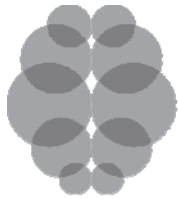


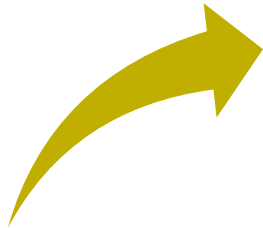
afi Alliance for
Financial Inclusion
Bringing smart policies to life

FIRST Consultative Group Meeting 2015
AFI Presentation

9 JUNE 2015



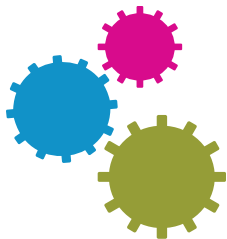
AFI network & impacts, to date



AFI in the future

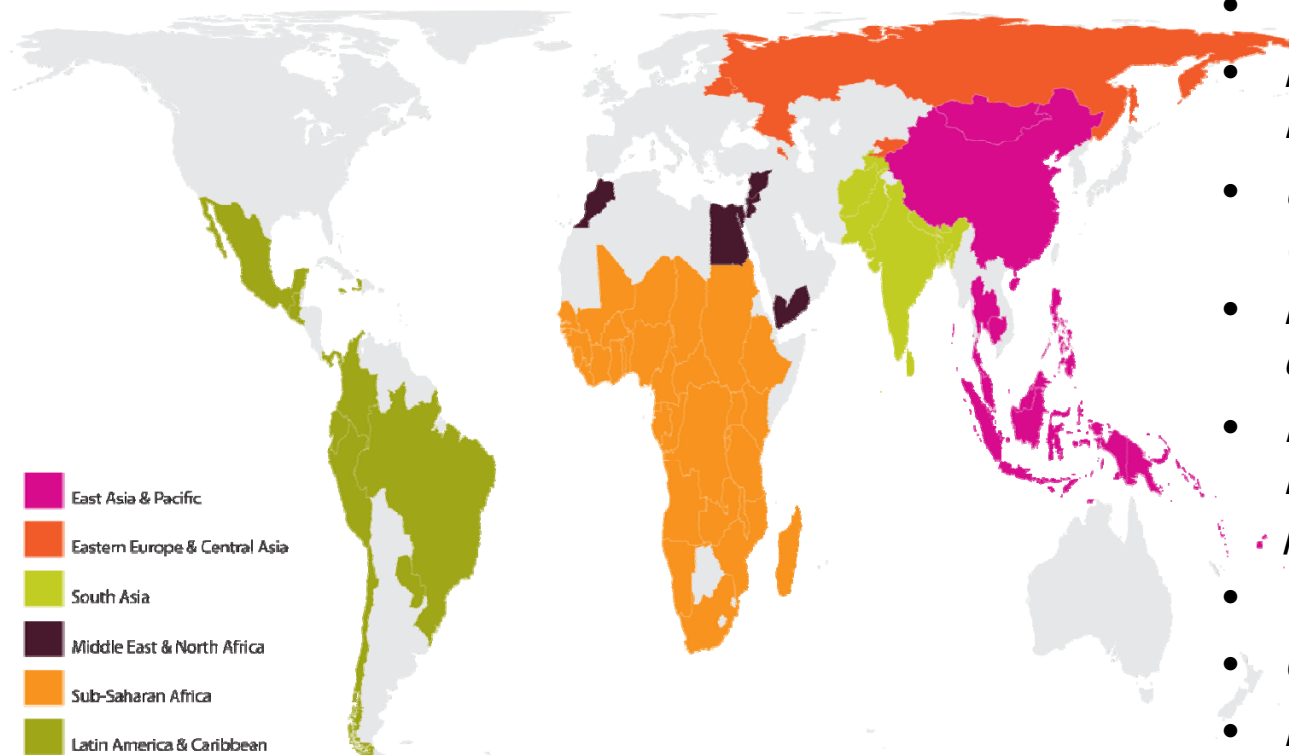


Global trends in financial inclusion



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



Financial
Inclusion Data



Digital Financial
Services



Financial Inclusion
Strategy



Global Standards
Proportionality

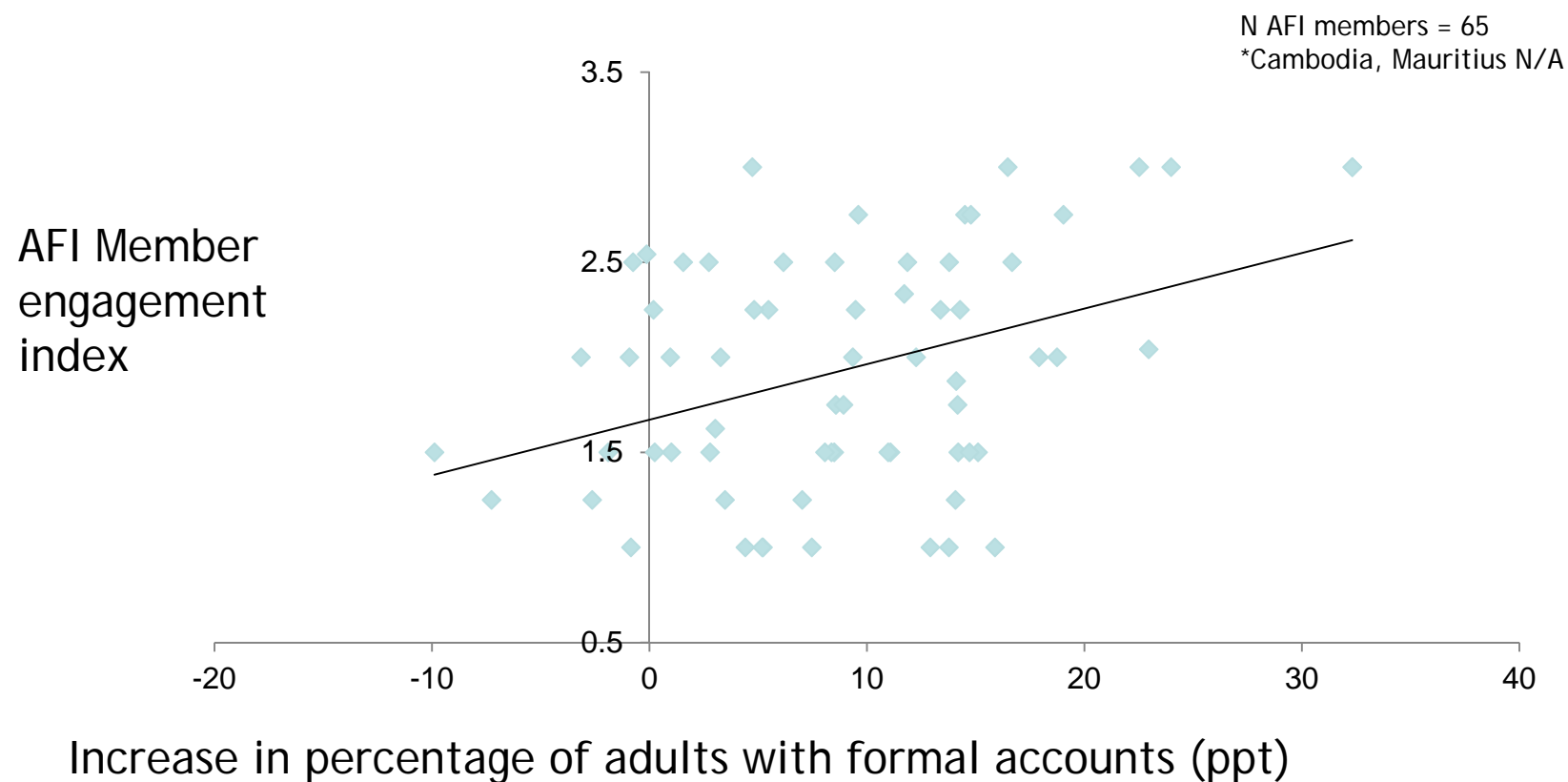


SME Finance

Member Engagement & Financial Inclusion



The increase in financial inclusion is positively correlated (0.35) with members' level of engagement with AFI

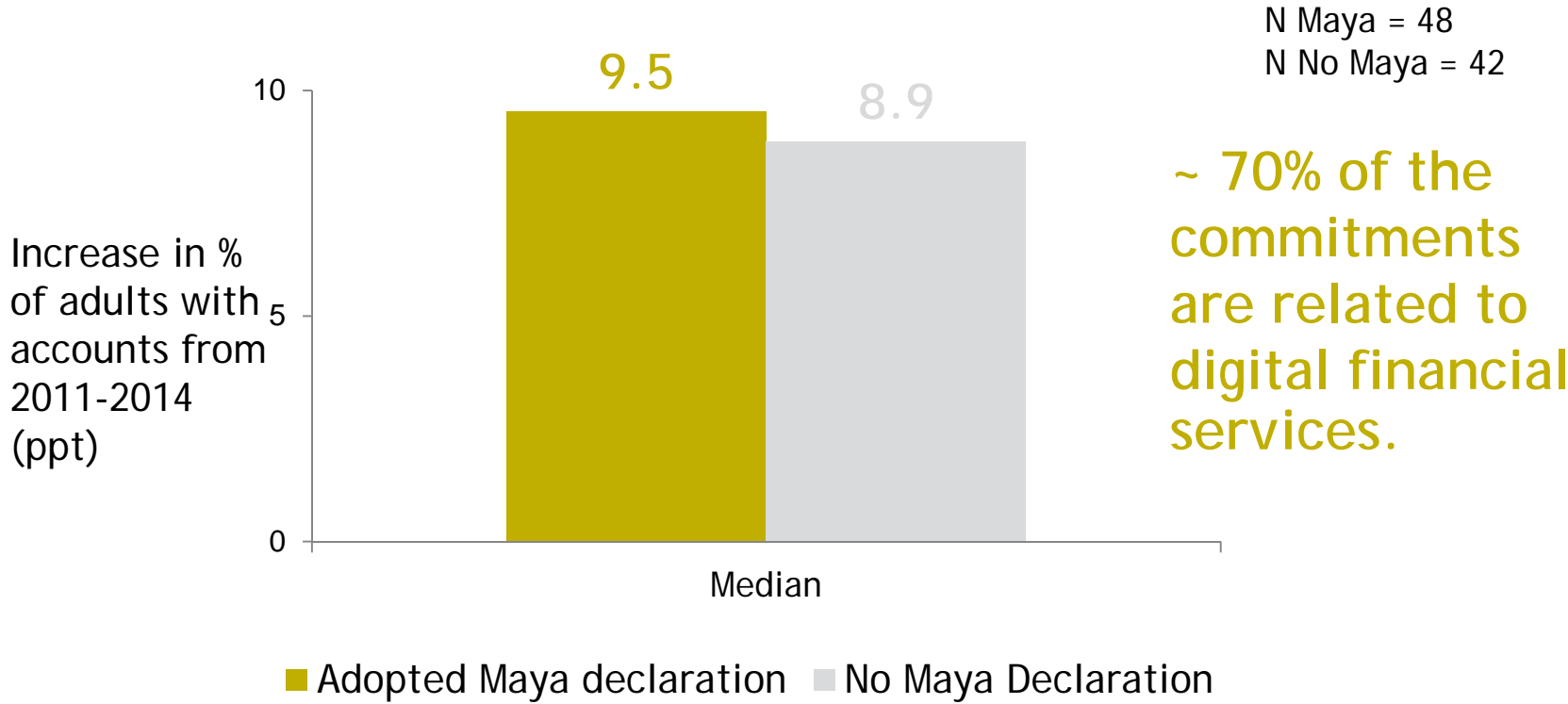


Source: Data from World Bank Global Findex, compiled by AFI; AFI Member Engagement Index 2014

Maya Declaration & Financial Inclusion



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

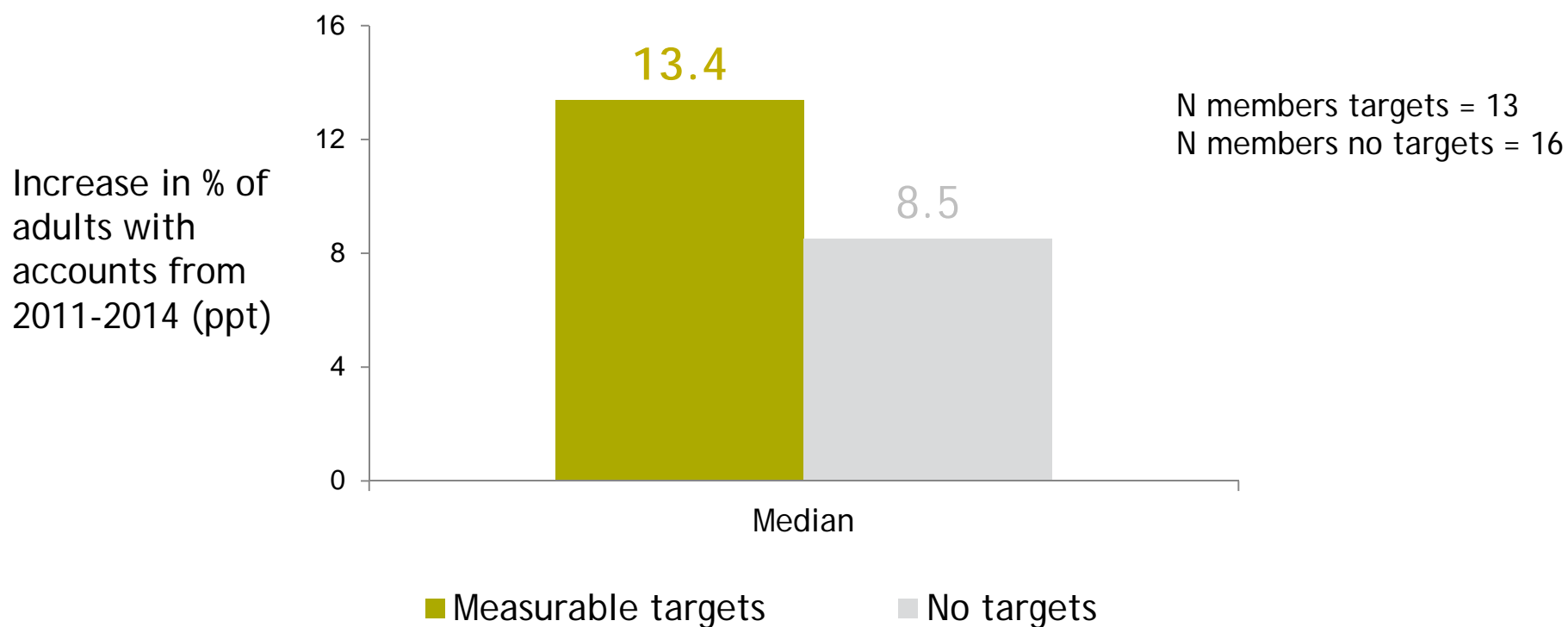


Source: Data from World Bank Global Findex, compiled by AFI; AFI Maya Declaration Report 2014

Measurable targets & financial inclusion



AFI members with measurable targets increased financial inclusion by 13.4 ppts, compared to 8.5 ppts for those without measurable targets



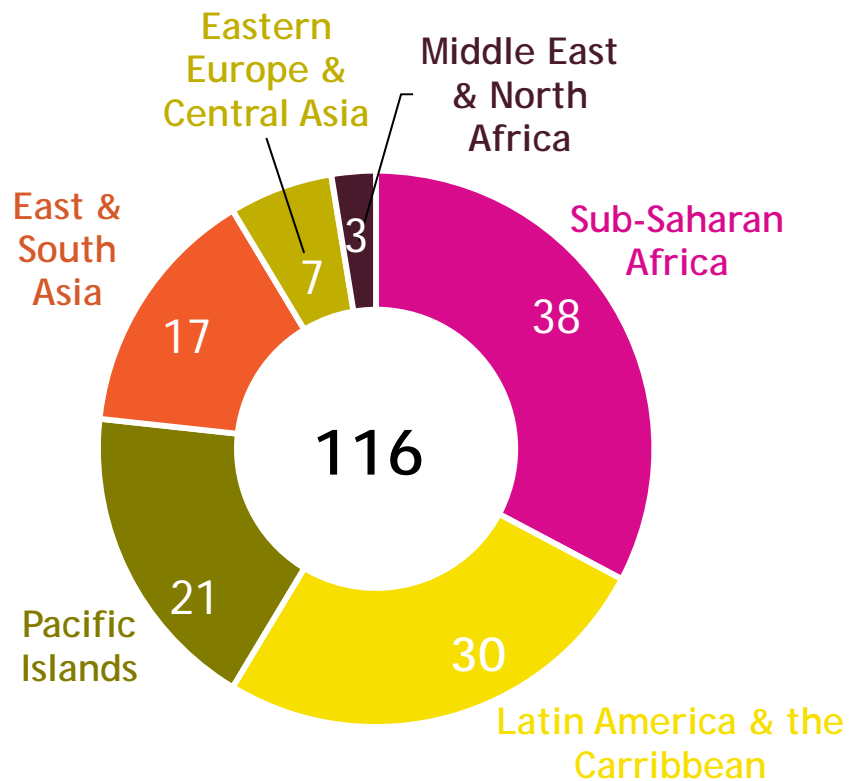
Source: Data from World Bank Global Findex, compiled by AFI; AFI Maya Declaration Report 2014

AFI Created Impacts at Speed and Scale



In 6 years, **116** policy improvements have been developed by members as a result of AFI activities.

Number of Policy Changes, by Regions



~ 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

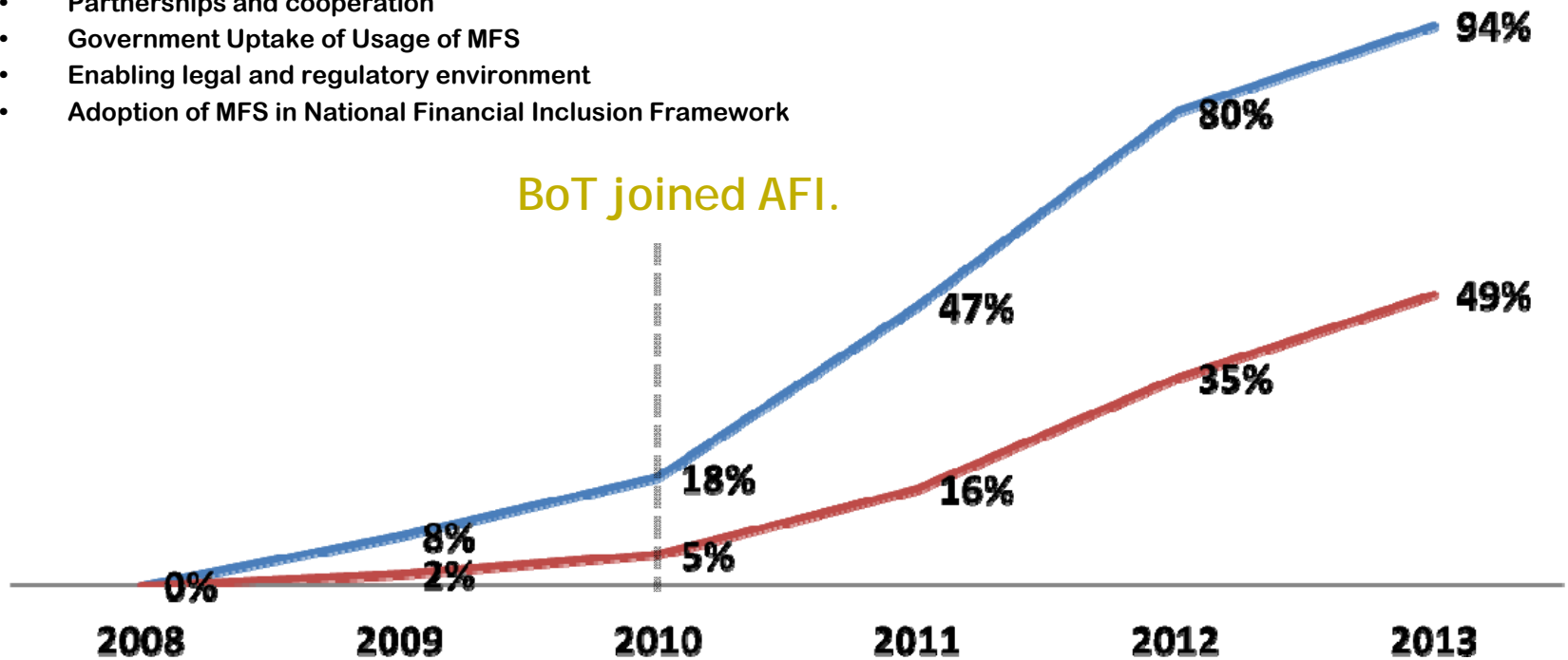
Example: Impact of policy and regulation



Tanzania MFS Access and Usage 2008-2013

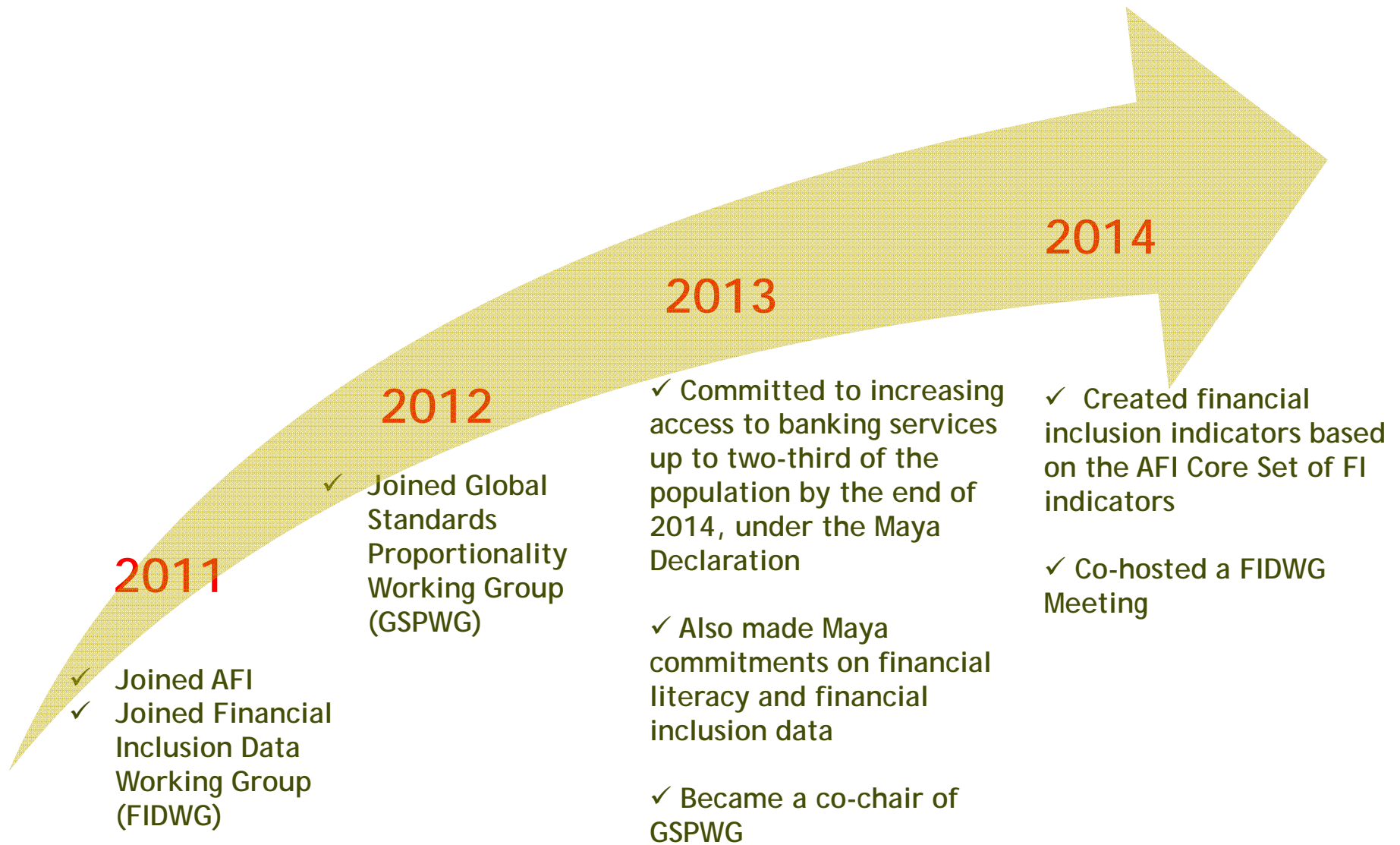
— Registered Accounts — Active accounts (90 days usage)

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



Source: Bank of Tanzania

Learning & leadership journey: Bank Al-Maghrib

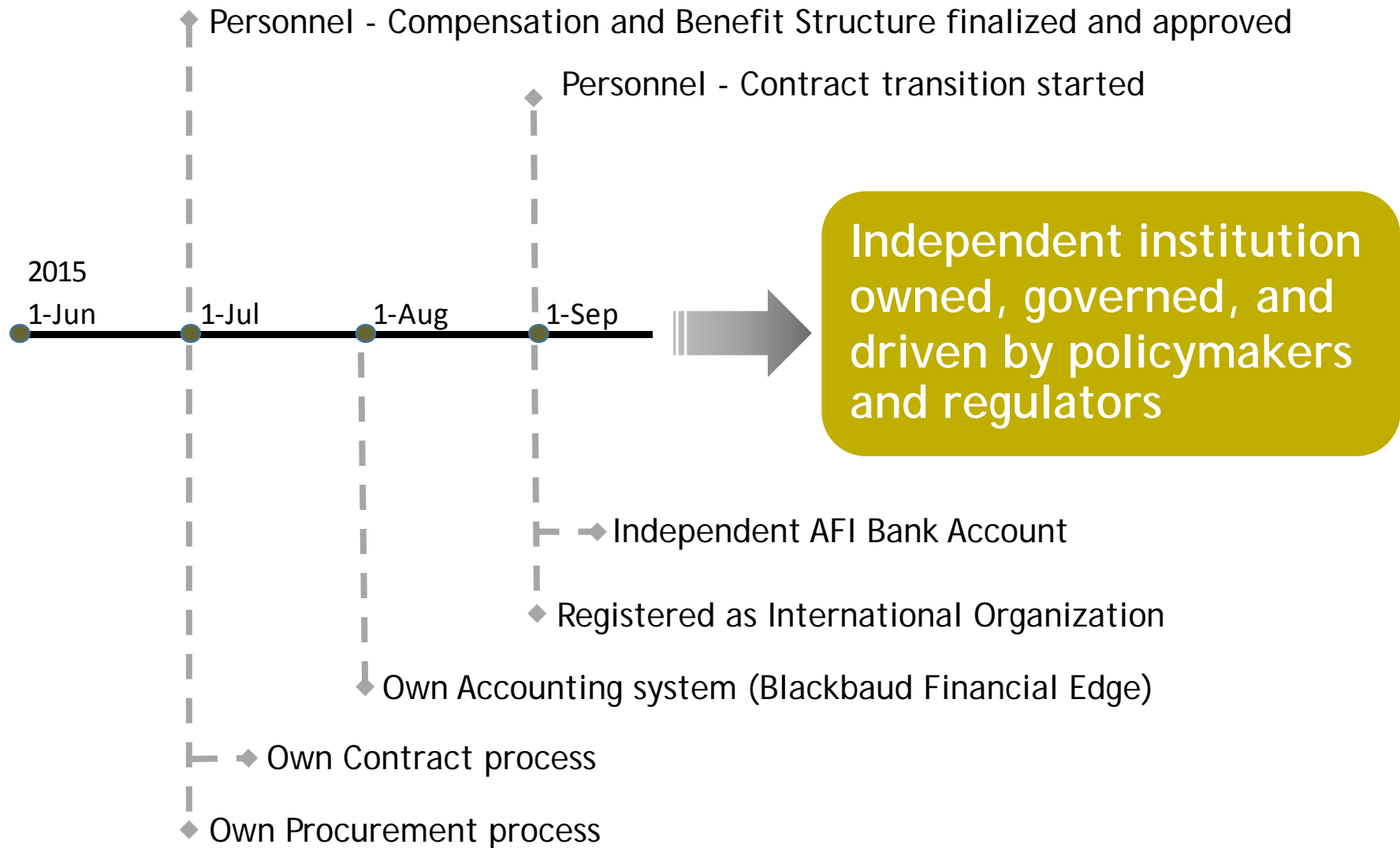


AFI's Transition to Independence

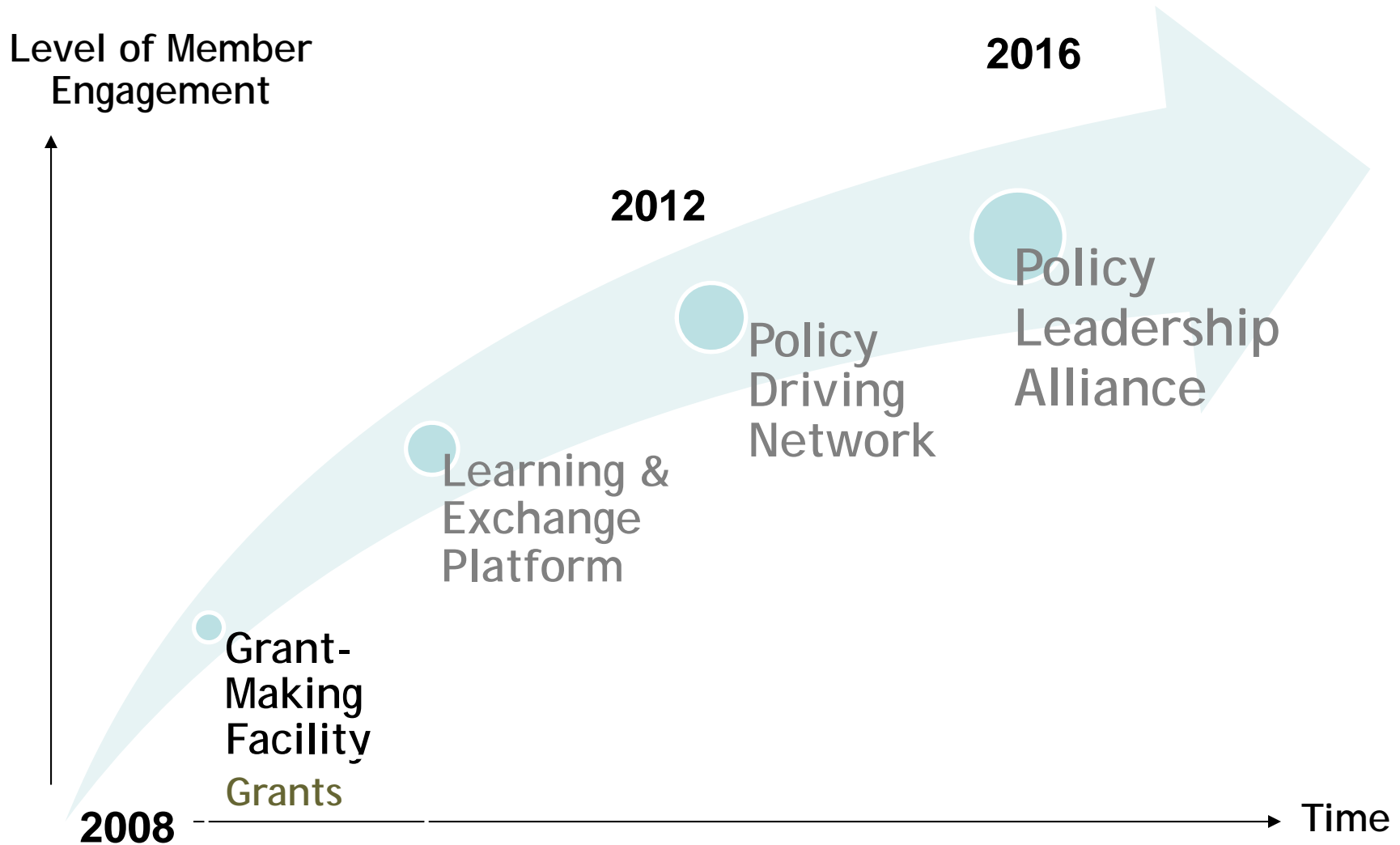


- AFI members Committed to paying annual membership fees from 2016
- The AFI Management Unit (Secretariat) relocated to Kuala Lumpur in January 2015
- Status of AFI's legal registration in Malaysia
 - Articles of Association (bylaws) submitted to Malaysian Authorities (March 2015)
- Unplugging from GIZ

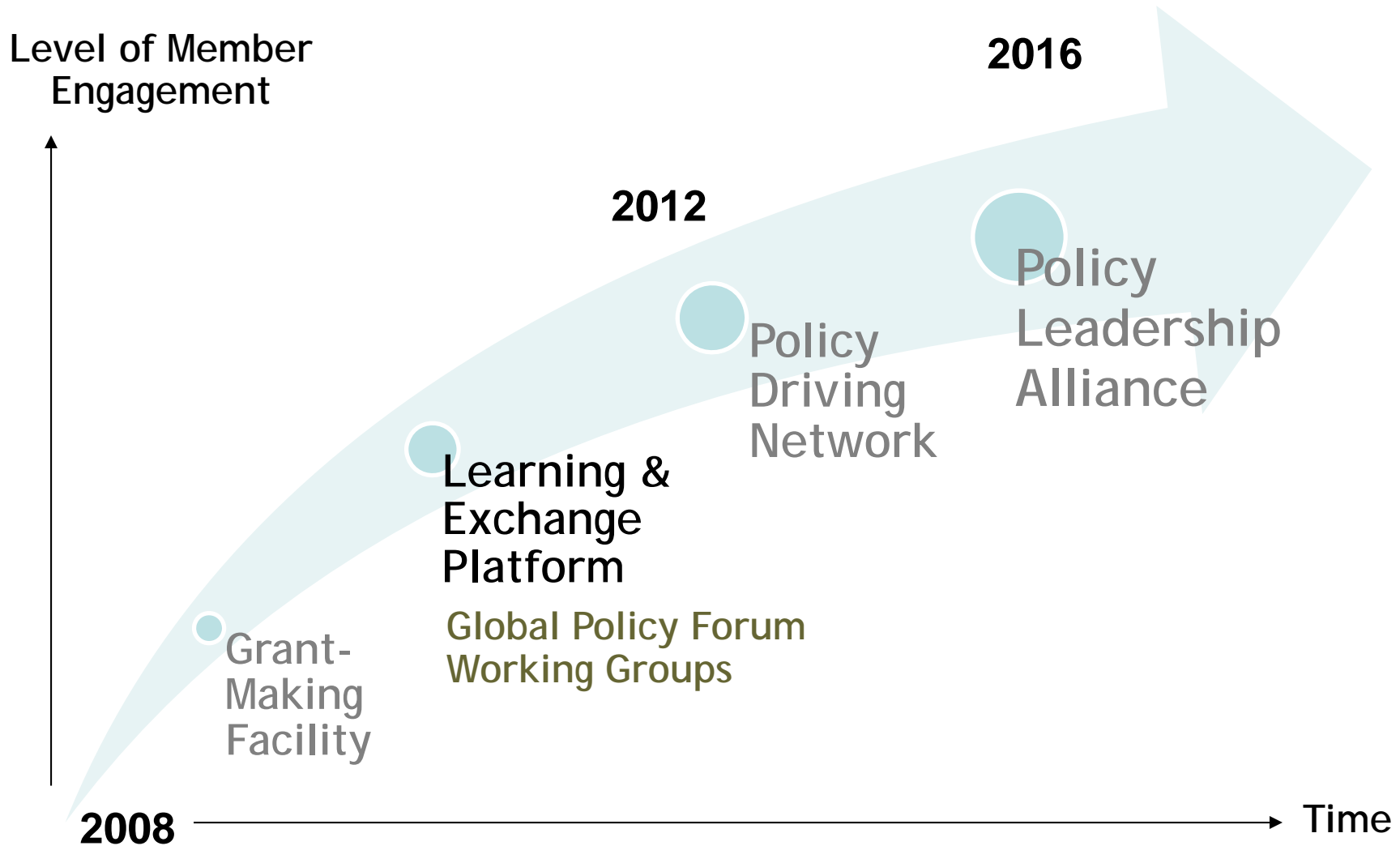
Preparing for new challenges and opportunities



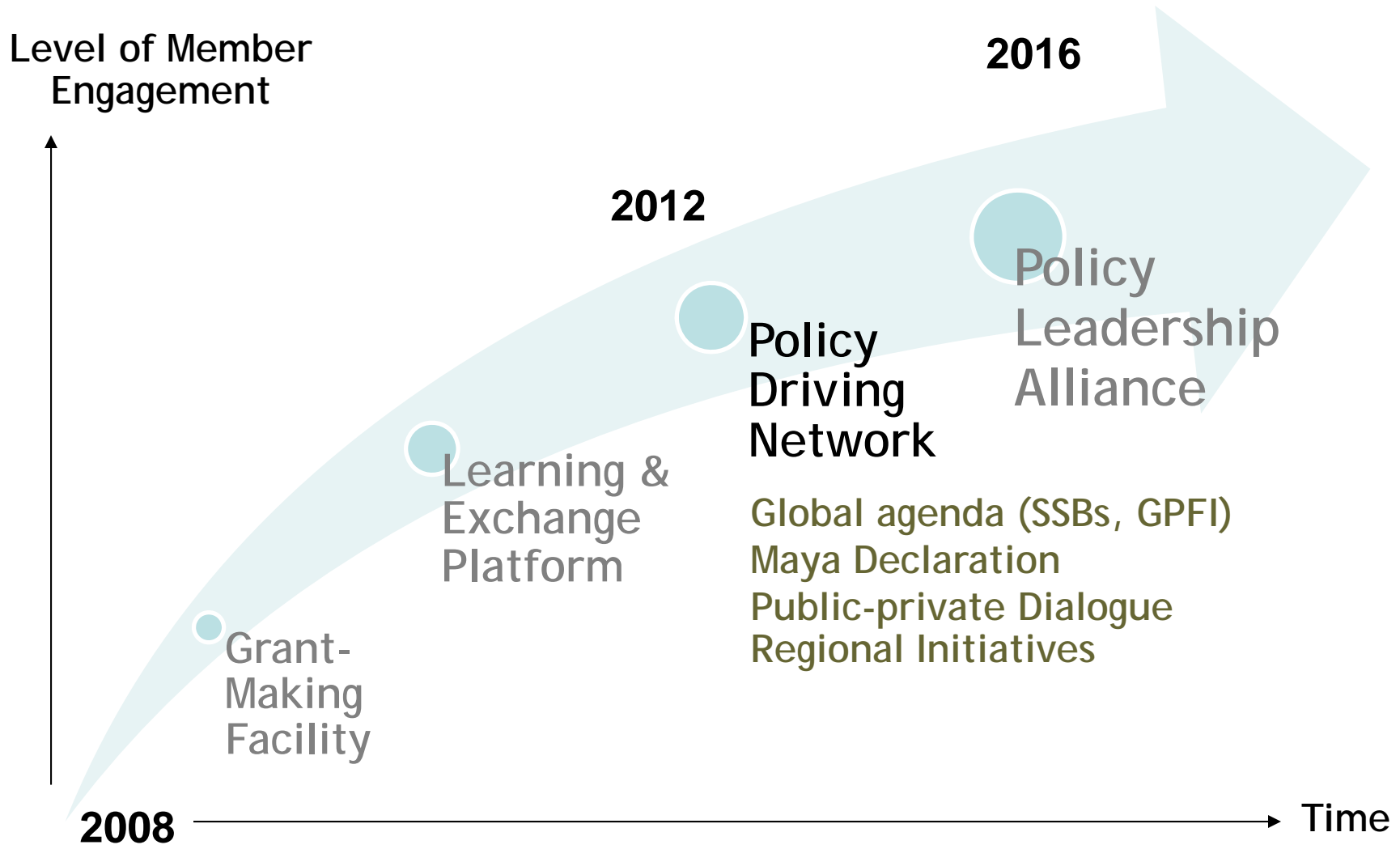
AFI's Strategic Vision: A Dynamic Growth Path



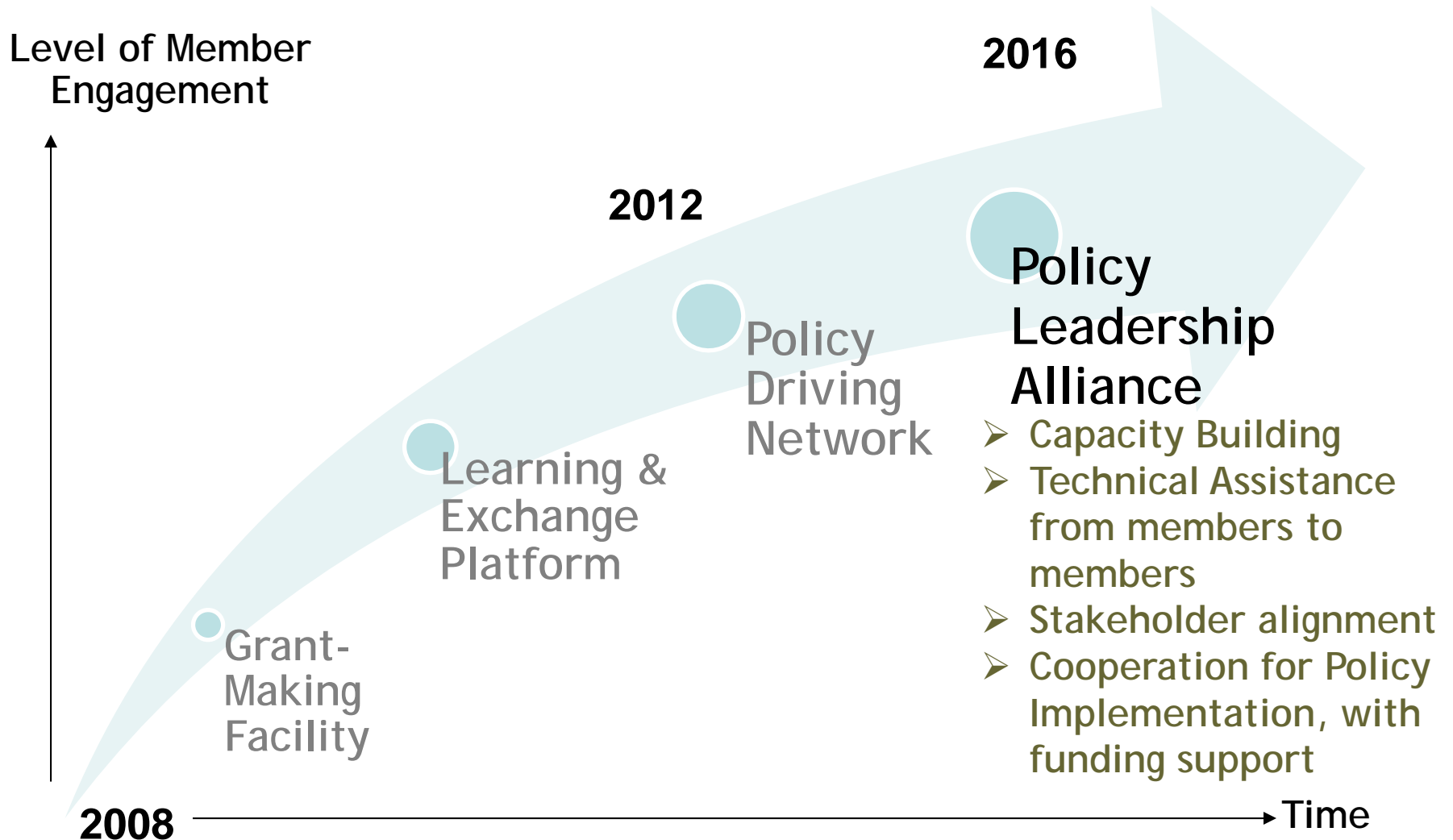
AFI's Strategic Vision: A Dynamic Growth Path



AFI's Strategic Vision: A Dynamic Growth Path



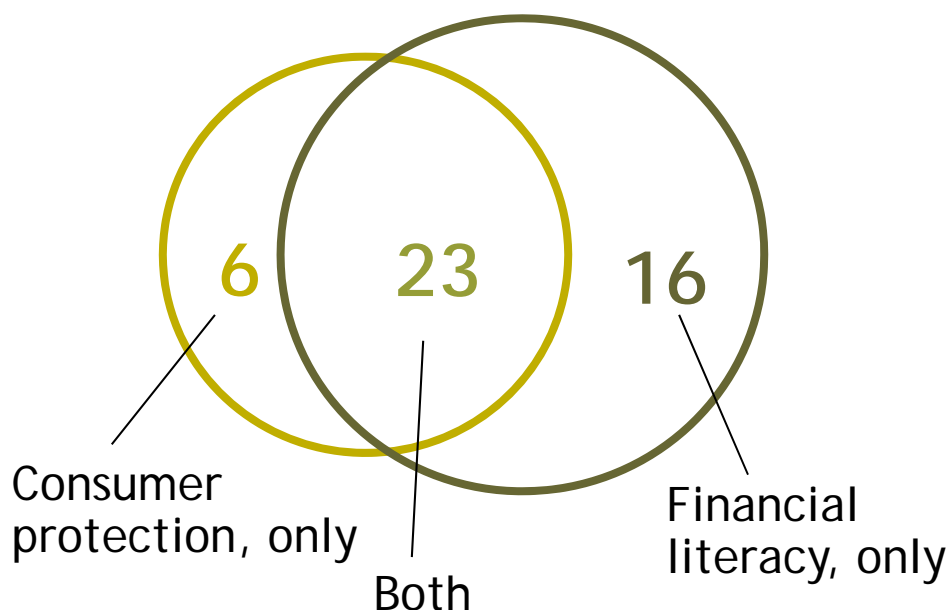
AFI's Strategic Vision: A Dynamic Growth Path



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



Number of Maya commitments on consumer protection and/or financial literacy



- **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 (DFS WG) and Public-Private Dialogue (PPD) Platform

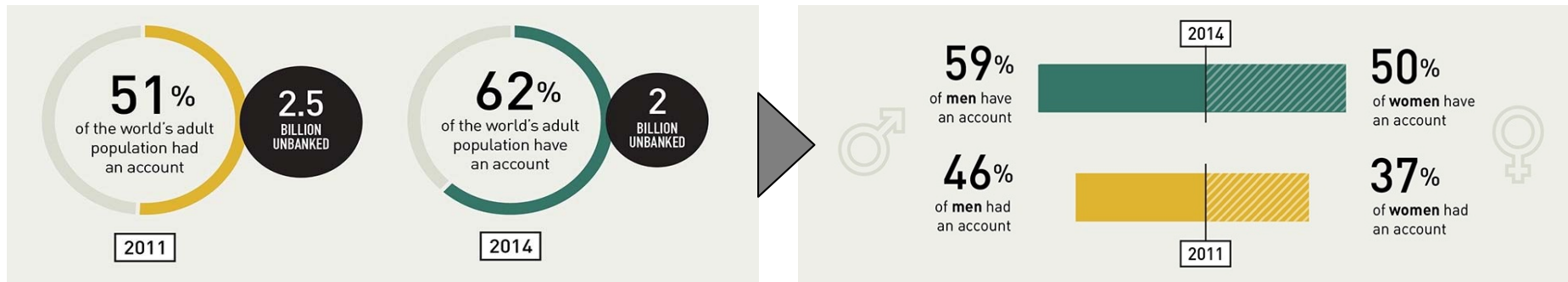
Trends in Financial Inclusion Data

- 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



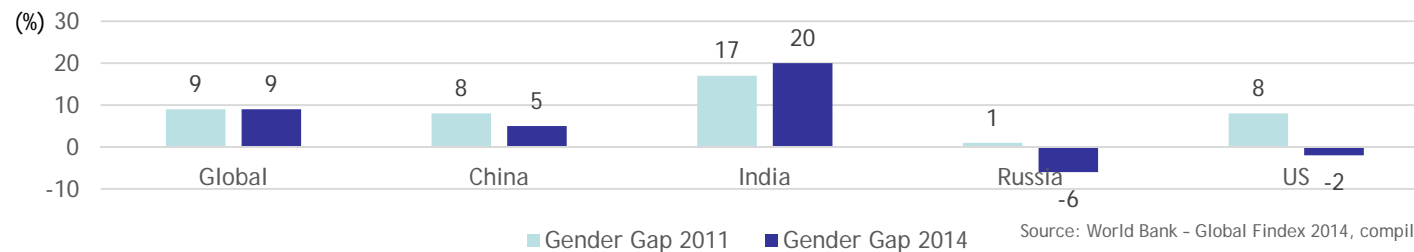
Source: World Bank - Global Findex 2014

Source: World Bank - Global Findex 2014

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

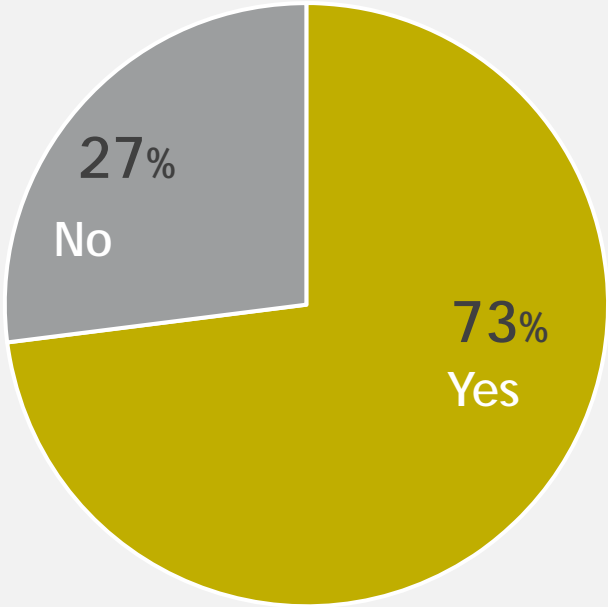


Source: World Bank - Global Findex 2014, compiled by AFI

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

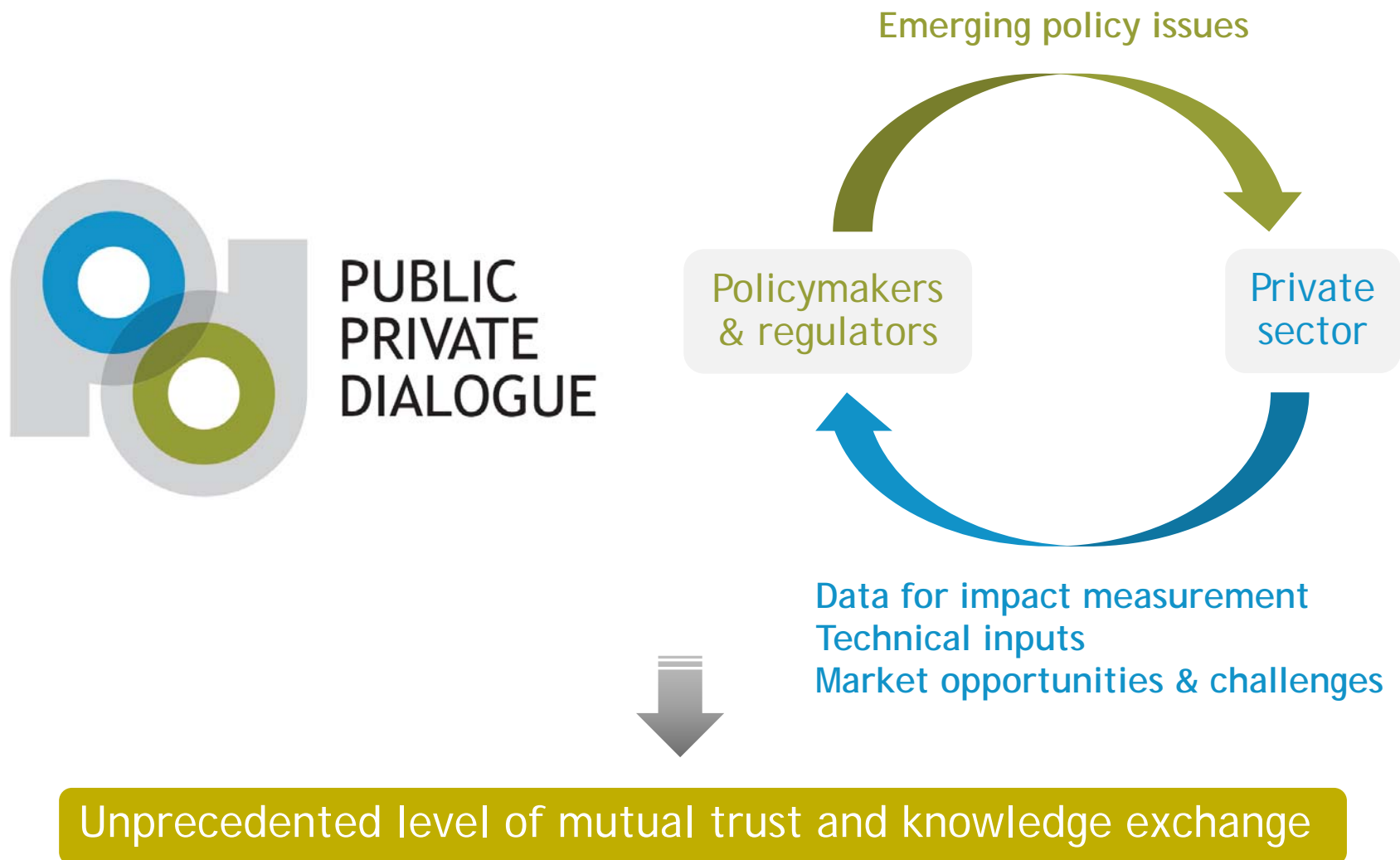


Is there a role for financial regulators on gender issues?



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.



Global Standards will increasingly reflect realities in developing and emerging countries.



KL Resolution on Proportionality in Practice

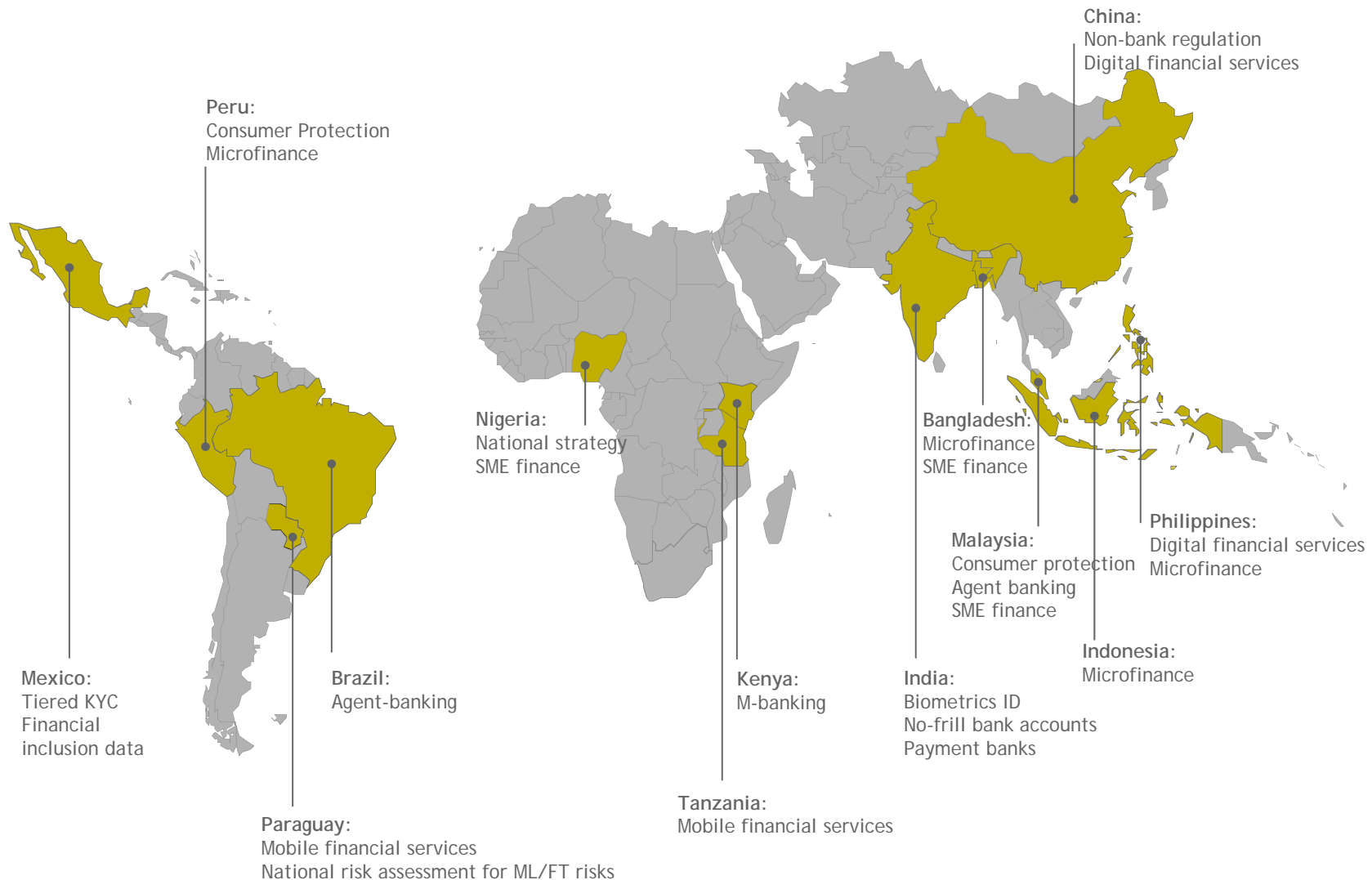
May 2015



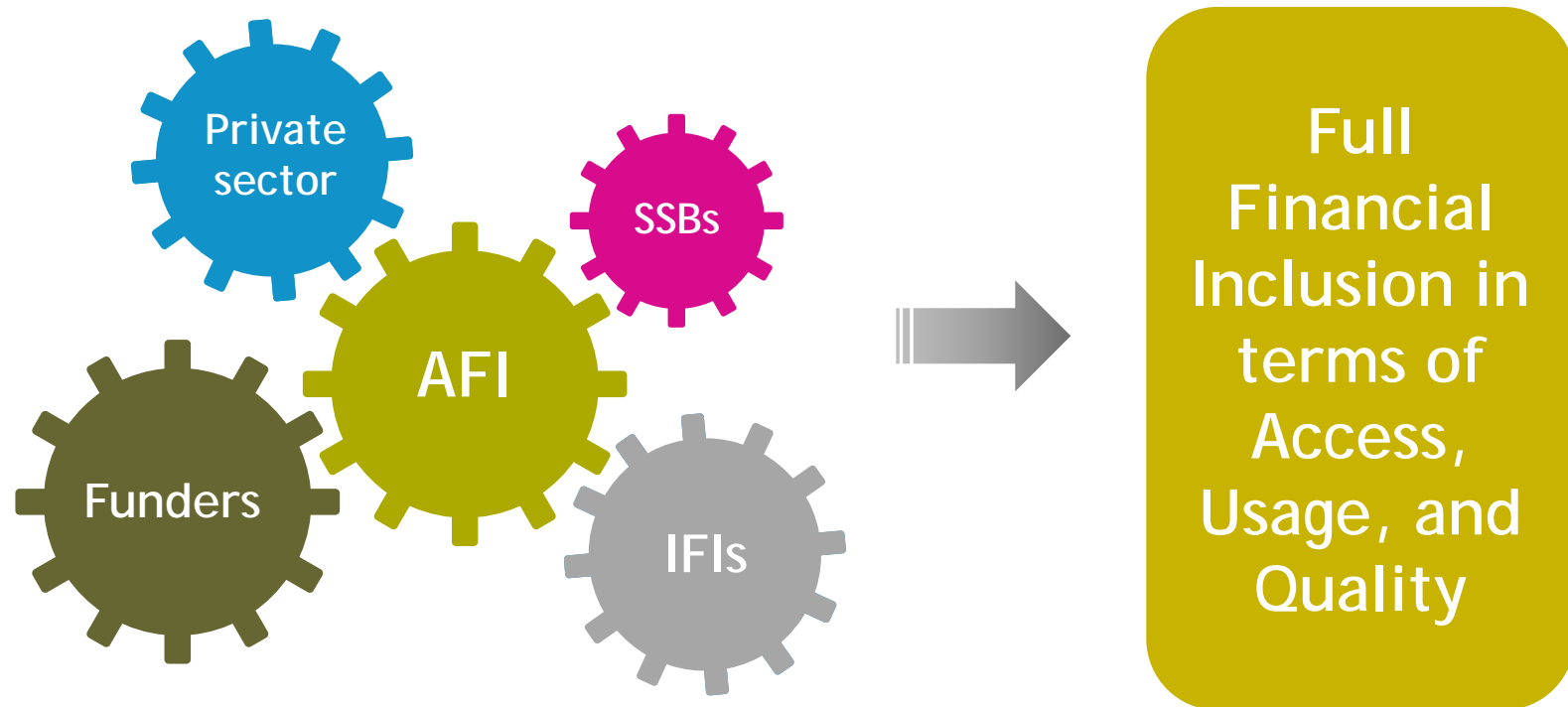
“We are deeply concerned with the trend of de-risking, or de-banking, and its negative impact on the Pacific. We support the dialogue that AFI has pioneered with the Standard Setting Bodies (SSBs) to bring the weight of the voice of developing and emerging economies into the guidelines of SSBs...”

- 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

Bringing
smart
policies
to life