Overview

AFI network & impacts, to date

AFI in the future

Global trends in financial inclusion

Opportunities for partnership
The AFI Network Today

- 125 Institutions, 96 countries
- More than 100 tangible policy reforms
- Unique Peer Learning network (6 working groups)
- Maya Declaration with 54 commitments
- Financial Inclusion entered mainstream of international policy agenda
- Two Regional Initiatives
- G20 Implementing partner
- PPD Platform

AFI has become the world’s leading organization on financial policy and regulation.
AFI Working Groups

- Consumer Empowerment & Market Conduct
- Digital Financial Services
- Global Standards Proportionality
- Financial Inclusion Data
- Financial Inclusion Strategy
- SME Finance

Bringing smart policies to life
The increase in financial inclusion is positively correlated (0.35) with members’ level of engagement with AFI.

Source: Data from World Bank Global Findex, compiled by AFI; AFI Member Engagement Index 2014

AFI Member engagement index

Increase in percentage of adults with formal accounts (ppt)
AFI members that have adopted Maya Declaration increased financial inclusion by 9.5 ppts, compared to 8.9 ppts for AFI members without Maya Declaration.

~ 70% of the commitments are related to digital financial services.

Source: Data from World Bank Global Findex, compiled by AFI; AFI Maya Declaration Report 2014
AFI members with **measurable targets** increased financial inclusion by 13.4 ppts, compared to 8.5 ppts for those without measurable targets.

Source: Data from World Bank Global Findex, compiled by AFI; AFI Maya Declaration Report 2014
In 6 years, **116** policy improvements have been developed by members as a result of AFI activities.

~70% are related to digital financial services or consumer protection & empowerment.
The Regulatory Journey: Bank of Tanzania

**PEER LEARNING AND KNOWLEDGE EXCHANGE ACTIVITIES**
- Joins AFI network
- Joins 4 working groups
- Conducts Knowledge Exchange visits to Philippines
- Receives AFI policy grants for mobile financial services
  - Goes on knowledge exchange to Brazil and Kenya
    - Announces Maya Declaration Commitment
- Joins 5th and 6th working groups
- Engages in peer advisory with Brazil

**BANK OF TANZANIA’s OUTCOME**
- Makes digital finance regulation a priority
- Signs MoU with national communications regulator and plans MoU with insurance authority.
- Creates public awareness and financial education framework
- Drafts new mobile payment regulation
- Implements new agent banking regulation
- Launches national financial inclusion framework
MFS Experiences in Tanzania
Example: Impact of policy and regulation

Source: Bank of Tanzania

Tanzania MFS Access and Usage 2008-2013

- Interoperability
- Partnerships and cooperation
- Government Uptake of Usage of MFS
- Enabling legal and regulatory environment
- Adoption of MFS in National Financial Inclusion Framework

BoT joined AFI.

Source: Bank of Tanzania
Learning & leadership journey: Bank Al-Maghrib

2011
- Joined AFI
- Joined Financial Inclusion Data Working Group (FIDWG)

2012
- Joined Global Standards Proportionality Working Group (GSPWG)

2013
- Committed to increasing access to banking services up to two-thirds of the population by the end of 2014, under the Maya Declaration
- Also made Maya commitments on financial literacy and financial inclusion data
- Became a co-chair of GSPWG

2014
- Created financial inclusion indicators based on the AFI Core Set of FI indicators
- Co-hosted a FIDWG Meeting
AFI’s Transition to Independence

- AFI members Committed to paying annual membership fees from 2016
- The AFI Management Unit (Secretariat) relocated to Kuala Lumpur in January 2015
- Status of AFI’s legal registration in Malaysia
  - Articles of Association (bylaws) submitted to Malaysian Authorities (March 2015)
- Unplugging from GIZ
Preparing for new challenges and opportunities

- Personnel - Compensation and Benefit Structure finalized and approved
- Personnel - Contract transition started
- 2015
  - 1-Jun
  - 1-Jul
  - 1-Aug
  - 1-Sep
- Independent AFI Bank Account
- Registered as International Organization
- Own Accounting system (Blackbaud Financial Edge)
- Own Contract process
- Own Procurement process

Independent institution owned, governed, and driven by policymakers and regulators
AFI’s Strategic Vision: A Dynamic Growth Path

2008

- Grant-Making Facility
- Learning & Exchange Platform
- Policy Driving Network

2012

2016

Policy Leadership Alliance

Level of Member Engagement

Time

Bringing smart policies to life
AFI’s Strategic Vision: A Dynamic Growth Path

Level of Member Engagement

2008

Grant-Making Facility

Learning & Exchange Platform

Global Policy Forum Working Groups

2012

Policy Driving Network

2016

Policy Leadership Alliance

Time

Bringing smart policies to life
AFI’s Strategic Vision: A Dynamic Growth Path

Level of Member Engagement

- 2008: Grant-Making Facility
- 2012: Learning & Exchange Platform
- 2016: Policy Driving Network
  - Global agenda (SSBs, GPFI)
  - Maya Declaration
  - Public-private Dialogue
  - Regional Initiatives

Time
AFI’s Strategic Vision: A Dynamic Growth Path

- **Grant-Making Facility**
- **Learning & Exchange Platform**
- **Policy Driving Network**
- **Policy Leadership Alliance**
  - Capacity Building
  - Technical Assistance from members to members
  - Stakeholder alignment
  - Cooperation for Policy Implementation, with funding support

**Level of Member Engagement**

2008

2012

2016
Quality of financial inclusion will gain greater priority among policymakers and regulators, as the issues of access and usage are overcome.

- 80% of the Maya commitments include specific targets on consumer protection and/or financial literacy
- CEMCWG is the second largest Working Group, with 48 current members.
- CEMCWG and FIDWG are working to create Quality Indicators of Financial Inclusion

New technologies create greater opportunities for consumer empowerment but also new risks.
Policymakers and regulators will be enablers of safe and accessible DFS

- Greater Convergence between bank and non-bank DFS deployments
- The need for closer dialogue between financial and telco regulators
- Rises of Digital ID and “Big Data”
- Strengthened consumer protection

Digital Financial Services Working Group (DFSWG) and Public-Private Dialogue (PPD) Platform
Trends in Financial Inclusion Data

- In the next 3-5 years, countries will have comprehensive supply and demand-side data that is country-led and owned.
- Policymakers and regulators will use these data to set quantified targets and to inform policy solutions.
- More data shared by the private sector will enhance impact measurement.

In AFI, members are sharing data and progress reports on their Maya commitments through the Online Progress Dashboard (OPD)
Massive drop in number of unbanked, yet gender gap remained persistent

Globally, the number of unbanked adults dropped by 20% to 2 billion

However, gender gap remained persistent at 9%


Gender gap (%) between male and female with formal accounts, in selective countries

Policies and regulations will play a key role in closing the gender gap.

Based on a polling question at the 2014 GPF session “The Gender Dimensions of Financial Inclusion Policymaking”
Public-private dialogue will transform the policymaking process.

Emerging policy issues

Policymakers & regulators

Private sector

Data for impact measurement
Technical inputs
Market opportunities & challenges

Unprecedented level of mutual trust and knowledge exchange
Global Standards will increasingly reflect realities in developing and emerging countries.

KL Resolution on Proportionality in Practice

May 2015

“We are deeply concerned with the trend of de-risking, or de-banking, and its negative impact on the Pacific. We support the dialogue that AFI has pioneered with the Standard Setting Bodies (SSBs) to bring the weight of the voice of developing and emerging economies into the guidelines of SSBs...”

- Excerpt from the Dili Consensus on Financial Inclusion in the Pacific Islands, May 2015
There is an increasing demand from policymakers/regulators in developed countries to learn from their peers in developing countries.
AFI Policy Leadership Alliance and stakeholders can drive and capitalize on these trends.
Thank You