



G24/AFI Roundtable at IMF/WB Spring Meeting

22 April 2010, IMF HQ2 Room 1A-280, Washington D.C

In attendance:

Luis Gustavo Mansur Siqueira, Central Bank of Brazil; Partha Ray, Reserve Bank of India; Iraq, Njuguna Ndung'u, Governor, Central Bank of Kenya; Christ Gacicio, Central Bank of Kenya; Saad Andary, Central Bank of Lebanon; Joseph Mwanamvekha, Ministry of Finance, Malawi; Dr. Perks M. Ligoya, Governor, Reserve Bank of Malawi; Richard Perekamoyo, Ministry of Finance, Malawi; Nations Msowoya, Ministry of Finance, Malawi; Levie J. Sato, Ministry of Finance, Malawi; Timothy Makamba, Treasury, Malawi; Dr. Grant Kabango, Reserve Bank of Malawi; Rodgero Chawani, Reserve Bank of Malawi; Pius Ailoyafen, Ministry of Finance, Nigeria; Nyeso George, Ministry of Finance, Nigeria; Lamido Sanusi, Central Bank of Nigeria; Sarah Alade, Central Bank of Nigeria; Tunde Opadeji, Central Bank of Nigeria; Mohammed Abdu Yakasai, Central Bank of Nigeria; Ahmed Abbas Samusi, Central Bank of Nigeria; Sadiq Usman, Central Bank of Nigeria; P.J. Obaseki, Central Bank of Nigeria; O.A. Uchendu, Central Bank of Nigeria; Giovanna Prialé Reyes, Superintendency of Banking, Insurance and AFP, Peru; Yesenia Cabezas, Embassy of Peru; Gil S. Beltran, Department of Finance, Philippines; Adib Mayaleh, Governor, Central Bank of Syria; Michelle Durham-Kissoon, Ministry of Finance, Trinidad and Tobago; Visanu Dhanpan, Ministry of Finance, Trinidad and Tobago; Nelson Lugo, Central Bank of Venezuela.

AFI: Alfred Hannig, Sung-Ah Lee, Merle Wangerin; BCEAO: Derm N'gbe; Bill & Melinda Gates Foundation: Claire Alexandre, Sheila Miller; CGAP: Michael Tarazi; G20: Paul Flanagan, Australian Treasury; Nkosana Mashiyi, National Treasury, South Africa; G24 Secretariat : Amar Bhattacharya; IFC: Nina Bilandzic, Bikki Randhawa; IMF: Ran Lin, Maya Choueiri, Pablo Pereira, Bernardo Lischinsky, Leslie Ann Des Vignes, Mohammed Dairi, Wafa Abdelati, Gebreselassie Y. Tesfamichael, Buah Saidy; Islamic Development Bank: Nosratollah Nafar; South Centre: Ifran Haque; West African Monetary Institute: Temitope Oshikoya; World Bank: Natalia Speer, Khalid Alkhudairy, Sultan Lutfi, Suzette Taylor, Mamou Ehui.

1. Introduction and welcome

Amar Bhattacharya, Director, G24 Secretariat

Mr. Bhattacharya welcomed the participants and referring to the first event of this kind at last year's Spring Meetings, he expressed his appreciation for a platform for dialogue on financial inclusion for AFI and G 24 members. He acknowledged the presence of the Co-Chairs of the G 20 Financial Inclusion Experts Group and their openness to incorporate the views of developing countries into their work.

Professor Ndung'u, Governor of the Central Bank of Kenya and Chair of the AFI Steering Committee

Professor Ndung'u outlined the importance of financial inclusion as one of the cornerstones in achieving growth and poverty reduction and appreciated the G 24 in providing this opportunity for exchange and AFI as a platform for building a network to deepen and share knowledge on financial inclusion and peer learning.

He briefly outlined progress in financial inclusion in Kenya and highlighted the need to increase financial services that allow financial intermediation. In his view, the G20 should actively engage developing countries in the discussion and keep in mind that many of the successful financial inclusion strategies come from these countries. A network providing strategic direction at the global level while emphasizing different country approaches would be useful.

Luis Gustavo Mansur Siquiera, Deputy Head of the Department of International Affairs, Banco Central do Brasil

Mr. Mansur Siquiera highlighted the opportunity for including the views of developing countries in the G20 process. He highlighted the success factors driving financial inclusion in Brazil, in particular the importance of having a national financial inclusion strategy.

There is a huge pool of knowledge on financial inclusion policymaking in developing countries. Including non-G20 countries' view in the G20 process is important to develop a broad consensus among policymakers. He very much welcomed the survey that AFI has undertaken and commended AFI for providing a knowledge sharing platform for policymakers.

2. Objectives and progress on the G20 FIEG- Access Through Innovation Sub-Group

Paul Flanagan, International Finance and Development Division, Australian Treasury, ATISG Co-Chair

Mr. Flanagan provided an overview of the objectives and progress on the G20 ATISG work and presented the draft principles developed by the ATISG. He emphasized the importance of the views of developing countries where the vast majority of the financial inclusion innovations take place. A key priority for the G20 was outreach to other institutions and countries, and it was a high priority that the G20 consulted with non-G20 developing countries, whether through the Windsor forum (as was done in March), the G24 at this meeting or other fora. In this context, he appreciated AFI's role in mobilizing the voices of developing country policymakers. He informed about the next steps of the ATISG and invited the participants to provide feedback on the draft principles and possible action points to be presented at the Leaders' Summit in Seoul.

3. Overview of progress by the SME Sub-Group

Nkosana Mashiyi, Director of Financial Regulation Macro Economic Policy, South Africa Treasury, SME Sub-Group Co-Chair

Mr. Mashiya provided a brief overview of the work of G20 SME Sub-Group. The Sub-Group carried out a stock taking exercise in order to collect best practices on policy, regulatory framework, and successful public-private collaboration and developed principles for SME finance. He stressed that the group will benefit from listening to the G24 countries and will review the recommendations they are developing through the G20 process.

4. Preliminary findings from the AFI survey on financial inclusion policy in developing countries

Alfred Hannig, Executive Director, Alliance for Financial Inclusion (AFI)

Mr. Hannig gave a presentation on the preliminary findings of the financial inclusion policy survey that AFI conducted based on inputs from its members. He shared the key trends and barriers in financial inclusion policymaking, lessons learned from the survey and an outlook. The survey was originally requested by the AFI Steering Committee with the aim of informing the future work, development and areas of focus for the AFI network. The survey results have also become a part of the ATISG work program.

5. Discussion

Moderated by Amar Bhattacharya, Director, G24 Secretariat

Participants shared their views and experience on financial inclusion policy, focusing on the ATISG draft principles. Some of the key discussion points include:

- The need for a holistic approach to financial inclusion. A multipronged approach anchored in a good knowledge of constraints and results is required to achieve financial inclusion goals.
- Financial inclusion policymaking should be an integral part of the mainstream financial sector policy.
- Coordination among different government agencies is a key challenge in financial inclusion policymaking and implementation. Motivating different government players is therefore key in developing and implementing financial inclusion policies.
- Providing financial services to the poor represents a serious challenge in the absence of national identification systems.
- Peer learning and knowledge sharing is ever more important in bringing the financial inclusion status to the next level. Participants expressed their strong willingness and desire to learn from other countries that have already implemented successful policy solutions. Apart from the successful policies, it is very important to analyze the underlying factors that made success happen.
- Lack of data and evidence is as a key constraint for policymakers. Efforts to measure success need to be strengthened in order to allow for evidence-based policymaking.
- General principles should be flexible enough to take the specific social and economic context of a country into account.

- Participants underlined the necessity for openness to innovative approaches in financial inclusion policymaking.
- Effective public-private partnerships based on a clear understanding of the roles of the public and the private sector were recognized as an enabling factor for success financial inclusion policymaking.
- AFI was encouraged to further contribute to a better understanding with regard to the different stages of countries in the learning cycle.
- The Australian ATISG Co-Chair assured the participants that the G 20 will continue to monitor and evaluate progress of announcements and commitments on financial inclusion.

6. Next steps

Professor Ndung'u; Amar Bhattacharya; Paul Flanagan; Nkosana Mashiya

- G24 will circulate the presentations to all participants including the principles enunciated by both sub-groups. G24 will request that any additional feedback be forwarded to the ATISG Secretariat by May 1.
- Some immediate revisions of the principles by the ATISG could include:
 - Including in the principle on data and evidence-based policy making a statement on the importance of measuring progress.
 - A clarification of principles on cooperation, knowledge and enablement.
- ATISG encourages the participants to submit proposals on how to translate these principles into action and possible practical steps that G20 can undertake.
- ATISG will share the more detailed synthesis report including country examples. More country examples to back up the principles would be welcome.
- ATISG would like to continue the dialogue with developing country policymakers towards the G20 Seoul Summit. The AFI Global Policy Forum in September and or the Annual Meetings could provide such a platform.
- G24 and AFI will continue the collaboration and will provide such forums to engage developing countries in global discussions.