulatory Commission of Mongolia, Bank Al-Maghrib, Banco de Moçambique, Bank of Namibia, Central Bank of Nigeria, Palestine Monetary Authority, Bank of Papua New Guinea, Superintendencia de Banca, Seguros y AFP del Perú, Bangko Sentral ng Pilipinas, National Bank of Rwanda, Ministère des Finances et du Budget du Sénégal, Central Bank of Seychelles, Bank of Sierra Leone, Central Bank of Sudan, Centrale Bank van Suriname, Bank of Tanzania, Banco Central de Timor-Leste, Banque Centrale de Tunisie, Bank of Uganda, Central Bank of the Republic of Uzbekistan, Banque Centrale des États de l'Afrique de l'Ouest (BCEAO), Bank of Zambia, and the Reserve Bank of Zimbabwe.

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## INTRODUCTION

The Alliance for Financial Inclusion (AFI) is a policy leadership alliance owned and led by members, comprised of central banks and financial regulatory institutions. As a member-driven organization for developing and emerging countries, AFI works by providing members with a platform for financial inclusion policy peer-learning and technical knowledge.

This platform enables financial regulators and policymakers to learn from their peers on how to develop and implement innovative financial inclusion policies across a wider range of topic areas. These policies, in turn, create an enabling environment for the development of appropriate financial products and services to be introduced in the market, which enhance financial inclusion to underbanked and unbanked populations.

AFI's peer-learning modality was built on the assumption that through peer-to-peer knowledge exchange and cooperation, financial regulators, and policymakers from developing and emerging economies can better review and enhance their own policy efforts in driving their financial inclusion agendas. To monitor the progress made by the membership of the network, the AFI Management Unit (AFI MU) regularly collects information from its member institutions on the development and implementation of financial inclusion policies and regulations.

This annual report presents a snapshot of the progress made by member institutions in 2022. Data was primarily collected via a survey sent to all members in January 2023. Additional information was gathered from follow-ups with respondents, Working Group meeting minutes, progress reports of Maya Declaration Commitments, In-Country Implementation Reports, as well as secondary research based on policies and regulations published for the public, and press releases on the official websites of member institutions.



Members of the Hikpo Widows Alliance, Ghana. (Hemis/Alamy Stock Photo)

## OVERVIEW OF POLICY AND REGULATORY REFORMS IN 2022

In 2022, 46 member institutions from the AFI network reported developing and implementing 112 policy and regulatory changes<sup>1</sup> to enhance financial inclusion in their respective jurisdictions.

This is an increase from the number of policy and regulatory changes members attributed to AFI in 2021, and correlates with an increased number of members responding to the survey.

100+

On average, members reported and attributed over 100 policy and regulatory changes annually to AFI, since 2017.

The policy changes reported in 2022 encompassed a range of policy areas such as Digital Financial Services (DFS), SME finance, and financial inclusion strategy, with consumer empowerment and market conduct making up the largest share.

There has been an increase in policies aimed at increasing women's financial inclusion since the adoption of the Denarau Action Plan by the membership council in 2016.

40%

Over 60 policy and regulatory changes relating to Gender Inclusive Finance (GIF) have been reported by 33 AFI member institutions to date, which accounts for nearly 40 percent of the network.

This demonstrates that GIF has been prioritized by member institutions and is embedded both as a cross-cutting theme and a standalone topic in the policies and regulations developed across the network.

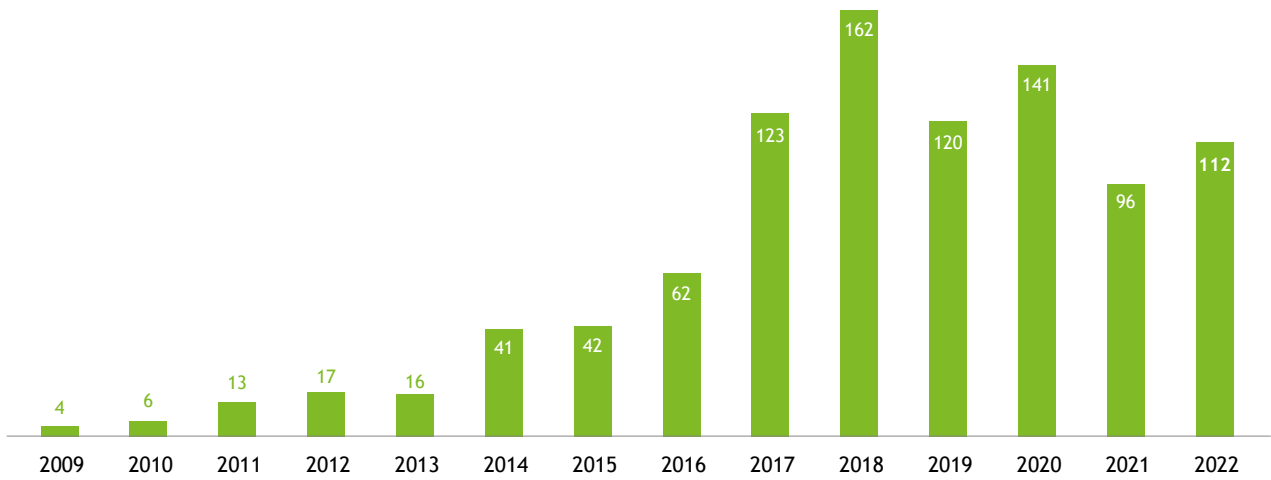
Over time, all geographic regions recorded an increase in financial inclusion policy development and implementation. However, a decreasing trend was noted in the past year across three regions (East Asia and Southeast Asia, the Middle East and North Africa,

and the Pacific). The lower number of reported policy and regulatory changes by members could be subject to multiple factors such as the lag time between policy development and implementation and the national contexts of members currently implementing policies and regulations introduced in prior years.

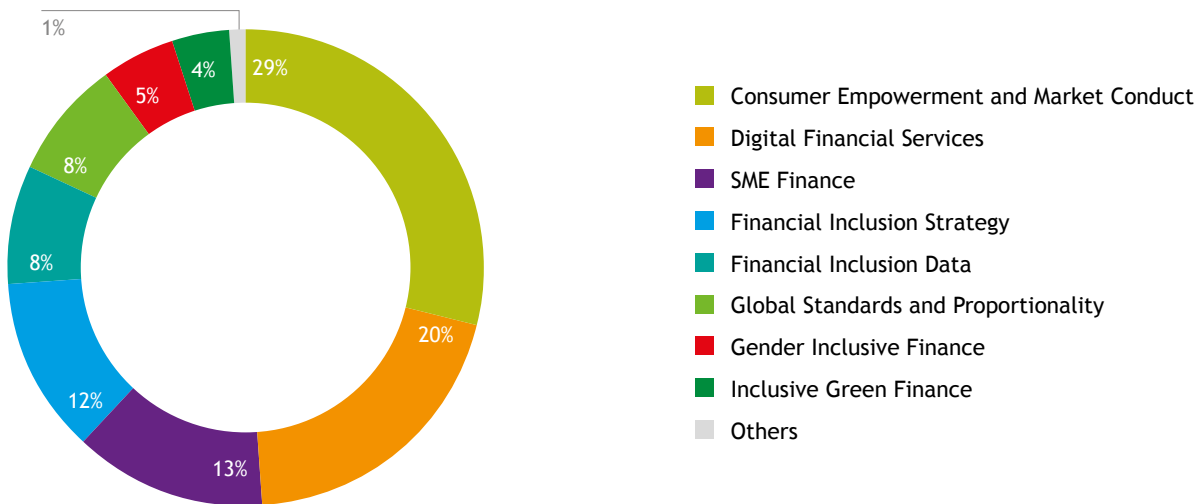
AFI members also attributed their policy and regulatory reforms to AFI on a consistent level, at over 60 percent in the past six years. This affirms the relevance and quality of services and benefits that AFI has provided to its membership, in addition to the peer-learning modality of the network as an effective vehicle for policymakers and financial regulators to acquire evidence-based knowledge and skills on policy solutions, to advance financial inclusion.

<sup>1</sup> The detailed list of the reported policy changes can be found in the AFI Data Portal. Available at: <http://www.afi-dataportal.org/user/login>

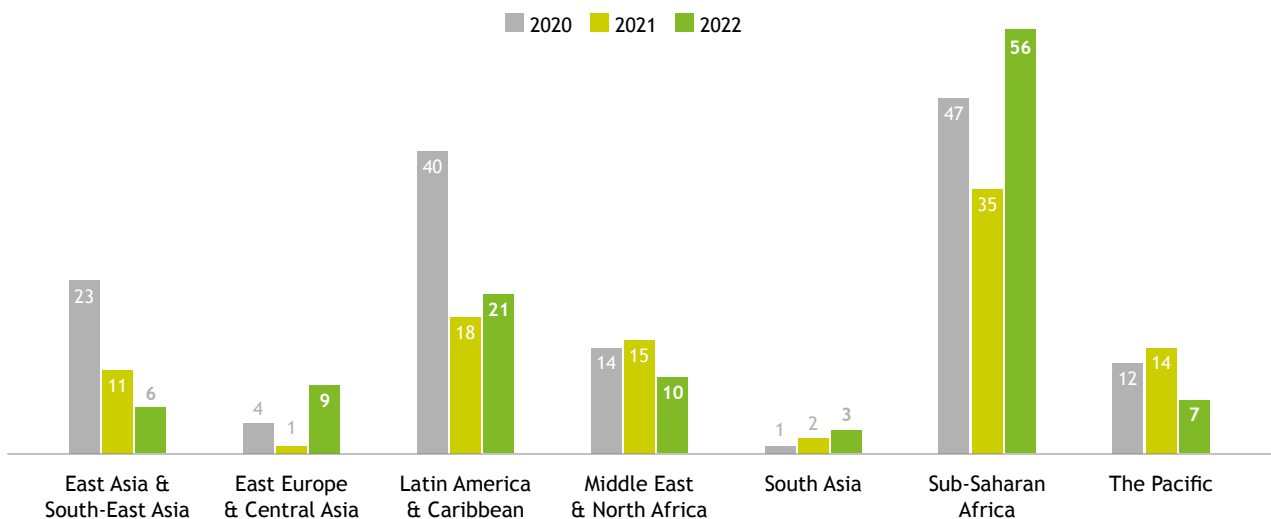
**POLICY AND REGULATORY CHANGES REPORTED BY AFI MEMBER INSTITUTIONS (2009 - 2022)**



**POLICY AND REGULATORY CHANGES REPORTED BY AFI MEMBER INSTITUTIONS IN 2022 (BY POLICY AREA)**



**POLICY AND REGULATORY CHANGES REPORTED BY AFI MEMBER INSTITUTIONS 2020-2022 (BY REGION)**



# TRENDS IN FINANCIAL INCLUSION POLICY AND REGULATORY REFORMS



# CONSUMER EMPOWERMENT AND MARKET CONDUCT



In 2022, 23 member institutions in the AFI network reported developing and implementing 33 policy changes to enhance consumer empowerment and market conduct (CEMC). In the past three years, one-third of member institutions in the AFI network reported developing and implementing CEMC reforms in their respective jurisdictions.

About one-third of the reforms reported in 2022 were related to updating existing consumer protection guidelines or enacting new ones. Notably, the Central Bank of The Gambia has developed a gender inclusive consumer protection framework, which aims to empower women in their dealings with financial service providers. Additionally, Lesotho's Financial Consumer Protection Act 2022 was gazetted in June 2022 with provisions for the establishment of the rights of consumers of financial services and products and the manner in which those rights are being exercised. Both examples above were supported by the AFI in-country implementation program (ICI) from 2021 to 2022.

One noticeable trend in the past three years is an increasing number of member institutions developing and implementing national financial literacy frameworks or strategies, with 11 institutions doing so in 2022. For example, in 2022 the National Financial Education Strategy for the Kingdom of Eswatini 2023-2028 was developed and it is expected to be launched in early 2023. The strategy outlines key priorities including promoting financial education in schools and tertiary institutions, providing financial education in rural areas and promoting gender mainstreaming in financial education programs targeted at women. Similarly, Bangladesh Bank issued a Circular on Financial Literacy Guidelines for Banks and Financial Institutions in February 2022, with the view of implementing a

wide range of financial literacy programs targeting different segments of its population, including women (both individuals and entrepreneurs), youth, SMEs, and cooperative societies.

## HIGHLIGHTS



33

Reforms were reported by 23 member institutions in 2022

61

Since 2020, 31 member institutions have reported 61 CEMC-related policy changes

## POLICY TREND



Enhancement or enactment of consumer protection laws/regulations; implementation of financial literacy initiatives or setting up financial education strategies or frameworks.

## DIGITAL FINANCIAL SERVICES



In 2022, 16 member institutions reported developing or implementing 23 policies and regulations aimed at enhancing digital financial services (DFS) in their respective jurisdictions, while over the past three years, 88 policy and regulatory changes were reported by member institutions related to DFS.

The number of reported DFS related policy and regulatory changes has been on a downtrend since 2018. However, there is a notable uptake in the number of policy changes for other policy areas that incorporate elements of digital financial services. For instance, in June 2022, the Banque Centrale des Etats de l’Afrique de l’Ouest (BCEAO) developed a guidance note to support the digitalization of microfinance institutions (Guide pour accompagner la digitalization des opérations financières des institutions de microfinance de l’UEMOA) to assist microfinance institutions to provide secure and accessible digital solutions for their customers. Another example is the Central Bank of Nigeria which revised its Consumer Protection Framework and Regulations to incorporate digital financial services. This follows the Policy Model on Consumer Protection for Digital Financial Services endorsed by the AFI membership council in September 2020.

Following the endorsement of the Sochi Accord on FinTech for Financial Inclusion in 2018, the uptake in FinTech-related policies continued in 2022. In 2022, four member institutions reported developing and implementing FinTech-related policies. A case in point is the Banco Central de Reserva de El Salvador, which developed its National FinTech Strategy to promote financial inclusion through innovation, recognizing the advancements in technology as well as changes in business models that have the potential to transform the provision of financial services in the digital financial ecosystem. The draft strategy, which underwent peer review by the AFI Digital Financial Services Working Group (DFSWG) in 2022, is currently pending

approval by the President before enactment. Since the endorsement of the Sochi Accord in 2018, 20 member institutions have reported developing FinTech-related policy and regulatory changes.

Similar to past years, policy changes focusing on national payments systems remained a constant feature. For example, Fiji’s National Payment System Regulation 2022 was approved following the passing of the National Payment System Act 2021. This legislative framework allows the Reserve Bank of Fiji to license and regulate payment service providers and operators in Fiji.

### HIGHLIGHTS



22

Reforms were reported by 16 member institutions in 2022.

88

Since 2020, 35 member institutions have reported 88 DFS-related policy changes.

### POLICY TREND



Regulatory sandboxes, national payments systems, COVID-19 related policy changes.



## FINANCIAL INCLUSION DATA



Nine member institutions reported policies related to financial inclusion data in 2022. Since 2020, a total of 16 policy and regulatory reforms have been reported by 14 member institutions.

More than half of the policy and regulatory reforms related to data and measurement reported in the past three years relate to GIF. The National Bank of Cambodia, Banco Central de Reserva de El Salvador, Banco de Moçambique, and Superintendencia de Banca, Seguros y AFP del Peru introduced requirements for financial institutions to collect and report data disaggregated by sex.

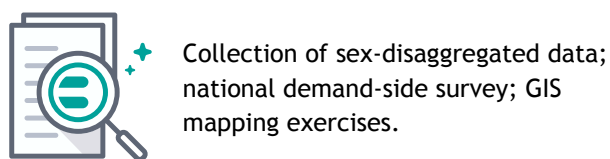
In 2022, members such as the Palestine Monetary Authority, Central Bank van Suriname, and the Reserve Bank of Zimbabwe undertook national demand-side surveys to study the level of financial inclusion in their countries, and all of these projects were supported by AFI's ICI program. The survey questionnaires developed by members in Palestine and Zimbabwe underwent a peer review by the members of the AFI Financial Inclusion Data Working Group (FIDWG) in 2022.

These policy initiatives exemplify the continuous and consistent efforts being made by members in the network to gather high quality data for evidence-based policymaking.

### HIGHLIGHTS



### POLICY TREND



# FINANCIAL INCLUSION STRATEGY



13 Financial Inclusion Strategy-related policy initiatives were introduced by 11 member institutions in 2022. In the past three years, 28 member institutions have developed and implemented 39 policy and regulatory reforms on a financial inclusion strategy. To date, 61 countries have developed and are implementing their national financial inclusion strategies.

Six member institutions reported that their national financial inclusion strategies were developed or launched in 2022, namely the Reserve Bank of Fiji, Central Bank of The Gambia, Bangko Sentral ng Pilipinas, Ministère des Finances et du Budget du Sénégal, Bank of Sierra Leone, and the Reserve Bank of Zimbabwe. In addition, three member institutions have reported undertaking an end-strategy evaluation and a review of their existing national strategy.

Further to the AFI Membership Council's adoption of the National Financial Inclusion Strategy (NFIS) Policy Model in September 2020, the AFI Financial Inclusion Strategy Peer Learning Group (FISPLG) published the NFIS State of Practice Report<sup>2</sup> in May 2022, to assess where members were in terms of developing, adapting or evaluating their NFIS taking into account the impact of COVID-19. The report highlights the common challenges faced by member institutions, such as the lack of reliable and disaggregated data by age and sex, the lack of a specific or sufficient budget for NFIS, and the lack of awareness and stakeholder buy-in among others. The report also documented the lessons learned from the NFIS journeys of members, including the importance of taking a bottom-up approach in stakeholder engagement from the onset of NFIS development and throughout the whole lifecycle. This needs to be supported by strong political leadership in driving the development and implementation of the NFIS.

## HIGHLIGHTS



13

Reforms were reported by 11 member institutions in 2022.

39

Since 2020, 28 member institutions have reported 39 FIS-related policy changes.

## POLICY TREND



Review of existing national financial inclusion strategies; development of national financial inclusion strategies.



AFI Financial Inclusion Strategy Peer Learning Group (FISPLG) NFIS State of Practice Report

[> View here](#)

<sup>2</sup> Available at: <https://www.afi-global.org/publications/national-financial-inclusion-strategies-current-state-of-practice-2022/>

## GENDER INCLUSIVE FINANCE



In 2022, 28 gender inclusive finance (GIF)-related policies were reported by 22 member institutions - representing the highest number reported by members. Since 2019, 29 member institutions have reported that GIF-related financial inclusion policies were developed and implemented, representing one-third of the membership.

Increasingly, members are developing standalone GIF-related financial inclusion policies, with eight member institutions reporting doing so. For example, in 2022 the Palestine Monetary Authority developed a Gender Inclusive Finance Roadmap, to address the structural barriers that Palestinian women face when accessing financial services. The development of the roadmap was informed by the 2022 national demand-side survey undertaken by the Palestine Monetary Authority and supported by AFI's In-Country Implementation (ICI) Program. Another example is the Superintendencia de Banca, Seguros y AFP del Peru which worked with the Ministry of Women and Vulnerable Population to develop the "Financial Education for Every Woman" Program in 2022, which aims to strengthen the knowledge of financial education among facilitators of interventions aimed at women in Peru. A pilot program was launched, and training sessions were provided to the personnel of various institutions in Peru.

Similar to observations made in previous years, there is a discernible trend of embedding elements of women's financial inclusion in other policies and regulations. Two notable trends emerged in the past four years: (i) having women's financial inclusion as a priority in national strategies for financial inclusion and financial education, and (ii) the collection of sex-disaggregated demand-side and supply-side data.

### HIGHLIGHTS



28

Reforms were reported by 22 member institutions in 2022.

52

Since 2019, 29 member institutions have reported 52 GIF-related policy changes.

### POLICY TREND



Standalone GIF policies; women-focused national financial inclusion policies and frameworks; collection of sex-disaggregated data.

# GLOBAL STANDARDS PROPORTIONALITY



In the past three years, 33 policies and regulations related to global standards proportionality (GSP) were developed and implemented by 17 member institutions in the AFI network.

In 2022, seven member institutions reported developing and implementing policy and regulatory changes related to the proportionate application of global standards to align financial inclusion, integrity, and stability policy objectives.

Similar to the trend in 2021, there continues to be a focus on financial identity. For example, the Central Bank of Egypt is currently implementing the Circular dated 5 October 2020 regarding amending some rules on financial inclusion regulations, which now allows women performing informal businesses to open commercial accounts with only an identity card, with no further documentation required. In addition, Banco Central de Reserva de El Salvador introduced the Reform to the Law to Facilitate Financial Inclusion in July 2022, with the reforms introduced aim at increasing access to accounts for individuals above the age of 16, removing the need for customer profile requirements for those with lower levels of funds, and removing minimum balance requirements. The reforms also strengthened the compliance of banks with know-your-customer (KYC) policies and anti-money laundering laws.

Policies relating to global standards and proportionality reported by member institutions in 2022 also include regulations on customer due diligence (CDD). For instance, the Maldives Monetary Authority developed the Regulation on Electronic Customer Due Diligence in 2022, which is currently under final review.

The electronic customer due diligence procedures are expected to make financial products and services more accessible and affordable to customers, supporting financial inclusion through a more convenient onboarding process.

## HIGHLIGHTS



9

Nine reforms reported by nine member institutions in 2022.

33

Since 2020, 17 member institutions reported 33 GSP-related policy changes.

## POLICY TREND



Financial identity; tiered and simplified KYC.

# INCLUSIVE GREEN FINANCE



Four member institutions reported implementing inclusive green finance-related policy changes in 2022. In total, nine member institutions developed and implemented IGF-related policy changes since the inception of the AFI inclusive green finance workstream.

The Central Bank of Egypt issued a circular in November 2022 regarding Sustainable Finance Regulation, which is currently being implemented. This regulation, which serves as a milestone in their transition towards a green economy and responding to current and emerging environmental and social risks, encompasses several pillars, including the establishment of an independent department for sustainability and sustainable finance within each bank, and bidding banks to integrate policies and procedures for sustainable finance within their credit and investment policies.

## HIGHLIGHTS



6

Reforms were reported by six member institutions in 2022.

11

Since 2018, seven member institutions have reported 11 IGF-related policy changes.

## POLICY TREND



Environment and Social Risk Management (ESRM) Guidelines; sustainable finance.

## SME FINANCE



In the past three years, a total of 48 policy reforms were introduced by 24 member institutions in SME Finance. In 2022, 12 member institutions reported developing and implementing 15 policies to enhance access to formal financial services for micro, small, and medium enterprises (MSMEs).

The majority of SME-related policies introduced in the past two years were aimed at providing relief and supporting the recovery of MSMEs from the COVID-19 pandemic. In 2022, there was a further strengthening of regulations aimed at increasing access to credit by MSMEs. One example is the Bangko Sentral ng Pilipinas, which issued Circular No. 1156 in September 2022 on the Standard Business Loan Application Form (SBLAF). The circular mandates the adoption of a standard business loan application form among banks and other institutions under the central bank's supervision. This, in turn, makes the loan application process easier for MSMEs to access as there will be a streamlined process. The new SBLAF templates also allow for the collection of sex-disaggregated data on women-owned or led businesses.

In 2022, the National Bank of Rwanda developed the National Savings and Credit Groups' (SCGs) Digitization Strategy 2023-2027, which is currently pending adoption. This strategy aims to address the challenges faced by informal savings and credit groups, such as a lack of security for finances, lack of access to faster payments, and the difficulties in accessing financial services enabled by technologies. This limits the financing of savings groups in supporting the business expansion of their members, and results in a lack of consumer protection. The strategy, therefore, intends to address these challenges and build a sustainable ecosystem that promotes a financially inclusive economy.

### HIGHLIGHTS



15

Reforms were reported by 12 member institutions in 2022.

48

Since 2020, 24 member institutions have reported 48 SME-related policy changes.

### POLICY TREND



MSMEs access to credit;  
COVID-19 relief.

## ATTRIBUTION TO AFI SERVICES AND BENEFITS

This annual policy and regulatory change survey has consistently shown that the level of attribution accorded to AFI by member institutions is above 60 percent. This finding is also consistent with the feedback provided by members through the Member Needs Assessment survey, affirming the relevance and usefulness of services provided to the network in supporting financial inclusion policymaking.

In this strategic phase, AFI has published over 100 knowledge products, including policy models, guideline notes, frameworks, and toolkits, among others.

# 85%

In the 2022 Member Needs Assessment, members gave AFI a satisfaction rating of above 8.5 out of 10 across all types of knowledge products, confirming that they provide both relevant and useful guidance to members in their development and implementation of policy reforms.

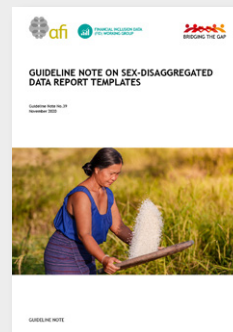
Additionally, members provided examples of specific policy models, policy frameworks, and guideline notes that they have referenced when developing financial inclusion policies. For example, members indicated that they referred to Guideline Note 39<sup>3</sup> on Sex-Disaggregated Data Report Templates when developing their sex-disaggregated data framework; on the other hand, the National Financial Inclusion Strategies Toolkit<sup>4</sup> and the National Financial Inclusion Strategy Monitoring and Evaluation Toolkit<sup>5</sup> were also used when developing their National Financial Inclusion Strategy. These anecdotes exemplify the usage and use cases of AFI knowledge products by policymakers and financial regulators.

AFI working groups have also been instrumental in knowledge generation and establishing the network as a center of excellence on financial inclusion policies. The working groups are a key platform for the peer review of member's financial inclusion policies. Collectively, AFI working groups have completed over 40 peer reviews over the last three years, and members have given a satisfaction rating of nine points out of 10 on the relevance and effectiveness of the reviews. This

continues to attest to the effectiveness of the peer-to-peer learning modality when accessing a wide range of proven financial inclusion policy solutions within the AFI network.

Building on the peer-to-peer learning modality, AFI tapped into the technical expertise of each member institution with over 40 percent of them having their technical staff share their knowledge and experience in various capacity building initiatives in 2022. In turn, over four-fifths of the network have benefited from these capacity building initiatives, while more than half of the reported policy and regulatory changes reported in 2022 were attributed to AFI capacity building.

Since 2019, there has also been a growing demand from AFI member institutions to receive technical and grant support for the implementation of financial inclusion policies at their own country level. Over 40 member institutions have benefited from AFI in-country implementation support to develop and implement financial inclusion policies in the past three years. The effectiveness of such support is evident in the 2022 Member Needs Assessment survey, with members giving about nine out of 10 on the level of usefulness of the ICI program.



AFI Guideline Note on Sex-Disaggregated Data Report Templates

> [View here](#)



AFI National Financial Inclusion Strategy Monitoring and Evaluation Toolkit

> [View here](#)

3 Available at: <https://www.afi-global.org/publications/guideline-note-on-sex-disaggregated-data-report-templates/>


4 Available at: <https://www.afi-global.org/publications/national-financial-inclusion-strategies-toolkit/>

5 Available at: <https://www.afi-global.org/publications/national-financial-inclusion-strategy-monitoring-and-evaluation-toolkit/>

# CONCLUSION







Similar to the previous edition of the survey report, 2022 continues to witness members returning to more “traditional” policy areas. This stands in contrast to the 2020 findings, where the primary focus was on dealing with the immediate negative impacts of the COVID-19 pandemic on their populations and financial systems. The reforms that were introduced in 2022 continue to strengthen the global financial system and foster a conducive regulatory environment to increase access to formal financial services for people in member countries across the AFI network.

One noticeable trend observed in policy changes over the past two years is the incorporation of considerations from multiple policy areas into policies or regulations. For example, the Central Bank of Nigeria revised its Consumer Protection Framework and Regulation to include Digital Financial Services within the framework; Banque Centrale des Etats de l’Afrique de l’Ouest (BCEAO) developed a guidance note to support the digitization of microfinance institutions in BECAO.

It is also important to note that an increasing number of national financial inclusion strategies now focus on including intersectional policy priorities, such as gender inclusive finance, inclusive green finance, the financial inclusion of youth, and those who are forcibly displaced.

In line with the conclusion of previous editions of this report, it is crucial to recognize that the process from policy development to full implementation is both a nuanced and incremental one. The policy changes reported annually by members are the fruition of cumulative efforts by policymakers and financial regulators and are not an immediate and direct result of any specific services or benefits members have availed from AFI. Furthermore, the outcomes of these policies may not be felt immediately upon implementation and can take a period of more than a year before their wider impact starts to be felt.

Therefore, it is also important to continuously monitor and assess the intended and unintended results on financial inclusion, as well as the financial health of consumers, as well as the financial system. Such assessments can only be achieved through continuous, consistent, and effective data collection, including the use of the AFI Core Set of Financial Inclusion Indicators.

**Alliance for Financial Inclusion**

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