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TASK FORCE ON

Financial Inclusion for Economic Empowerment

Policy Paper

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Policy Paper

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Foreword: Chair of the Task Force

DINESH KUMAR KHARA
Chair, B20 India Task Force on Financial Inclusion for Economic Empowerment and Chairman, SBI

I am happy to present this policy paper on 'Financial Inclusion for Economic Empowerment'. This paper covers the progress made in providing access to basic financial services across the globe through innovative business models and distribution channels over the past decade. While there has been a dramatic improvement in access to banking services like credit, savings, insurance, etc., a significant portion of the population is still financially excluded. This is where new-age financial services like Fin Techs can play a crucial role in reaching out to this segment and providing them with access to essential financial services.

The paper also emphasizes the importance of inclusive regulations for both customers and financial service providers in advancing financial inclusion. It illustrates how a combination of incentives and mandates can help to strike a fine balance by encouraging innovation and streamlining processes on the supply side while protecting customers' interest on the demand side. By fostering an enabling regulatory environment, we can create a level playing field for all players and promote greater competition, which ultimately benefits customers.

Further, the report covers the role played by the business correspondent ecosystem in promoting financial inclusion, who act as intermediaries between banks and customers, providing the last-mile delivery of financial services to underserved populations. The report highlights the enormous potential this ecosystem holds for bringing financial services to the last mile through partnerships with cutting-edge financial service providers. By leveraging technology and innovative business models, we can expand access to financial services to even the remotest corners of the country.

Finally, this policy paper paves the way for the establishment of a dedicated secretariat for continuous assessment of progress made on financial inclusion within different countries. This secretariat will provide tailored pathways for advancing financial inclusion within different countries based on their economic, social, and cultural contexts. By regularly monitoring progress and sharing best practices, we can accelerate our efforts towards achieving greater financial inclusion and economic empowerment.

I would like to express my deep gratitude to our technical Team of PricewaterhouseCoopers Pvt. Ltd, India, as well as the B20 Secretariat, CII, for their invaluable contributions. I am hopeful that this report will prove to be a valuable resource for policymakers, regulators, and all other stakeholders to foster financial inclusion and promote economic empowerment.

Messages from Co-Chairs

It is my pleasure to present this policy paper on 'Financial Inclusion for Economic Empowerment'. This report highlights the importance of increasing financial services penetration and underlines its significance in strengthening the livelihoods of the population residing at the bottom of the pyramid.

An important point that this policy paper addresses is the importance of increasing savings and insurance penetration. By providing access to savings accounts and insurance products, we can help individuals and families build a financial safety net, protect themselves against unforeseen events, and plan for their future. Furthermore, by guiding the underserved segment towards the consumption of wealth management products, we can help them grow their wealth and achieve long-term financial stability.

Another point that this policy paper promotes is the establishment of group-based or ecosystem organizations (such as farmer-producer organizations). Such an ecosystem can facilitate easier access to traditionally underserved customer segments, thus reducing the cost of acquisition for financial service players. Additionally, the distribution of group-based financial services, such as meso-insurance, can help transfer individual risk to a group level, thus lowering the cost of financial services for an individual.

This policy paper provides recommendations and actionable items that can further improve financial inclusion by grouping them under three major pillars: ecosystems and enablers, products, and regulations and policies. The focus of the policy paper is to tackle the issues that prevent inclusion by focusing on practical use cases and best practices based on successful implementation and learning from different countries. I hope that this report will serve as a valuable resource for policymakers, industry leaders, and all those committed to advancing financial inclusion in India and beyond.

SANJIV BAJAJ
Chairman & Managing Director, Bajaj Finserv, India Ltd.

Financial Inclusion has been a priority area for governments globally to both economically and socially strengthen the vulnerable groups forming the bottom of the pyramid. The B20 group under India's G20 presidency acknowledges its importance as it provides significant opportunities for businesses, especially financial service providers, to cater to the large population segment that has been left unserved or underserved.

Thus, this policy paper delves into the barriers faced in catering to these financially excluded segments from both the demand and supply sides, explores the new opportunities emerging under the aegis of technological innovations and new business models, and proposes a tangible way forward to effectively advance financial inclusion.

The policy paper encourages the capacity building, incubation, and handholding of small enterprises to make them more resilient. Especially, it recommends novel financial methods to make export-oriented MSMEs more risk-resistant. The policy paper also highlights the role of digital and financial literacy in advancing financial inclusion. It provides innovative measures to make financial literacy more interactive and engaging.

Finally, the policy paper highlights the journey of financial inclusion for three different countries, set apart on different continents, and showcases how the end goal of a financially inclusive society can be achieved through varied pathways based on a country's socio-economic context and how we can leverage the best practices from there to replicate them within similar ecosystems.

SHENG HETAI
Vice Chairman & President, SINOSURE, China

There's no question that giving more people more of an equal opportunity is critical. They must see and feel they have a place in the digital economy. That starts with a deliberate commitment to deliver technology that enables greater digital financial inclusion.

The technology has to be relevant. It has to be inclusive. It also has to work wherever and however people need it. As emphasized within the findings of this policy paper, interoperability between the technical, regulatory, financial, and infrastructural ecosystems is essential.

Another core component is trust. That comes by making a promise and delivering on it again and again. The actions outlined in this paper encourage consistent governance, robust cybersecurity, and strong consumer protections.

Both of these foundational elements – technology and trust – require collective action across the public and private sectors. We must deliver it continually and consistently in areas such as digital public infrastructure, real time payments and cross-border transactions.

Together, we can build a better model for financial inclusion and digital transformation. If we do, we will empower more people and ensure equitable and sustainable economic growth in India and across the globe. The recommendations in this paper provide a clear roadmap to help drive this forward.

MICHAEL MIEBACH
CEO, Mastercard, USA

Ensuring that the global financial system is truly inclusive, and open, to every individual and every business, however small, is a major challenge for the world. G20 leaders first recognised financial inclusion as a key pillar of the global development agenda at their meeting in Seoul in 2010: the lack of financial inclusion acts as a brake on the economic growth and development of our societies, communities and people, driving down living standards and driving up inequality. A civilized, developed society has a financial system accessible to all.

There have been many initiatives since. These have covered a diverse set of issues, from international financial regulation to national remittance plans and financial literacy. Despite this good work, the challenge remains. Figures from the World Bank outline the gravity of the task: 1.7 billion adults – about half the world's adult population – still have no access to properly regulated financial services; only 54% of adults in developing economies have a bank account with a formal financial institution; and women are disproportionately, negatively impacted. Many SMEs also remain excluded from formal borrowing, despite increasingly having an account with a financial service provider.

That is why it is so important that India has made financial inclusion a priority for its G20 Presidency and why we have dedicated a Task Force of the B20 to propose solutions for G20 Leaders to consider. The recommendations we have developed cover a range of issues and are intended to complement the work that is already taking place at an international level - in particular, by the Global Partnership for Financial Inclusion (GPFI). They include measures to:

- Improve and strengthen the governance and management of financial institutions so they are better able to promote financial inclusion
- Empower marginalised groups by ensuring that their interests, needs and advice are properly considered in the design of financial products and services
- Promote consistency in the measurement of financial inclusion; and
- Create more institutional bandwidth on this issue by establishing a new public-private partnership to monitor the progress made by G20 members

Taken together and properly implemented, these proposals can help us not only to build on the good work that has been done so far but also to make a positive difference to the financial health and wellbeing of individual citizens and of small firms, all over the world. This will help to support global growth.

MARK TUCKER
Group Chairman, HSBC Holdings Plc, UK

Recommendations: Executive Summary

Financial Inclusion has a two-way relationship with Economic Empowerment. Innovative financial products such as cash-flow based lending rather than collateral-based lending can enhance access to capital for underserved customer segments such as Micro, Small, and Medium Enterprises (MSMEs), women and farmers. Financial products that protect privacy and control for women can help in building their assets and household decision making (leading to economic empowerment), and customized insurance services that insure farmers against the occurrence of a specific event through fast payouts and high flexibility can increase their income and productivity. On the other hand, economic empowerment can also feed into financial inclusion. For example, equal asset ownership by women can lead to greater access to capital (due to the availability of collateral).

The world has made substantial progress on Financial Inclusion in the past. In the last decade (2011-21), the percentage of adults with an account at a financial institution has increased from 51% to 74%.

The Business 20 (B20) engagement group under the Presidency of India for G20 2023 has set up a Task Force on 'Financial Inclusion for Economic Empowerment' to suggest potential ways through which financial inclusion can be further strengthened globally and contribute towards economic empowerment.

The objective of the Task Force is (i) to develop a framework for financial inclusion and economic empowerment; (ii) define current priorities to advance financial inclusion leveraging progress achieved so far; and (iii) make specific policy

Figure 1: Priority themes & policy actions

A. Ecosystem & Enablers

Priority Theme	Policy Action
1. Private Sector Involvement for Financial Inclusion	• Enable new-age financial institutions to design affordable and accessible digital financial products • Encourage competition and innovation through a right set of commercial incentives
2. Digital Public Infrastructure Roll-out	• Digitization of Identities • Development of Digital Public Infrastructure with safeguards • Collaboration between Public & Private Sector • Enabling free flow of data • Interoperability between multiple ecosystems
3. Capacity Building through Incubation and Literacy	• Provide incubation/ handholding/ mentorship assistance to small businesses & enterprises • Adopt digital & financial literacy • Encourage MSMEs to conduct international trade business
4. Gender & Diversity inclusive finance	• Incorporate "gender intentionality" as a key component when designing financial products • Encourage differential norms for women, LGBTQIA+, physically disabled persons etc

B. Product

Priority Theme	Policy Action
5. Reducing Cost of Borrowing for the underserved Segment	• Strengthen financial institutions by providing risk-hedging instruments • Enhance low-cost developmental capital for financial inclusion to further SDGs
6. Harnessing power of Business Correspondents in Financial inclusion	• Promote primary co-operatives as the physical touch points for digital delivery of last mile services. • Establish a regulatory framework for managing and overseeing the SHG ecosystem
7. Targeted Interventions for Agri & Rural Segments	• Prioritize financial inclusion of the small landholding and landless farmers • Promote group-based delivery of financial services through aggregation of farm produce • Appreciating the diversity amongst nations/ geographies/ demographic & economic environment, we may prefer an intermediary model where a fund is made available for respective area and suitable products (both Loans & Savings), customised for specific needs of the prevalent target groups may be designed by a committee necessarily having participation of chosen members from the target groups • While broader terms related to making funds available to Such an intermediary pool may be stipulated centrally (by Financial Service Providers), settling the specific terms of financial products may be designed by the committee • Such an approach may enhance suitability of Financial Inclusion products for the target group and hence help in higher onboarding of those groups into the financial eco-system
8. Incentivize Cross-border Payment Innovations	• Enable the development of an international regulatory framework to support cross-border payments and remittances
9. Increase Insurance, Savings, & Wealth Management Penetration	• Increase penetration of affordable insurance through inclusive distribution channels • Promote the uptake of savings and pension products • Promote consumption of more advanced wealth management products

C. Legal & Regulatory

Priority Theme	Policy Action
10. Enhancing Consumer Protection	• Focus on improving cyber security, maintaining data privacy, and resolving customer complaints • Incorporate fairness, transparency & suitability of products in the delivery of financial services
11. Inclusive Policy Design & Governance	• Encourage nations to have regulations and policies that are inclusive by design • Promote the setting up of self-governing bodies to standardize practices in the digital lending sector

recommendations and corresponding Key Performance Indicators (KPIs) for G20 countries.

Figure 1 summarizes the proposed framework for financial inclusion and economic empowerment divided into three verticals, i.e. A. Ecosystem and Enablers, B. Product, C. Legal and Regulatory. The framework proposes 11 priority themes relevant in the current environment for financial inclusion and economic empowerment. Against 11 priority themes, the policy paper recommends policy actions and corresponding KPIs.

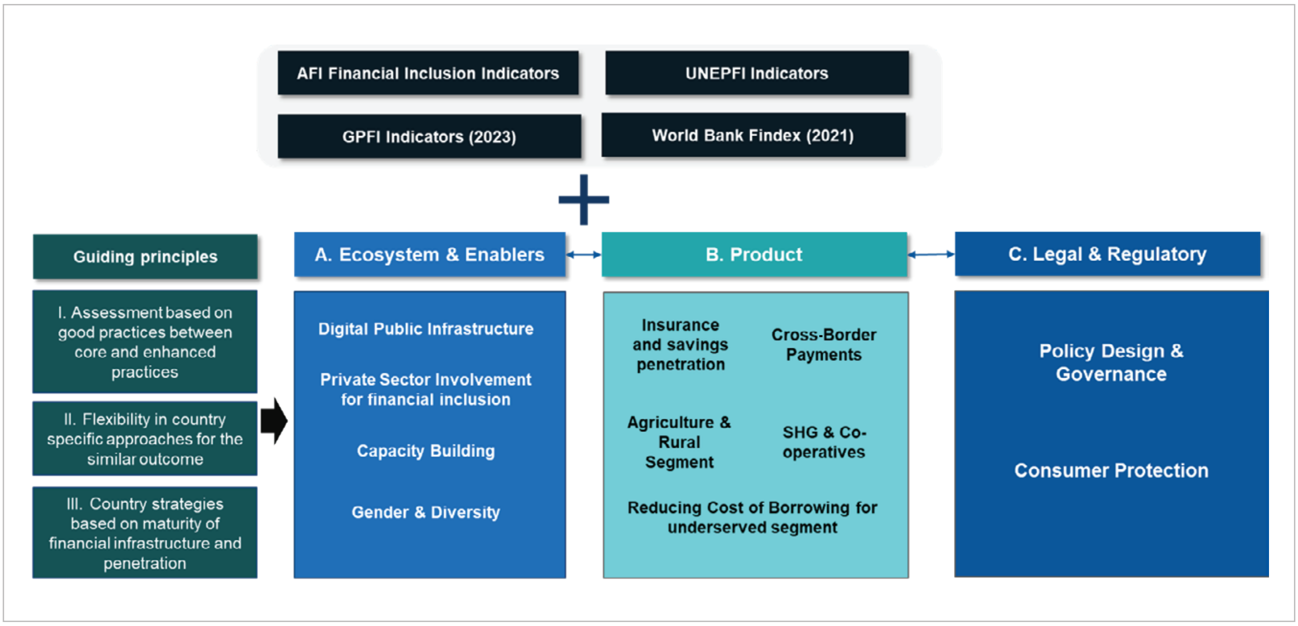
The suggested policy actions recognize the different global pathways countries may adopt to improve financial inclusion. The policy paper, therefore, against each policy action documents, presents several global use cases/applications to substantiate their relevance. The policy paper showcases three different case studies of Kenya, Brazil and India in their journey of financial inclusion. The policy paper highlights the role of mobile money in Kenya and digital public infrastructure in India and Brazil in fostering financial inclusion.

This paper notes that the sustainability of recommendations made in the B20 engagement group is essential. Therefore, the B20 Task Force proposes a 'Financial Inclusion Assessment Framework' based on the three verticals mentioned above, i.e. (i) Ecosystem and Enablers, (ii) Product, and (iii) Legal and Regulatory. Countries would be able to monitor their performance based on the proposed Financial Inclusion Assessment Framework.

In terms of monitoring indicators, the proposed framework takes into account existing data systems such as Global Partnership for Financial Inclusion 2023 indicators, Alliance for Financial Inclusion Indicators, United Nations Environment Programme Finance Initiative indicators, and World Bank Findex. The Framework builds on existing data systems and proposes to strengthen them further by capturing some of the other critical dimensions, such as the role of Digital Public Infrastructure, Gender and Diversity, Capacity Building through incubation and financial literacy, Self Help Group (SHG) and co-operative promotion, etc., in achieving financial inclusion.

The Financial Inclusion Assessment Framework also recognizes that different countries are at different maturity levels in their financial inclusion journeys; therefore, the guiding principles for financial inclusion assessment and strategy should be such that (a) Assessment is based on both core good practices and enhanced good practices (which is recommended but not mandatory), (b) Flexibility is provided to countries to achieve similar outcomes through varied approaches, and (c) Strategies are designed for countries taking into account maturity of financial infrastructure and financial sector penetration.

Figure 2: Financial inclusion assessment framework



The policy paper also recommends setting up a 'B20 Secretariat for Financial Inclusion' housed in a multilateral development agency. The purpose of setting up the Secretariat would be to ensure that the progress made through the previous and current B20 Financial Inclusion Task Forces is sustained and continues independently. The Secretariat would have representation from G20 countries and would ensure the sustainability and continuity of recommendations made across different G20 presidencies. The Secretariat would serve as a center of excellence in setting principles and defining best practices, developing and updating the 'Financial Inclusion Assessment Framework' and an assessment guide for assessors, designing country-specific financial strategies, standardizing definitions across the globe, building international partnerships, and also providing demand-based research or consultancy for self-sustainability.

Introduction

Objectives of the Task Force

Globally, countries have made concerted efforts over the years to promote financial inclusion as one of the key enablers of economic empowerment. It has also been the central theme of discussion at the G20 summits since its inaugural edition in Washington, DC. It has resulted in the rollout of some of the major principles, guidelines, and policies to enhance financial inclusion.

In keeping with the overall B20 2023 priorities, the Task Force on Financial Inclusion for Economic Empowerment is formed with the following objectives:

- To develop a framework for financial inclusion and economic empowerment
- Define current priorities to advance financial inclusion leveraging progress achieved so far
- To make policy recommendations to G20 countries to promote financial inclusion and economic empowerment

Definition of financial inclusion & economic empowerment

Over time, the concept of financial inclusion has evolved to include various aspects related to access, use, and quality of financial services, specifically focused on the underserved segments of society. As a result, there is no single, universally accepted definition of financial inclusion. Various definitions differ depending on (i) the target market segment (i.e., households, businesses, etc.); (ii) the coverage of financial products and services (i.e., credit, insurance, payments, savings, etc.); and (iii) key attributes (accessibility, affordability, sustainability, responsiveness, timeliness, convenience, etc.).

Based on several internationally accepted definitions and the definition proposed by the Global Partnership for Financial Inclusion in the past, the following definition of financial inclusion is proposed for this policy paper[2]:

> Financial inclusion is the state in which all adults and entities (including MSMEs) have effective access* to and use a range of financial services, including savings, payments, credit, insurance, and investment, which meet their needs at an affordable cost. The goal of financial inclusion is to empower individuals and businesses to manage their finances, build assets, and improve their standard of living.

[*Effective access includes enhancing consumer choice by promoting competition and innovation among financial services providers to offer product options that are pertinent, convenient, and affordable to a diverse consumer base while simultaneously ensuring responsible market conduct and providing effective consumer protection.]

Some of the noteworthy aspects of the proposed definition are:

- Focus should be on not just working-age adults (GPFI 2022) but also to include the elderly, who may need pension, savings, investment, and insurance services. As per the current demographic trends, the world is ageing, and a more significant proportion of the world's population will be above 60 years in age in the coming decades. As per UN Population Division projections, the percentage of the world's population above the age of 60 will increase from 13% in 2022 to ~21% in 2050. This market segment would need specific financial services to meet its unique requirements which need to be addressed
- Effective access is essential for individuals/businesses to have access to various financial services and products that are responsive to their needs, affordable and protect their rights

On the other hand, economic empowerment has always been one of the major outcomes of the financial inclusion process, as evidenced by numerous examples. Access to finance, for example, enables women to raise the necessary capital to start their own businesses and earn financial independence (contributing to the economic empowerment of women).

Access to quality insurance products can help farmers protect their savings and protect their consumption even during difficult times (contributing to economic empowerment of farmers)[3].

Thus, for this paper, economic empowerment is defined as:

> Economic Empowerment is the phenomenon that allows underprivileged people to think beyond immediate daily survival and to exercise greater control over both their resources and life choices.[4]

Challenges and opportunities in financial inclusion

The world has made substantial progress towards financial inclusion. The proportion of adults with a financial institution account has gone up from 51% in 2011 to 74% in 2021[5]. Nearly 86% own a mobile phone (2021). More than 50% of adults own a debit or credit card. Among the adults with an account with a financial institution, more than 65% made a deposit, and similarly for withdrawals.

Effective access to formal financial services remains limited. For example, while 51% of women (15+) borrowed money but only 28% borrowed from a formal financial institution or using mobile money account. This points towards challenges on both the supply and demand sides. Demand-side challenges include limited business acumen, financial and digital literacy, the informal nature of enterprises, lack of adequate access to literacy, the informal nature of enterprises, lack of adequate access to formal financial services, a lack

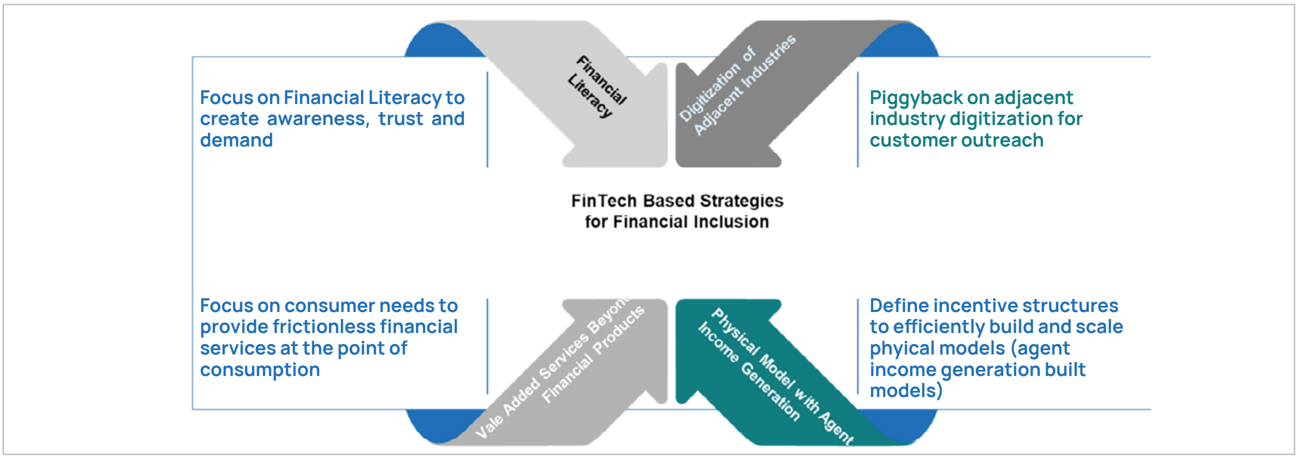
> The world has made substantial progress in the last decade particularly with respect to 'access to formal account'. But effective access is still in progress. Digital Finance can be critical in ensuring effective access to and use of a range of financial services, including savings, payments, credit, insurance, and investment.

of consumer awareness, a lack of digital identity for enterprises, and a trust deficit, especially among new-to-bank or new-to-credit customers, particularly in the digital mode of financial services delivery. On the supply side, this may include limited collaboration in data sharing to unlock value, a lack of alternate data-based products, irrelevant value-added services, and limited digital and physical infrastructure.

FinTechs (largely technology players providing financial services) have demonstrated enormous potential over the last decade to drive digital financial inclusion. FinTechs have emerged as the key drivers of financial inclusion in this era due to their ability to digitize traditional value chains, provide last-mile connectivity, and deliver financial and value-added services at an affordable cost. FinTechs have the advantage of being agile and customer-centric, with favorable unit economics resulting from innovative business models that allow flexibility in reaching customer segments that remain underserved.

Figure 3 shows some of the key strategies which can be leveraged through the FinTech ecosystem. In the subsequent section, suggested priority themes and policy actions are outlined.

Figure 3: FinTech strategies to drive new segment penetration and inclusion



Priority Themes and Policy Actions

The Task Force recommends 11 priority themes and corresponding policy actions. A summarized version is shown in Figure 4. Subsequently, a detailed description of suggested policy actions and KPIs is provided, along with relevant use cases derived from across the globe. **These priority themes are clubbed across three verticals, A. Ecosystem and Enablers, B. Products, C. Legal and Regulatory.**

Figure 4: Priority themes and policy actions

A. Ecosystem & Enablers

Priority Theme	Policy Action
1. Private Sector Involvement for Financial Inclusion	• Enable new-age financial institutions to design affordable and accessible digital financial products • Encourage competition and innovation through a right set of commercial incentives
2. Digital Public Infrastructure Roll-out	• Digitization of Identities • Development of Digital Public Infrastructure with safeguards • Collaboration between Public & Private Sector • Enabling free flow of data • Interoperability between multiple ecosystems
3. Capacity Building through Incubation and Literacy	• Provide incubation/ handholding/ mentorship assistance to small businesses & enterprises • Adopt digital & financial literacy • Encourage MSMEs to conduct international trade business
4. Gender & Diversity inclusive finance	• Incorporate "gender intentionality" as a key component when designing financial products • Encourage differential norms for women, LGBTQIA+, physically disabled persons etc

B. Product

Priority Theme	Policy Action
5. Reducing Cost of Borrowing for the underserved Segment	• Strengthen financial institutions by providing risk-hedging instruments • Enhance low-cost developmental capital for financial inclusion to further SDGs
6. Harnessing power of Business Correspondents in Financial inclusion	• Promote primary co-operatives as the physical touch points for digital delivery of last mile services. • Establish a regulatory framework for managing and overseeing the SHG ecosystem
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C. Legal & Regulatory

Priority Theme	Policy Action
10. Enhancing Consumer Protection	• Focus on improving cyber security, maintaining data privacy, and resolving customer complaints • Incorporate fairness, transparency & suitability of products in the delivery of financial services
11. Inclusive Policy Design & Governance	• Encourage nations to have regulations and policies that are inclusive by design • Promote the setting up of self-governing bodies to standardize practices in the digital lending sector

Priority Theme 1: Private Sector Involvement for Financial Inclusion

Policy actions 1.1 Enable FinTechs and new-age financial institutions (neo banks, digital banks) to design secure, affordable, accessible, and privacy-enhancing digital financial products and devices, increasing acceptance among merchants and adoption among consumers.

KPIs

a) G20 nations to create acceleration platforms for FinTechs and new-age financial institutions to connect with investors and get access to customers within 2 years

b) G20 nations to create a list of public sector use cases of services/products from FinTech and new-age financial institutions and source mutually beneficial solutions in government service delivery within 2 years

SDGs Impacted

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

CONTEXT

FinTechs can play a key role in boosting financial inclusion by leveraging the existing financial ecosystem and emerging technologies to make financial services and products simpler, more customizable, more accessible, and more cost-effective for millions of unbanked and underbanked consumers. Similarly, new-age financial institutions like neo-banks and digital banks provide digital products to consumers that can be highly personalized and accessed at their fingertips without visiting any branch or outlet.

FinTechs have played an instrumental role in mainstreaming digital payments, powered mostly by mobile money accounts and e-wallets. Mobile money accounts have led to 1.2 billion previously unbanked adults gaining access to formal financial services and a 35% decrease in the unbanked population over the last decade[6]. FinTechs are using alternate data such as spending patterns, income streams, social media footprints, call logs, purchase histories, and utility service provider payments to assess the risk of previously underserved segments and provide suitable financial services. Therefore, the private sector, supported by digital public infrastructure, has brought significant innovation to the financial space.

Any progress on financial inclusion in the future would be contingent on enabling private sector involvement. It is important that FinTechs, especially at an early age with innovative ideas, have access to capital to test and scale a particular financial product/service intended towards underserved segment. The development of acceleration platforms where FinTechs are connected with domestic and global investors would be key. New-age start-ups may not necessarily be connected with key investors because they are outside the network. This would also ensure that scarce capital is routed towards those ideas with high impact potential rather than continuously funding the ideas that are doomed to fail. Similar platforms could be developed to connect FinTechs with customers so that innovative products achieve scale and become self-sustaining.

Governments, apart from being facilitators, can also be consumers of the services of FinTech, thereby both providing the needed customer base in the initial growth phase of FinTech start-ups as well as instilling efficiency in the delivery of public services. Several use cases could be designed in the public sector, connecting the needs of the government with technology solutions brought forward by FinTech companies.

Use case

PayNearby is an India-based FinTech that provides branchless banking services to individuals and last-mile infrastructure support for corporations. It enables a vast network of local retailers called "Digital Pradhans," who act as intermediaries between customers and their digital platform. Their digital platform provides a host of digital financial services, including branchless banking, utility payments, insurance, travel, and digital suites targeted at retailers, distributors, individuals, and self-help groups from underserved communities. PayNearby was part of the "start-up to Scaleup" acceleration programme run by the GAIN (Global Accelerator for Innovation Network), supported by the Government of India (GOI) and Ministry of Electronics and Information Technology (MEITY). The accelerator platform helped the start-up scale and reach out to a larger customer base[7].

Policy actions 1.2 Encourage competition and innovation as well as investments among private sector financial service providers through the right set of commercial incentives and policy frameworks to enable sustainable business models and drive overall market efficiencies.

KPIs

a) Financial Services regulators from the G20 nations to create regulatory sandboxes or similar structures through which private sector financial service providers can experiment with innovative products, services, and technologies in a controlled environment within 2 years

b) G20 nations to build innovation platforms for facilitating partnerships between financial institutions, technology firms, and academia within 3 years

c) G20 nations to develop a list of good practices for ease of doing business, such that it reduces the cost of compliance for the entities working in the financial inclusion segment within 2 years

SDGs Impacted

CONTEXT

The private sector has been one of the major drivers for financial inclusion globally. Traditional financial institutions like private sector banks, insurance agencies, and pension funds, as well as new-age entities like FinTechs, WealthTech, InsureTech, Neo-Banks, account aggregators, etc., have been instrumental in delivering financial services to the bottom of the pyramid. Historically, the private sector has played an important role in digital financial inclusion by collaborating between telecoms and the financial ecosystem to deliver financial services virtually.

Governments should provide a regulatory and policy framework that, on the one hand, provides "ease of doing business" and, on the other hand, promotes competition in the market such that only sustainable business models remain in the market.

To create a strong, competitive, and dynamic private sector, policies and regulations should also promote the right set of commercial incentives that support its growth. This could include liberalized licensing regimes for new business models, fiscal support in the initial years of operation, and promotion of public-private partnerships for delivering services. For instance, the Reserve Bank of India, India's central bank adopted a "regulatory sandbox" approach where it provided certain regulatory relaxations for FinTech companies to conduct live testing of products/services. This sandbox allows the regulator to engage with the ecosystem and develop innovation-responsive regulations. The benefits of such a regulatory sandbox are that it promotes "ease of doing business"; allows FinTechs to promote financial inclusion through innovation and competition and gives better outcomes to consumers through an increased range of products and services.

Use case

Indonesia's financial regulator, OJK has identified FinTech as the priority area for advancing financial inclusion in the country. Thus, to develop a competitive and robust FinTech ecosystem, it follows a strategy based on five pillars: i.e. holistic and balanced strategy of supporting innovation and competition; having an agile regulatory framework that provides a set of incentives for promoting FinTechs; having robust market supervision with simplified guidelines on effective corporate governance, risk management, and compliance; promoting regulatory sandboxes for evaluating the dependability of the business model, business processes, financial instruments, and governance; and enabling digital innovation[8].

Priority Theme 2: Digital Public Infrastructure Roll-out

Policy actions 2.1 Promote the digitization of identities at the individual, enterprise, and farm levels that are both interoperable and recognized across borders.

KPIs

a) G20 nations to develop guidelines for unique single digital identification for MSMEs & individuals that can be securely accessed (based on consent) by different government and private stakeholders for identity verification and information access within 3 years

SDGs Impacted

CONTEXT

A lack of legal identification can limit access to various essential services across domains such as healthcare, education, various social welfare benefits, and formal financial services. As a result, a multi-purpose 'digital identity' has become an essential instrument for developing countries, not only for uniquely identifying their citizens but also for supporting the social and financial inclusion of the poor and vulnerable segments of society[9]. Digital identities provide a fast, efficient, and less fraud-prone solution to inclusion.

Globally, governments have made some progress in digital identity at the individual level. But, at the Micro, Small, and medium enterprises (MSMEs) level, the lack of a unique digital identity is an acute challenge. Only a fraction of enterprises is formalized and all enterprises face a significant credit gap. One of the most significant barriers MSMEs face in obtaining trade finance and working capital loans from banks is the high cost of conducting Know Your Customer (KYC) without a uniquely identifiable source for their identity. According to the ADB Trade Finance Gap Survey, nearly one-fifth of MSMEs have experienced rejection of Anti-Money Laundering (KYC/AML) requests by banks[10]. Thus, having a legally recognized digital identity that is acceptable across borders allows enterprises to verify their identity and meet the KYC requirements needed to access a wide range of financial services from both domestic and international sources[11]. Digital identity can also serve as a one-stop shop for governments to route development schemes and issue licenses.

> As per the World Bank, around one billion people globally lack identification, and approximately 1.7 billion adults still remain unbanked.

Use case

Thailand's SME ONE ID enables micro, small, and medium-sized enterprise (MSME) operators to gain access to government services by using a single identification on a single unified system. The platform, created in collaboration with the Office of SMEs Promotion (OSMEP) and the Digital Government Development Agency (DGA), is intended to reduce overlapping procedures and streamline registration and documentation processes. Businesses that use the SME ONE ID platform can avoid filling out multiple forms issued by each agency and instead scan a QR Code to gain immediate access to e-services. Registered entrepreneurs, for example, can easily apply for facilities such as affordable working capital loans from banks, product registration with the Thailand Food and Drug Administration or the Thai Industrial Standards Institute, or promotional privileges with the Department of Industrial Promotion using the SME ONE ID[12].

Policy actions 2.2 Encourage the development of digital public infrastructure with safeguards for seamless delivery of public services.

KPIs

a) Private sector and G20 governments to develop a definition of DPI and a list of DPI use cases that showcase global examples of DPI within 2 years

b) Within 2 years, G20 nations to adopt a governance framework for DPI based on the following core principles: targeted scoping, transparent governance, privacy and trust, equal access, commercial sustainability, and multi-stakeholder standard setting

c) G20 nations to develop the guidelines for safeguarding the consumer/beneficiary data in the DPI within 2 years

SDGs Impacted

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

What Principles Should Inform DPI Governance?

Principle	Description
Targeted Scoping	A DPI approach should be reserved for situations with a clear and demonstrated market failure and complement - not crowd out - private sector alternatives.
Transparent Governance	Governance of DPI operating entities should be transparent and open to all key stakeholders – including the private sector.
Privacy and Trust	DPI should incorporate strong privacy protections that would safeguard citizen data and ensure that such standards apply equally to public and private sector entities that participate in or operate DPI.
Equal Access	Governments should ensure that all players have equal access to build and operate digital services atop DPI. Similarly, the state should ensure fair competition with the DPI. Participation in the DPI should always be voluntary.
Commercial Sustainability	To ensure long-term growth and minimize reliance on public subsidies, DPI should enable commercially sustainable operations and business models.
Multistakeholder Standard Setting	Technical standards and protocols for DPI should be developed through an open and multi-stakeholder process that encourages private sector participation and interoperability with global standards.

CONTEXT

Financial inclusion through physical outlets like brick-and-mortar branches has its limitations. It has limited coverage, requires significant investment in setting up infrastructure, and usually entails higher operational costs. In the last decade, the world has moved seamlessly from physical infrastructure-based delivery of financial services to investing in digital infrastructure enabled financial services. Digital public infrastructure, through its three-layered approach of digital identification, interoperable payments, and a dedicated consent architecture for data sharing, helps financial institutions deliver products and services to the last-mile clientele efficiently and effectively. DPI enables governments as well to deliver public services in a fast-paced manner, ensuring transparency and cost savings.

Use case

The Singapore Government Tech Stack (SGTS) offers a shared digital infrastructure to all government agencies in the country. It consists of software and infrastructure components that are interoperable, reusable, and scalable. The tech stack is built on two layers, i.e. the base layer and the service layer, which together cover the entire app development life cycle. Through the SGTS, government agencies are now able to tap into a ready-made portfolio of products and services to create offerings that are of a high caliber and standard. As a result, government digital services are more secure, seamless, uniform, and integrated for both citizens and companies[13].

One of the major applications built on this digital public infrastructure is Singapore's national digital identity, "Singpass"[14]. Singpass is a user-friendly, cost-free programme that is accessible to all Singaporeans, permanent residents, and anyone with Foreign Identification Numbers (FIN) who is 15 years of age or older. It allows users to utilize their legal identification to transact with businesses and government entities both online and in person. The "Myinfo" functionality of Singpass enables users to pre-fill digital forms with their personal data from government sources for online transactions while giving them control over how the information is shared. As of 2022, more than 800 digital services offered by government agencies and businesses have been onboarded on Myinfo[15].

Policy actions 2.3 Encourage collaborations between the public and private sectors to enable digital payments and promote last-mile financial inclusion

KPIs

a) Financial Services regulators from the G20 nations to agree on a framework that incentivizes private sector participation in enhancing digital payments within 2 years

b) G20 nations to develop a concrete vision document for boosting acceptance of digital and online payments in low-connectivity areas within 3 years

SDGs Impacted

CONTEXT

One of the major success stories of the digital public infrastructure is interoperable digital payments. Over the years, digital payments have accelerated financial inclusion by enabling convenient, affordable, instant payments for loans, utilities, and other financial services. Payment through digital means is efficient, offers a transparent method of conducting financial transactions, and reduces transaction costs. When provided responsibly, **digital payments can contribute towards achieving sustainable development goals such as Goal 1 (No Poverty), Goal 8 (Decent Work and Economic Growth), and Goal 10 (Reduced Inequalities)**[16].

For example, in Kenya, the spread of mobile money (money stored on digital wallets) lifted roughly 1 million people out of extreme poverty from 2008 to 2014 – the equivalent of 2% of the population[17].

As of 2022, more than 65 countries, with nearly 72% of the world's population, have access to a live or upcoming real-time payment system[18]. While internet-based digital payments imply access to fast, convenient, cost-efficient, and reliable payment architecture, they are limited only to those who have smartphones with internet access. A significant chunk of the population remains outside the ambit of digital payment infrastructure, mainly due to a lack of access to smartphones and the low penetration of the internet (as per the World Bank, global internet penetration is nearly 60%). Therefore, to ensure that no one is left behind in accessing digital payments, it is also important to promote non-internet-based payment options as well.

In parallel, efforts should be made to encourage public-private partnerships in building and enhancing Digital Public Infrastructure through investments in broadband, mobile internet, and other necessary infrastructure. This could open more opportunities for private companies to develop creative business models and enable affordable payment infrastructure at scale.

In India alone, digital payment transactions have significantly increased from 20.71 billion transactions in FY 2017-18 to 88.40 billion transactions in FY 2021-22. The value of transactions has also touched USD 36 trillion in FY 2021-22.

Use case

In 2016, the National Payment Corporation of India (NPCI) launched the Unified Payment Interface (UPI), an interoperable real-time payment system. It enables real-time transactions via a two-factor identification mechanism and aliases such as mobile numbers and QR codes. Simple and affordable transactions have aided in the democratization of payments for India's bottom of the pyramid segment. As of January 2023, 385 banks are live on UPI. With the value of transactions touching approximately USD 158 billion between 2018 and 2022, the country has more than doubled the extent of digitization of payments (Reserve Bank of India)[19].

Buna is a cross-border and multi-currency payment system founded by the Arab Monetary Fund (AMF) in 2018. It was created to help the AMF further economic and financial integration between Arab countries and expand trade and investment activities with the global trading partners. Built on the foundation that an efficient infrastructure for cross-border payments is essential to a solid and effective financial ecosystem, Buna enables 100 financial institutions and central banks across 22 states in the Arab region to send and receive payments, in Arab currencies as well as key international currencies. Buna welcomes the inclusion of all banks and other financial institutions that meet the eligibility criteria and conditions for participation, offering its participants cost-effective and real-time services through a centralized, risk-controlled, and secure platform.

Safaricom and Vodafone partnered in 2007 to launch M-PESA, a mobile money transfer service. The M-PESA network allows users to send money via mobile messaging to contacts, including friends and family, as well as to pay for goods and services, including groceries, retail purchases, utility bills, taxi fares, and more. The non-internet-based and non-bank account-linked modes of money transfer have greatly facilitated access to financial services in Kenya, the Democratic Republic of the Congo (DRC), Egypt, Ghana, Lesotho, Mozambique, and Tanzania. As per Vodafone, more than 51 million customers are making over USD 314 billion in transactions per year through M-PESA[20].

Policy actions 2.4 Encourage the free data flow between financial institutions and consumers through a dedicated consent architecture.

KPIs

a) G20 governments agree to host an innovation symposium exploring private and public efforts to promote data sharing (open banking, account aggregator framework, etc.) and define best practices within 1 year

SDGs Impacted

CONTEXT

A large amount of consumer data is typically fragmented and stored in silos. Traditional institutions like commercial banks, Non-Banking Financial Corporations (NBFCs), and new-age financial institutions like FinTechs and Neo-Banks have expanded their presence to the last mile of consumers and far-flung geographies. But the serviceability of Financial Institutions to an underserved segment is constrained due to a lack of data and information asymmetry. In such situations, this also means charging higher interest rates, higher processing fees, and other costs, making it challenging to meet the credit needs of lower-income sectors[21]. It also becomes a significant supply-side barrier for financial institutions to expand and diversify their portfolios across income segments.

There is a need to enable the free flow of information (both financial and non-financial) between consumers and financial institutions, either directly or through third parties. Information could be shared via a dedicated consent architecture, i.e. a system that enables users to digitally share their data with service providers in exchange for easier access to credit, insurance, and other services. This also paves the way for financial institutions to build credit models based on alternate data without financial information, allowing undocumented and underserved segments to gain access to formal financial services.

Following the implementation at the national level, measures should be taken for coordination across G20 nations to promote the consent-based flow of cross-border data between consumers and international financial institutions. This would promote competition, efficiency, and innovation in financial service delivery.

Use case

The National Monetary Council (CMN) and the Central Bank of Brazil (BCB) have created an open banking/account aggregator framework where facilitating data-sharing is mandatory for large commercial banks (S1 and S2 banks)[22], while other licensed banks can participate by observing a data reciprocity requirement.

The data sharing that occurs through standardized APIs includes the sharing of consumer registry data, transactional data on payments and accounts, data on credit operations, and payment initiation-related data. The whole process covers the steps of consent, authentication, and confirmation. Importantly, under this framework, data sharing can only be done with consumer consent, and each consent must be tied to specific purposes with a validity period limited to 12 months. Interestingly, the consumer can revoke this consent at any given time through the institutions involved in the data-sharing[23].

The use of consumer consented alternative data is best demonstrated in Latin America, where BBVA Bancomer, a Spanish bank, has partnered with Destacame, a Chilean data analytics firm, to extend credit to low-income customers, particularly those earning less than USD 100 per month. Destacame is a credit scoring platform that calculates a credit score based on a customer's history of utility bill payments. BBVA Bancomer was only approving 10% of customers in this segment using traditional risk assessment models, but with credit models based on alternate data, it was able to greatly expand its gross loan portfolio[24].

Policy actions 2.5

Promote interoperability among multiple technologies, and regulatory and financial ecosystems, enabling all stakeholders to interact.

KPIs

a.) G20 governments should lead a multistakeholder consultation process to define technology standards and frameworks that can help facilitate interoperability within 3 years

SDGs Impacted

9 Industry, innovation and infrastructure
17 Partnerships for the goals

CONTEXT

To allow all stakeholders to interact with one another, interoperability for facilitating financial inclusion entails reaching beyond the entities involved in payments and finance. It involves combining the power of multiple technology ecosystems to integrate data ecosystems and coalesce the same with regulatory and financial ecosystems.

In 2014, Tanzania became one of the first nations to establish an industry-agreed interoperability framework between mobile money wallets for facilitating P2P payments. As mobile money reached a critical acceptability level in the African continent following its rollout in 2008, the Bank of Tanzania began discussions to build upon it and enable account-to-account interoperability. It started with a bilateral agreement between Tigo, Airtel, and Zantel, which was further joined by Vodacom in 2016. These agreements allowed customers to transfer money between the leading mobile wallets (P2P) at no extra charge[25]. The Bank of Tanzania claimed that as of September 2017, there were over 6.9 million interoperable transfers, an exponential increase from 174,000 transactions in October 2014. These transfers now total more than USD 90 million each month in value. The percentage of interoperable P2P transactions in today's P2P market is roughly 28%, or over a third[26].

Priority Theme 3: Capacity Building through Incubation and Literacy

Policy actions 3.1 Provide incubation/ handholding/mentorship assistance to small businesses and enterprises to enable them access to right resources and focus on growth.

KPIs

a) G20 nations to develop guidelines for designing and developing incubation programs that connect tech players (with innovative technology solutions) with Micro and Small enterprises and grassroot groups such as Self-Help Groups within 2 years

SDGs Impacted

8 Decent work and economic growth
9 Industry, innovation and infrastructure
10 Reduced inequalities

CONTEXT

Individuals running Self-Help Groups (SHGs), primary co-operatives and MSMEs require sustained assistance for the following:

- To gain access to markets (both physical and digital)
- Secure working capital for running their enterprises
- Grow and scale their enterprises
- Improve financial literacy and entrepreneurial skills
- Overcome regulatory barriers
- Reduce operating expenses and expand their network

Failure to do so can lead to unprofitable operations, unsustainable debt levels, and the forced closure of businesses. Thus, providing incubation support to emerging ideas, handloading in the early stages of operations, and mentorship to navigate various challenges become essential services to be provided by the government and associations in order to strengthen livelihoods at the bottom of the pyramid and ensure the sustainability of their businesses[27]. It is important to underline that while supporting MSMEs and entrepreneurs on a small or limited scale and in specialized fields has long been common, doing so on a larger scale would be crucial for achieving systemic benefits. Therefore, it is important to create business models and policies that are both replicable and sustainable on a large scale.

Government policies should also focus on incubation programs for MSMEs. These policies should be structured to promote the use of technology, support the untapped creativity of entrepreneurs and promote networking in the ecosystem for the commercialization of their developments. For instance, in India, the Ministry of MSME launched a scheme to provide financial assistance to entrepreneurs, mentorship in business and technology, and professional/seed capital assistance to small companies.

Apart from government initiatives, public-private partnerships are also critical in ensuring adequate capacity building and incubation for small businesses and MSMEs on a large scale. Private companies, through corporate social responsibility (CSR) funding or other social development initiatives, can support entrepreneurs by providing the latest technology infrastructure; lending industry knowledge/digital know-how; building digital platforms to access online marketplaces, and other commercially sustainable solutions to strengthen the competitiveness of MSMEs.

> While access to financial services is an important component of financial inclusion, both individuals belonging to the bottom of the pyramid and micro enterprises need continued capacity building to effectively utilize these financial services.

It may be noted that use cases were recommended under B20 Indonesia 2022 on B20 Inclusive Closed Loop[28] and additional use cases are mentioned as below.

Use case

UDENRIGSMINISTERIET
The Trade Council

Denmark has set up Regional Business Development Centers to encourage growth among Danish entrepreneurs and small businesses by increasing their awareness of their growth potential and helping them identify and exploit growth opportunities. Through a defined process, entrepreneurs running small businesses are provided advisory services to develop a diagnosis of the company's growth potential and identify areas of weakness. The diagnosis meetings are free of charge, and based on this diagnostic, the Regional Business Development Centre helps the SMEs develop a growth plan.

To support the implementation of the growth plan, the Regional Business Development Centers refer them to relevant private service providers (e.g. banks, accountants, and lawyers), as well as to other stakeholders (e.g., knowledge and research institutions) and national public services (e.g., the Patent and Trademark Office or the Trade Council). The support offered includes a variety of services, including technical development, marketing, IP management, training, and finances, as well as solutions like economic and business information, sector-specific specialized support, early warning in case of domestic or international business issues, etc. The cost of this extra assistance varies depending on the services provided and the area in which they are provided. While some are offered without charge, others particularly those supplied by private consultants, could receive subsidies of up to 50% of their market worth[29].

The Government of India has launched the "Open Network for Digital Commerce" (ONDC) platform, which aims to implement and promote open digital networks for the exchanging of goods and services, with a focus on small businesses. The Network was established to create an inclusive, open, and reasonably competitive marketplace.

The ONDC platform provides several benefits to MSMEs. It lowers entry barriers to encourage competition, resulting in the democratization of the digital commerce space. ONDC protocols would standardize MSMEs' cataloging, inventory management, order management, and order fulfillment. As a result, rather than being restricted by specific platform-centric policies, small businesses will be able to use any ONDC-compatible application. Thus, MSMEs will have a plethora of options for being discoverable on the network and conducting business on their own terms. It is also poised to encourage MSMEs that are currently not present on any digital commerce networks to adopt digital means of transaction easily[30].

Policy actions 3.2 Encourage the domestic MSMEs to conduct international trade business.

KPIs

a) G20 nations to develop a framework to increase the supply of digital products (both financial and trade information related) for MSMEs to improve their accessibility and affordability of foreign-trade-oriented financial services, within 3 years

SDGs Impacted

CONTEXT

MSMEs are the backbone of many economies, accounting for 60% of employment globally and 95% of all businesses. They contribute about 35% of GDP in developing countries and about 50% in developed countries.[31] Over the years, a competitive and globalized trade ecosystem has opened international markets for MSMEs to export their products and services. In this environment, in order to make MSMEs export-oriented, capabilities need to be strengthened to appropriately monitor, assess, and strategize based on changing market dynamics, including the emerging opportunities and risks associated with international markets. Policymakers should leverage digital modes, including social media, for online education, training, and consultations with foreign trade oriented MSMEs.

Specific to financial services, governments could encourage trade facilitation institutions like export credit agencies (ECA), design financial tools like export credit insurance for MSMEs as to further unlock the vitality of domestic and international markets and help MSMEs manage elevated risks in international markets.

Use case

As a leading institution in the export credit insurance industry and an active trade finance promoter, China Export & Credit Insurance Corporation (SINOSURE) has developed a package of digital solutions for its MSME clients. These digital services include products such as 'Credit Traffic Lights', 'Credit Navigator, and 'Credit Alarm', which are embedded in the mobile App platform 'Xin-bu-tian-xia' (literally meaning 'going global with credit'). Nearly 190,000 registered users are making use of this platform. Simultaneously, SINOSURE has also launched an online learning platform, called 'SME School', to provide video courses and reading materials about risk management. This has greatly helped in providing easy-to-understand guidelines for communicating international market risks to MSMEs and has garnered 2.07 million clicks[32].

Policy actions 3.3 Impart digital & financial literacy to reduce financial frauds/scams and increase adoption of technology.

KPIs

a) Education ministries of G20 nations to create guidelines for redesigning the school curriculum and gamifying the digital and financial literacy delivery models to impart financial literacy at an early age, within 2 years

b) G20 nations to develop a framework to create train-the-trainer content and intuitive tech platforms along with smart incentivization schemes to encourage stakeholders with last-mile access to become digital and financial literacy champions (e.g., postal workers, women entrepreneurs, Kirana (small shops) owners, etc.), within 3 years

SDGs Impacted

CONTEXT

Financial literacy is one of the key enablers of effective financial inclusion, especially on the demand side. Financial literacy provides the fundamental knowledge and skills needed to analyze and comprehend financial products and services, and make sound financial decisions. Lack of financial literacy has many disadvantages; for example, consumers who do not understand the concept of interest compounding incur higher transaction fees, accumulate larger debts, and pay higher interest rates on loans. They also borrow more and save less money as a result. On the other hand, studies show that people with strong financial knowledge are better at saving, utilizing credit, and diversifying risk by spreading funds across several ventures[33].

Financial inclusion without financial literacy may result in exploitation because consumers may be unable to select appropriate products and may make uninformed decisions. As the majority of the population in rural areas of the developing world is financially illiterate, there is a need for a two-pronged strategy in which financial institutions and (non-financial institutions) are provided with fiscal incentives to impact adult financial literacy and young students are taught the principles of financial literacy at the school and college level. Financial literacy should result in overall financial health and wellness.

Furthermore, financial literacy is a complex, multi-dimensional notion that comprises a combination of knowledge, attitudes, and capabilities around the concepts of economic literacy, consumer literacy, and digital literacy. This complexity therefore suggests that perspectives on financial literacy will vary depending on the cultural, demographic, and socio-economic status of individuals. Thus, it is important to consider variables like family size, household income, gender, age, race, etc. while designing financial literacy modules to provide an effective and customized experiences for various societal groups. Parallelly, to impart financial education at scale, public-private partnership-funded initiatives covering teaching and training programs, online resources targeted towards debt counselling, insurance benefits, fraud prevention, etc. should be promoted. Lastly, regulators too should be involved in highlighting how financial literacy programs and modules can be integrated into the regular operations of financial institutions[34].

> As per S&P's FinLit Survey, only one in every three adults worldwide is financially literate. Women, the poor, and those with less education are more likely to have financial knowledge gaps. This is true not only in developing countries but also in those with well-developed financial markets.

It may be noted that use cases were recommended under B20 Italy 2021 on B20 Digital Use Case Library[35] and additional use cases are mentioned as below.

Use case

Finland has made financial literacy a required part of the school curriculum. Personal finance is taught in schools through subjects such as social studies, home economics, and mathematics. The government also provides study materials to children as young as primary school and up to the age of 18[36].

Finance Finland (FFI), the Finnish Financial Ombudsman Bureau (FINE), and the non-profit Junior Achievement Finland (JA) have collaborated to develop "Zaldo," a free, innovative, gamified learning environment that teaches students (10-16 years old) personal financial skills and money management. FFI has also developed standardized brochures and guidelines to help senior citizens with financial planning for their retirement.

The Financial Literacy and Inclusion Centre of Southern Africa (FLIC_SA), a non-profit company based in South Africa, provides financial literacy training to youth through learnership and internship programs. The training is designed primarily with the family socialization processes in mind and the consideration that demographic and family characteristics have had an influence on their financial mindset. FLIC_SA intentionally focuses its efforts on emerging adults between the ages of 18 and 30, as these are the youth who will be financial socialization agents when they start their own families[37].

In France, initiatives on reinforcing financial literacy have been taken, particularly through collaboration between the French National Bank, which has been the national operator of the economic, budgetary, and financial education strategy since 2016, and the insurance industry. For instance, several guiding documents that concentrate on the function, advantages, and role of insurance as well as more particular insurance products have been issued in conjunction with Global Money Week, which is an annual event hosted in France on the subject of financial literacy. This builds the ability of policyholders to select the financial products that are most suited to their needs and preferences[38].

Priority Theme 4: Gender inclusive finance

Policy actions 4.1 Consider gender as a key component when designing financial products and encourage differential norms for women and people in vulnerable situations to provide equitable and affordable access to financial services.

KPIs

a) Financial regulators from the G20 nations to develop and agree upon a framework/guideline outlining incentives such as interest subventions, customized payment cycles, increased credit limits on prompt repayment, etc. for increasing the uptake of financial services among women borrowers within 2 years

b) Financial regulators from the G20 nations to develop guidelines to extend differential banking framework to promote financial inclusion for other communities such as LGBTQIA+ and people with disabilities

SDGs Impacted

5 GENDER EQUALITY

CONTEXT

Women still encounter obstacles worldwide when obtaining basic financial services such as insurance, pensions, wealth management, and credit products. This was recognised as a pain area by B20 Indonesia Presidency 2022 as well. Thus they created an economic inclusivity program, namely "The One Global Women Empowerment (OGWE)." The OGWE is a comprehensive empowerment program for women in business which scope of work ranged from sharing of best practices & success story, entrepreneurship assistance to ensuring access of financing for women businesses. To work with B20 member countries, B20 Indonesia has established and is hosting The OGWE Secretariat under International Organization of Employers (IOE).

According to the Global Findex Database 2021, compared to 59% of men, 50% of women in developing nations claimed they could consistently come up with emergency cash[39].

There is also a huge digital gender divide. As per the International Telecommunication Union, 69% of men are using the Internet, compared with 63% of women in 2022[40]. Similarly, when it comes to digital payments, men with accounts are typically 6 percentage points more likely than women to use digital payments in developing nations. Women also find it more difficult to raise emergency money.

On the other front, lack of access to funding is frequently stated as the biggest barrier to expanding female-owned businesses. Disproportionately high legal and regulatory obstacles might also significantly hinder women's capacity to build and sustain successful enterprises. The Women, Business and the Law database lists 141 economies, but only 38 guarantee equal legal rights for men and women in crucial domains, including opening a bank account, working without a spouse's consent, and owning and managing property[41].

It is important to enable affirmative and differential norms in financial products that incorporate gender at their core to provide women with equitable access to financial services. Similarly, the digital divide across genders also needs to be bridged. Other measures could include the creation of a fund for financing women-led collective and co-operative enterprises.

Financial Services need to be inclusive beyond achieving gender equality. Lesbian, Gay, Bisexual, Transgender, Intersex, Queer/Questioning, Asexual (LGBTQIA+) consumers face numerous challenges in accessing financial services. KYC and other documentation norms should be modified, and personalized marketing and products should be deployed to bring the community under the formal financial sector's ambit. Furthermore, equitable and affordable access to financial products for people with disabilities should be promoted.

Use case

BIMA

BIMA, one of the world's leading providers of mobile-delivered insurance, has partnered with the Pacific Financial Inclusion Programme (PFIP) to provide microinsurance products in Papua New Guinea to previously excluded communities. One of the program's standout features is that BIMA has committed to providing Papua New Guineans, 50% of whom would be women, with low-cost life and hospitalization insurance services. Similarly, BIMA's microinsurance offerings enable women to avoid the time-consuming paperwork, preliminary health exams, and identification procedures connected with typical insurance products because they were specifically created with women's issues and barriers in mind. Under this programme, consumers subscribe via text messages to enroll, and insurance premiums are set up for automatic deductions[42].

HSBC

Through their community investment initiatives, HSBC has been working with the micro finance networks, technology providers and National Payments Corporation of India to enable micro finance institutions (MFIs) and their women clients to adopt technologies for cashless operation. Emphasis is given on financial and digital literacy of employees of the MFIs and clients using different mediums. The initiative which started soon after launch of the Unified Payment Interface (UPI) by the government, focused on digital transactions on usage of UPI and digital disbursement of loans. With digital disbursements by MFI at about 90% currently, HSBC is now focusing on enhancing repayment of loans through digital transactions working with more than 500,000 women clients of MFIs across 11 states.

Resiliencia is an Argentinean social reciprocal guarantee company (SGR) whose main goal is to help micro, small, and medium-sized businesses gain access to the financial system by providing guarantees[43]. It tries to get the best terms for individuals it guarantees by bargaining with banks, capital markets, institutions, and financial companies. While it endorses SMEs from all economic sectors, it prioritizes those that contain women in decision-making positions or are run by people with physical disabilities.

Priority Theme 5: Reducing Cost of Borrowing for underserved segments

Policy actions 5.1 On the supply side, strengthen financial institutions by providing risk-hedging instruments to disburse affordable credit to underserved segments.

KPIs

a) Financial services regulators from the G20 nations to design frameworks/licenses for incentivizing the setting up of securitization platforms that will in turn allow lenders to securitize their loan books and for accredited investors to have alternate investment channels within 3 years

SDGs Impacted

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

CONTEXT

New-age financial institutions like NBFCs, FinTechs, Neo Banks, etc., usually have a higher cost of funds than traditional financial institutions. This cost usually translates into high consumer lending rates, making even formal financial products unaffordable for economically underserved clients who cannot access credit from traditional financial institutions. The high cost of funds combined with the inherent credit risk of un-securitized lending to low-income consumers runs the risk of limiting the penetration of financial services to only those with better credit scores. It creates an exclusionary wall against new credit and undocumented consumers, who form a large chunk of the population in the developing world and are a priority target segment for financial inclusion.

Thus, one primary remedy for removing this supply-side barrier could be the promotion of credit guarantees (i.e., third-party credit risk mitigation is provided to lenders through the absorption of a portion of the lender's losses on the loans made to the underserved segment in case of default, typically in return for a fee), first loss default guarantees (FLDG), which are a safety net arrangement among banks, NBFCs, and lending service providers in the digital lending space, and portfolio insurance schemes that provide a cushion to financial institutions in case of default.

According to Sa-Dhan, an Indian micro-finance institution (MFI), the average cost of funds for non-banking MFIs in India is 10.51%.

Use case

The Chilean government runs a partial credit guarantee fund (FOGAPE) with a low registration fee for micro and small businesses to mitigate the default risk inherent in the small loan portfolio. FOGAPE guarantees are distributed to financial institutions through a sealed bid auction based on the level of exposure demanded by financial intermediaries to the fund. The guarantees need to pay a registration fee in exchange for coverage. FOGAPE allocates guarantees to those institutions requesting the lowest coverage ratio until the total amount of guarantees auctioned equals the total bids. This serves as an incentive structure for lenders that limits risk shifting and avoids pitfalls such as adverse selection and moral hazard among borrowers and lenders while achieving the benefits of credit guarantees in terms of lending to underserved segments[44].

As a case study of public-private cooperation, Unilever and Mastercard teamed up with the Kenya Commercial Bank to provide low-cost financing for the creation of Jaza Duka, a digital working capital platform that will assist small businesses in Kenya in increasing their sales. The Jaza Duka platform helps reduce the cashflow-based challenges of merchants and distributors by providing microcredit to small merchants to grow their sales. Interestingly, the credit is based on merchants' histories of purchases from Unilever. By connecting small retailers, microbusinesses, and fast-moving consumer goods (FMCG) companies to banks, the platform creates an inclusive credit ecosystem that allows access to short-term finance by utilizing previous sales data of small retailers, microbusinesses, and FMCGs. The platform also provides FMCG firms and distributors with reports and reconciliation tools, as well as a financial and credit management training course to advance merchants' knowledge through the Mastercard Centre for Inclusive Growth[45].

Policy actions 5.2 Enhance low-cost developmental capital for financial inclusion to further Sustainable Development Goals (SDGs) using existing ecosystems of banks, bonds, equities, and credit.

KPIs

a) Financial Services Regulators from the G20 nations to develop guidelines to pool money through banks, bonds, and equities at differential rates for further deployment into financial inclusion programs that enhance SDG outcomes within 2 years

SDGs Impacted

CONTEXT

Financial inclusion, in the form of real-time, affordable, reliable digital payments, direct benefit transfers, women-centric financial products, etc., have helped further the global sustainable development agenda. For example, the conditional cash transfer programme, Bolsa Familia, in Brazil cut transaction costs from nearly 15% in 2001 to below 3% in 2005 by bundling all benefits onto one electronic payment card[46].

Similarly, using digital cards for government safety net transfers in South Africa enhanced women's decision-making power in the household. It led to a 92% increase in women's likelihood of participating in the labor market, thus **furthering SDG 5 of "Gender Equality"**. Thus, it becomes imperative that institutions use financing instruments to pool low-cost financing for financial inclusion projects to further SDG objectives.

Use case

Since 2013, Banco Solidario, a pioneer of microfinance in Ecuador, has advocated for the inclusion agenda to reduce the financing gap for microenterprises. The loan profiles that Banco Solidario offers show its dedication to financial inclusion. The average monthly income of its customers is USD 880, 56% of them are women, 37% of them are unable to afford a basic basket of necessities, and around a third of its annual loans are given to unbanked microenterprises. Additionally, it provides the lowest average loan amounts in the financial industry of Ecuador. In collaboration with IDB Invest, it recently launched a USD 30 million gender and inclusion bond. The bond focuses on reaching populations facing deeper financing and development gaps, such as women-led microenterprises, senior citizens, migrants etc[47].

Credit Agricole SA, a French banking organization, issued a EUR 1 billion (USD 1.2 billion equivalent) bond in late 2020 using the social bond framework of the corporation. In order to support social and economic development, Credit Agricole SA's framework offers bank financing to a range of industries, including (but not limited to) regional economic development through access to information and communications technology in rural areas and access to finance for micro, small, and medium-sized enterprises (MSMEs) that are specifically targeted to socioeconomically underprivileged areas in the issuer's home country of France[48].

Priority Theme 6: Harnessing power of Business Correspondents in Financial Inclusion

Policy actions 6.1 Promote primary co-operatives as the physical touchpoints for digital delivery of last-mile financial services.

KPIs

a) G20 governments to create a framework for collaboration between FinTechs and primary co-operatives to deliver financial services in a "phygital" mode, i.e., providing digital financial services at the last mile through agents, enterprises, and co-operatives within 3 years

SDGs Impacted

CONTEXT

Primary co-operatives are the bodies formed by the local people to cater to local needs. Thus, strengthening the capacities of these should be a top priority to promote both financial inclusion and economic empowerment. Strengthening the primary co-operatives into the first touch points for providing financial services to the financially illiterate, economically backward, and geographically isolated segments of society may help achieve the target of doorstep banking and address the trust deficit in financial institutions and government agencies.

FinTech companies, despite possessing innovative financial services and products, also need to grapple with a lack of last-mile physical presence, low financial and digital illiteracy levels, and trust deficits with digital products. In this context, a hybrid model (phygital) combining the technology of FinTech with the physical and social infrastructure of the primary co-operatives can be promoted to provide doorstep financial service delivery to the underserved segment.

Use case

In Kenya and Uganda, MFS Africa and TruTrade are collaborating to ensure that smallholder farmers are getting the deserved value for their produce. Integrating the TruTrade platform with MFS mobile wallet technology has enabled direct digital payments to the field and made payments quicker, more secure and fairer. Replacing cash payments from the main office to TruTrade franchise agents has secured the fund distribution network, and farmers are less concerned with personal safety and fraud issues. Thus, trust and security in the digital delivery process are drastically improved by involving an agent for last mile delivery[49].

Policy actions 6.2 Establish a regulatory framework for managing and overseeing the SHG ecosystem.

KPIs

a) Financial Services regulators from the G20 nations to develop a regulatory framework with guidelines on consumer protection, governance, loan disbursement, penalties, etc. to enable holistic oversight at the Self-help Groups (SHG) level, within 2 years

b) G20 nations to create guidelines for imparting a distinct digital identity for SHGs in order to improve their access to formal capital, within 3 years

SDGs Impacted

CONTEXT

Self-help Groups have become a vital tool for furthering the financial inclusion of the underserved segment, especially women. They allow voluntary savings, from which the funded surplus amount is used for intra-group lending. Thus, SHGs act as business correspondents for banks, extending financial services to the underserved. Over the years, SHGs have given poor women an identity, access to information, and bargaining power. They have provided platforms for the poor women to discuss and resolve their problems; helped members manage cash flow deficits (maintaining food intake and overcoming emergencies), leading to improvement in quality and productivity; helped members avoid money lenders, especially to meet food and health emergencies; helped members invest in asset creation, diversify their occupations, and improve their risk-bearing capacities; and have helped in promoting leadership qualities among women[50].

As SHGs become more mainstream and assimilate a growing number of women into their ambit, there is a growing need to provide a robust regulatory structure that would provide guidelines on aspects such as adequate norms and standards (external and internal), common bookkeeping and accounting standards, effective internal control of management and risks, sector-wide reporting, monitoring, and rating, compulsory audit, consumer protection and financial literacy measures, institutional protection, and deposit insurance, especially for SHG federations, etc. Thus, providing a robust regulatory framework would not only help in providing adequate credit and financial services to the SHG segment but would also help in creating a safety net for strengthening their resilience and ensuring their smooth operations.

Use case

The Reserve Bank of India has issued a master circular on the Self-Help Group-Bank Linkage Programme, which encapsulates all the guidelines/instructions that have been provided to banks on the initiative that was launched by the National Bank for Agriculture and Rural Development in 1992 to provide banking services to the unorganized sector. The circular covers a wide variety of guidelines, including the opening of savings accounts, lending to SHGs, interest rates, service/processing charges, capacity building and training, and reporting, among other areas[51].

Priority Theme 7: Targeted interventions for Agri & Rural segments

Policy actions 7.1 Prioritize financial inclusion of the small landholding and landless farmers in the agriculture segment.

KPIs

a) Financial services regulators from the G20 nations to develop guidelines to extend universal insurance to farmers to mitigate crop loss, cattle deaths, and climate change risks within 2 years

b) G20 nations to develop a framework to digitize the agricultural value chain to enhance credit access by leveraging alternate farm/livelihood data within 3 years

SDGs Impacted

CONTEXT

Smallholder and landless farmers represent one of the most financially excluded groups. There are an estimated 500 million smallholder farmers in the world, and only 7% of them have access to finance, which farmers mostly use to purchase inputs like improved seeds, fertilizers, or tools[52]. There are multiple reasons why most smallholder farmers have not yet been fully financially included.

Firstly, smallholder and landless farmers are not a segment that typically seeks services of formal financial institutions because the products and services on offer don't exactly meet their unique needs. Secondly, smallholder and landless farmers usually have no formal credit profile. Financial institutions, on the other hand, look for historical financial data such as loan repayments, savings deposit activity, and other payment activity and behavior to assess the creditworthiness of a potential borrower[53]. In the absence of such information, a gap between the demand for financial services and their supply has been created for smallholder farmers. Thirdly, the lack of sufficient collateral limits their access to formal financial credit, and lastly, low financial literacy levels restrict their ability to avail themselves of suitable products.

There are also other challenges to lending to smallholder and landless farmers. Unlike other businesses, farmer incomes follow a seasonal pattern, which loan repayments need to align with. Logistic hindrances include factors like loan officers having to make long journeys to reach their clients, leading to higher operating costs, which play a major role in financial exclusion. Thus, providing customized products and services that are tailored to the needs of smallholder and landless farmers becomes a top priority item to provide holistic financial inclusion in the farmer segment[54].

This can be done by digitizing the agri-value chain. Public-private partnerships in the digital value chain can inform improved decision-making and empower farmers by improving transparency and ease of doing business in the agriculture sector. Under this model, FinTechs can act as the interface between farmers and large banks and provide banks with trusted information based on which credit can be extended to farmers, thus improving credit access for farmers.

Use case

One Acre Fund, for example, seeks to offer farmers in East Africa greater access to training, services, and products that they need to increase their crop yields and incomes. Through its schemes, farmers enjoy a flexible repayment regime that allows them to pay back their loans in any amount throughout the harvest season. Similarly, they benefit not only from the easily accessible credit option but also from the marketing training provided by the organization. Its impact can be gauged from the fact that One Acre Fund has assisted 3 million farmers in the last 16 years by increasing their income by USD 3.60 for every USD 1 funded by the organization[55]. The fund also helps farmers engage in climate resilient agriculture.

In 2021, it equipped 60,000 farmers to apply agricultural lime, a USD 10-20 annual investment per acre that improves the long-term pH balance of acidic soils and can increase crop yields by up to 20-40%. Farmers using its direct services consistently increased carbon in their soil by adding manure and compost[56].

Bancamia, a Colombia-based microfinance firm, has launched two credit products: "Agromía" and "Credimía". Agromía is structured for a monocrop cycle, in which the borrower has only one crop. This loan is disbursed in a single tranche, with payments every two, three, or six months. On the other hand, Credemia loans are for farmers with multiple crop cycles or agricultural activities with regular cash flows. Both of these products have been customized by Bancamia to meet the demands of smallholder farmers. Thus, to assess the credit, the organization uses a novel semi-automated cash flow technique while doing the credit analysis instead of using land or harvest as collateral. Similarly, for new clients, the effective rate charged by Bancamía is 7 points less than the government-controlled rate for microcredit and for loan renewals, the rate is 10 points less than the controlled rate[57].

Livelihood and Digital Financial Inclusion

Case of Dairy Value Chain: The dairy value chain in rural India has many female participants. It also has significant Digital Financial Services (DFS) potential for targeting large-scale interventions by directly depositing funds into dairy farmers' bank accounts. Thus, DFS can improve the delivery of essential financial services to farmers by leveraging mobile phone-enabled financial solutions, point of sale (PoS) hardware, electronic money transfers, and digital payment platforms. DFS channels have the potential to significantly lower costs for both consumers and service providers while also providing services on a larger scale and more efficiently.

DFS channels are ideal for streamlining business operations because all parties involved in the dairy value chain engage in frequent transactions. While dairy producers and customers (individuals or retail outlets) have a high frequency of transactions, input providers and dairy producers have a medium frequency of transactions, ranging from monthly to bimonthly payments. Thus, documenting stakeholders' recurring preferences, beliefs, and processes can aid in developing a robust value chain that provides farmers with affordable, customized, and timely financial services. It can be used for various purposes, such as obtaining working capital, assessing credit needs based on alternative data (dairy output), providing bundled insurance products (both for individuals and livestock), and so on.

Since the dairy industry accounts for over 18% of India's agricultural GDP and provides more than 75 million women with potential sources of income, it is a crucial sector for catalytic interventions that can economically empower two primary focus areas, i.e., women and farmers.

Policy actions 7.2 Promote group-based delivery of financial services through aggregation of farm produce.

KPIs

a) G20 nations to develop schemes to set up farmer-producer organizations or similar groups within 2 years

b) G20 nations to design frameworks for partnerships between technology players and financial institutions to design products relevant for FPOs such as saving for long-term financial planning, working capital loans, crop insurance, livestock insurance, insurance against price volatility, and loans for technology investment in farming, within 3 years

SDGs Impacted

CONTEXT

The concept of a farmer-producer organization (FPO) wherein every farmer member is a shareholder in the organization may be considered an effective means to reduce the risk in the agriculture value chain while improving the access of small and marginal farmers to investments, technology, and markets.

Formal institutional credit remains out of bounds for small and marginal farmers due to their inability to produce a financial history or provide collateral. FPOs can be a vehicle for the financial inclusion of these underserved communities of small and marginal farmers, including women. Aggregation of farm produce will also lead to farmers getting better prices by leveraging the quantity of produce and by providing finished products rather than raw produce. Subsequently, FPOs can be a window for providing customized and packaged financial services like meso-level insurance, which makes the otherwise costly insurance premiums for individuals affordable for members of a group[58].

Use case

One of the success stories of a farmer-producer organisation/company is PRAN Foods, the largest agro-processing company in Bangladesh. PRAN Foods encourages the local supply of cassava (a non-traditional crop in Bangladesh) through contract farming schemes. It employs farmer-producer companies made up of small and marginal farmers by leasing out approximately 7,000 acres of land. This has resulted in the yearly guaranteed sale of an agreed-upon quantity of cassava and has strengthened the livelihoods of members associated with these FPOs. One major highlight of this partnership between PRAN Foods and FPOs is that it also ensures the underlying crops of the farmers through a meso-level insurance scheme developed specifically by the Global Index Insurance Facility, which protects the cassava crops from a cold spell and excess rain at critical stages of the crop cycle. Initially, PRAN purchased the insurance product to cover the value of deliveries expected at harvest for the 100 acres (approx. USD 13 per acre for a total of USD 13,000). The company then used these payouts to help cover its liquidity needs in the event of insufficient local supply due to a major weather shock. In cases of less severe shock, PRAN provided the funds from the payments to farmers as a bonus and to sensitize them about the benefits of insurance[59].

Priority Theme 8: Incentivize Cross-Border Payments Innovations

Policy actions 8.1 Enable the development of an international regulatory framework to support cross-border payments and remittances through collaboration between national governments.

KPIs

a) Financial services regulators from the G20 nations to align their regulatory, supervisory and oversight standards improve the efficiency of real-time cross-border payment settlements within 5 years

SDGs Impacted

CONTEXT

Cross-border payments are essential for the migrant population to send remittances back home and to access and use the international financial services. The G20 Roadmap on Cross-Border Payments has highlighted that tech solutions to facilitate faster, cheaper, and safer cross-border payments are limited by differences in national regulatory, supervisory, and oversight frameworks; central bank operating hours; access to central bank payment systems; and national data protection, privacy, and localization requirements[60].

Thus, international standard-setting bodies must come together to develop a combined international regulatory framework that removes these deeply entrenched barriers that are limiting the ability of new technology to enable faster and more efficient cross-border payments and proposes guidelines that enable remittances at an affordable cost. This can benefit all kinds of cross-border flows, tourists, migrants, export-oriented MSMEs, etc. This can be achieved by aligning national-level payment transfer mechanisms and protocols with international payment transfer protocols (such as SWIFT, etc.) A possible mechanism is to use International Bank Account Number (IBAN) numbers or the equivalent. This would increase the flow of remittances and be important for the long-term growth of economies.

According to the World Bank, with every one percent decrease in cost of remittance, approximately USD 6.89 billion becomes available to migrant workers each year.

Use case

In February 2023, the Monetary Authority of Singapore (MAS) and the Reserve Bank of India launched the linkage between the marquee fast payment systems of both countries (i.e., UPI of India and PayNow of Singapore) to enable seamless and low-cost cross-border transactions[61]. The integration of UPI and PayNow promises to deliver real-time payments at competitive rates, significantly reducing remittance costs. The successful implementation of this linkage will also pave the way for future partnerships between the ASEAN nations.

According to the World Bank's latest migration and development brief, remittance flows to India are on course to exceed USD 100 billion by 2023, of which Singapore will be the fourth largest remitting nation to India, accounting for 5.7% of total incoming remittances[62]. Thus, merging PayNow and UPI will benefit the migrant community in both nations by lowering transaction fees, which often range from 2% to 3% of the transaction amount, as well as transaction time, which typically takes 1-3 days to settle with the bank's ledgers[63]. Initially, UPI handles from six Indian Banks and Virtual Payment Address (VPA) handles from two Singaporean Banks will be eligible for sending and receiving remittances.

Priority Theme 9: Increase Insurance, Savings and Wealth Management Penetration

Policy actions 9.1 Increase penetration of affordable insurance products through inclusive distribution channels, suitable product design, and simple premium payment & claim collection systems to mitigate the risk at the bottom of the pyramid.

KPIs

a) G20 nations to develop and agree on guidelines/mandates for FIs to deliver financial and digital literacy among the unserved/ underserved population within 2 years

b) Financial Services Regulators from the G20 nations to create platforms to nurture innovation in the micro-insurance and parametric insurance segments to effectively serve the bottom of the pyramid within 3 years

c) Financial Services Regulators from the G20 nations to develop guidelines to encourage the adoption of a risk-based solvency regime for strengthening the supply side and risk-based underwriting on the demand side within 3 years

d) G20 Nations to develop policies/guidelines for reducing barriers to cross border insurance and re-insurance within 2 years

e) G20 Nations to develop a framework for leveraging AI/ML in designing insurance distribution models for reaching the last mile consumer within 2 years

SDGs Impacted

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

17 PARTNERSHIPS FOR THE GOALS

CONTEXT

Insurance is an indispensable financial tool for supporting the economy and people in dire need. While insurers and various stakeholders, including governments and insurance regulators, have been working towards reaching the masses, insurance penetration remains abysmally low at 7% globally. The problem is more prevalent at the bottom of the pyramid and in low-income and developing countries. An ILO study shows that 80% of the population across 44 countries is without health protection and is therefore deprived of the right to health. These countries include Burkina Faso, Cameroon, Guinea, and Sierra Leone. Globally, nearly 40% of the population is excluded from social protection in health[64].

Similarly, climate change presents a creeping, stealthy threat for the farmer segment, causing gradual land loss, natural disasters, and adverse weather events that lead to reduced agricultural production and enhanced crop loss. The economic impacts of climate change on agriculture will worsen further, as around 75% of agricultural risks worldwide remain uninsured. Less than 3% of smallholders in sub-Saharan Africa and 22% in Asia have crop insurance protection[65].

The absence of insurance in these conditions could lead people to resort to sub-optimal risk coping strategies, including selling productive assets, reducing, or stopping business investments and household spending on food or schooling, depleting savings, or taking out additional loans with often high-interest rates. These strategies are often more costly, generally only cover part of the loss, and tend to contribute to the intergenerational transmission of poverty[66].

While historically, the need for insurance has been widely accepted by the vulnerable and underserved segment, its low uptake is mainly due to costly premiums, high documentation, archaic delivery channels, low financial literacy, and a lack of personalization. Thus, going forward, products and processes must be simplified and customized per customers' needs. There is also a need to constantly upgrade our current approaches and introduce new distributional models by leveraging technology to ensure that we reach the last mile and can serve the unserved, thereby reducing the protection gap.

Use case

Jamii is a Tanzania-based InsureTech company that offers affordable health insurance to low-income families. The company partners with mobile network operators and other distribution channels to reach its customers and offers a range of health insurance products, including maternity, dental, and outpatient coverage. It offers mobile micro-health insurance for low-income families for USD 1 a month. The low-income population of Tanzania, 47 million people in total, earns less than USD 70 a month. Administration costs were too high for traditional insurers to create a product affordable to someone who makes USD 70 or less a month.

Subsequently, Jamii partnered with Jubilee Insurance to leverage its network of about 500 health facilities and with telecom company vodacom to use its mobile money platform for premium collection and making payments to hospitals. This resulted in creating a 100% paperless and cashless system with all administration processes, from onboarding, premium collection, benefit ledger management, claims processing, and claim payout, being done via mobile phone. It reduced the administration costs by 95% and helped create an affordable and customizable product for low-income consumers[67].

Policy actions 9.2 Promote the uptake of savings and pension products among the bottom of the pyramid to strengthen their resilience in dealing with financial exclusion.

KPIs

a) Financial Services Regulators from the G20 nations to develop guidelines to create new and innovative distribution channels for savings and pension products, such as FinTechs, agent banking, and mobile banking, within 2 years

SDGs Impacted

1 NO POVERTY

10 REDUCED INEQUALITIES

CONTEXT

By 2050, the global population segment aged 65 and older will have doubled from 10% to 20%. Nearly 1.3 billion people, including 80% of the elderly, will live in low-income countries (LICs). Yet only around one-third of the population in these countries have any formal retirement income. The annual cost of the pension protection gap is USD 1 trillion on a global scale[68]. Sustainable pension systems linked to financial services can help older people have a more predictable and adequate income[69]. These systems can contribute to the twin goals of providing monetary support in the event of old age, disability, or premature death of the primary beneficiaries and promoting long-term savings, which stimulates economic growth[70].

The same is true for non-pension-linked savings, too. As per the Global Findex Database 2021, in developing countries, while 42% of adults saved over the past year, 2.9 billion (52%) did not save. Thus, there is an alarming need to increase the penetration of savings and pension products through innovative distribution channels using technology and by providing flexible and customizable products (like small savings & micro pensions) to meet changing consumer needs. Even the extensive network of informal saving groups like SHGs and ROSCA committees can be utilized to inculcate saving habits among consumers[71]. Additionally, individuals should be informed about the benefits of appropriate savings and pension products from the start of their working lives to enhance their penetration. In this sense, financial education should start in the classroom, focusing on young people, and behavioral factors should be included in campaigns to raise general awareness of savings and pension plans.

Use case

EcoSure

Econet Life has launched a unique micro-pension fund product that allows people working in the informal sector of Zimbabwe to save for retirement. The new product, called Dura/Isiphala Pension Fund, was launched in Kariba in September 2022 and is expected to drive the uptake of pensions by workers in the informal sector. This is available to all individuals and entrepreneurs between the ages of 18 and 70. Pension contributions are made in USD, and they cost a minimum of USD 10, payable monthly or at any other customizable frequency as may be agreed by the members. The pension account under this scheme is bifurcated into parts, where the 50% portion of the member's accumulation will be regarded as long-term savings and will be accessible at the age of 70. The remaining 50% of the member's accumulation will be regarded as short-term savings and will be accessible at any time after 12 months of joining the scheme[72].

Policy actions 9.3 Graduate individuals & enterprises from using basic financial services to consuming more advanced wealth management products.

KPIs

a) Financial Services Regulators from the G20 nations to develop guidelines to create products appropriate for the underserved segment, such as micro-SIPs, micro-mutual funds, etc., and raise awareness of these products among the target segments, within 2 years

SDGs Impacted

1 NO POVERTY

10 REDUCED INEQUALITIES

CONTEXT

Individual consumers and enterprises belonging to the bottom of the pyramid usually consume basic financial services like deposits, savings, credit, insurance, etc. To create a financially healthy society, there is a growing need to graduate these individuals and enterprises towards the consumption of more advanced services like saving certificates, micro-SIPs, equities, bonds, etc. This would serve a dual purpose of increasing liquidity in the market on the one hand and providing better returns to individual members on the other.

It must be noted that since these products are linked to the market, their consumption at the bottom of the pyramid should be complemented with robust financial literacy programs so that individuals and enterprises are able to understand both the benefits and the risks associated with these instruments.

Use case

India Post Payments Bank
Aapka bank, aapke dwaar.

India Post Payments Bank (IPPB), a subsidiary of India Post, offers products curated for the underserved segment. It was launched in 2018 and, as of 2022, has over 50 million customers[73]. It offers a variety of services, including life insurance, general insurance, access to social security schemes, doorstep banking, and access to invest in mutual funds, among other banking and payment services. IPPB offers a robust technology platform for service delivery, and DoP (Department of Posts) offers the strength of a pan-India last-mile network of post offices, thereby complementing each other to provide a "phygital" value proposition for the customer.

Priority Theme 10: Enhancing consumer protection

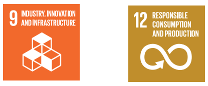
Policy actions 10.1 Adopt a strong consumer protection framework that focuses on improving cyber security, maintaining data privacy, and resolving customer complaints in order to increase consumer safety and trust.

KPIs

a) Financial Services regulators from the G20 nations to develop guidelines to create a responsive and interactive consumer complaint portal by leveraging AI and ML models that enable the segmentation of complaints and the disposal of grievances in a time-bound manner within 5 years

b) Financial Services regulators from the G20 nations should create a framework to improve the cyber resilience of the financial services platforms by ensuring alignment in cyber reporting norms and reducing the compliance burden within 3 years

SDGs Impacted



CONTEXT

Rapid digitization in recent years has created opportunities for new financial solutions that have the potential to bring consumers and enterprises into the fold of the formal financial sector. Going forward, these new digital financial services (DFS), which include digital savings, credit, payments, insurance, and investment products, will be critical for consumers to build resilience and a better future. However, the advent of digitization has also coincided with evolving consumer risks such as mobile app fraud, biometric identity fraud, data privacy breaches, authorized push payment (APP) scams, and so on. These consumer risks can result in direct financial losses and other damages, eroding customer trust in how they use DFS and discouraging potential users from using it[74].

As a result, it is becoming increasingly important for governments and financial service providers to adopt a strong consumer protection framework in order to create a responsible digital financial ecosystem. This would entail taking a consumer-centric approach, improving consumer and institutional capabilities, and providing timely grievance redressal to consumers in order to develop consumer trust in the digital financial inclusion process.

Use Case

In the Philippines, the Central Bank of the Philippines (BSP) collaborated with Proto a FinTech to launch an Online Buddy (BOB) chatbot to replace the manual process, allowing consumers to seek financial misconduct recourse regardless of geography, gender, income status, or education level. The chatbot is capable of understanding emotional and typo-heavy complaints in Tagalog, English, and Taglish (mixed Tagalog and English) and is widely available to consumers via text messaging platforms and apps.

Under this system, all complaints are automatically classified, converted to cases in Proto's Track dashboard, and distributed to financial operators for a 7-day response. The BSP monitors all ongoing communications regarding complaints between consumers and financial operators. The consumer protection team is thus repurposed for higher-order duties such as consumer case investigation, overdue case follow-up, and policy formation based on the consistent data set obtained by the automated system. Furthermore, with gender disaggregation, the data provides efficient insight into potential market malfeasance, which the old manual system did not provide. Importantly, the data also contains SMS-based insights from rural and historically marginalized communities that may not have cellphones yet. The automated consumer protection system has resulted in 11% more female usage and 69% consumer satisfaction levels as of the end of 2022[75].

> Consumer risks are rising primarily because of DFS's rapid expansion and pervasiveness, the financial system's transformation, the rise of nontraditional providers, and low digital literacy among the low-income group

Policy actions 10.2 Incorporate fairness (non-discrimination), transparency, and suitability of products as the central tenets in delivering financial services.

KPIs

a) Financial Services regulators from the G20 nations to develop guidelines for simplified disclosure of financial product features that are accessible to all, within 2 years

b) Financial Services regulators from the G20 nations to develop guidelines to create guardrails on data analytics and artificial intelligence-driven decisioning models to limit bias and exclude vulnerable populations, within 3 years

SDGs Impacted

CONTEXT

Fairness, transparency, and precise advertising of financial products and services are the core tenets of financial inclusion. Financial consumers benefit immensely from clear and comparable information about financial products and services. As per the World Bank's global consumer protection survey, nearly all responding jurisdictions (94%) have some disclosure requirements for commercials of financial products and services; however, the content, timing, and format of such requirements vary considerably[76]. The reporting of key fact statements for financial products is important to guarantee clear and concise information for the customer to guide him towards essential, suitable, and affordable products. In the absence of such information, consumers can be tricked into buying non-essential or non-suitable financial products, which can have an adverse impact on their financial health.

Fair treatment of customers is a fundamental principle of financial consumer protection. Implementing regulations and guidelines that promote responsible usage of artificial intelligence and machine learning tools in credit decision-making is crucial. These measures aim to ensure inclusivity and minimize exclusion risks for the underserved (especially the women) and individuals with no records in the financial sector. By establishing clear guidelines against unfair practices such as excessive borrowing and discrimination based on caste, creed, color, ethnicity, and other factors, we can foster a more equitable financial system.

Use case

The Financial Conduct Authority of the United Kingdom has established a 'Smarter Consumer Communications' project to encourage firms to improve communication with consumers, whether it is about product features, terms and conditions, or other critical communications. The initiative's goal is to seek for ways to make disclosure more focused, proportionate, and customer centric. The programme has resulted in changes and simplifications to numerous disclosure regulations that benefit consumers.

For example, when a market study conducted as part of the initiative revealed that competition in the cash savings market was not working well for many consumers, it resulted in the implementation of regulation requiring firms to provide clear information on the interest rates on their cash savings products as well as alert consumers (via text message, for example) to changes in interest rates or the end of an introductory rate. It will also require firms to provide consumers with easy-to-understand key information in a summary box to help them compare savings accounts[77].

Similarly, under the initiative, with respect to general insurance add-ons, the FCA rolled out a guidance document to help firms provide consumers with more appropriate and timely information that will allow them to make an informed choice on what, if any, add-on products they need and to identify the best package.

Priority Theme 11: Inclusive Policy Design & Governance

Policy actions 11.1 Encourage nations to have regulations and policies that are inclusive by design.

KPIs

a) Financial Services regulators from the G20 nations to develop guidelines to redesign priority sector lending in line with the evolving market landscape within 2 years

b) G20 nations to create unified regulatory norms across the financial sector for common items and practices within 5 years

SDGs Impacted

CONTEXT

With the emergence of new business models, ingenious distribution channels, and the licensing of multiple types of financial institutions operating in the realm of financial inclusion, it becomes essential for governments and regulatory bodies to provide a level playing field concerning policies and regulations. A harmonized regulatory environment is necessary not only to encourage innovations and drive growth but also to promote healthy competition between entities.

On the supply side, the inclusivity aspect should address both ends of the spectrum. On the one hand, it should include regulations that ensure the less profitable, low-income consumer group is not left outside the ambit of formal financial services. On the other hand, it should eliminate regulatory restrictions and the additional costs that they impose, which might obstruct the creation of innovative products and services. For instance, an excessive solvency capital requirement may make it extremely difficult for (re)insurers to offer reasonable coverage for the broadest possible range of risks.

On the consumer side, the regulatory barriers that curtail financial inclusion include high account fees, onerous documentation requirements, legal hurdles, etc. For example, the documentation requirements arising from AI/ML regulations for opening an account may exclude workers in the rural or informal sector who are less likely to have wage slips or formal proof of residence. Similarly, a lack of regulations on excessive borrowing can create a debt trap for low-income consumers. Therefore, authorities should consider removing these regulatory obstacles in addition to facilitating emerging practices to achieve financial inclusion.

Separately, private-public collaboration for the transformation of the financial system would also promote an integrated system that can provide an ecosystem that supplies high-quality, differentiated, interoperable products and services for all. This creates an enabling environment based on open industry standards and interoperability across different financial services. Further, an integrated system would encourage non-traditional financial service providers, such as microfinance institutions, to participate through digitization, regulation, and investments.

As per a recent World Bank policy research paper, regulations do have a direct correlation with financial inclusion. For example, regular onsite supervision is found to increase average loan size; regulations on e-contracting, consumer protection, and interoperability can support the development of mobile banking services; and institutional quality and credit information sharing are found to improve bank branch and ATM penetration as well as deposit accounts per capita. *

Use case

Through its priority sector lending norms, India's central bank, RBI, mandates that 40% of the annual adjusted net bank credit (ANBC) of scheduled commercial banks and 75% of the annual ANBC of regional rural banks and small finance banks must be routed to those sectors of the economy that may not otherwise receive timely and adequate credit. Priority sector lending has been used to unlock the financing needs of underserved and underbanked segments in India[78]. The amount of loans disbursed under this scheme can be used to gauge the impact of the priority sector. During the financial year 2021-22, loans in the amounts of USD 208.39 billion and USD 246.50 billion have been disbursed for the agriculture and MSME sectors, respectively[79].

Similarly, the RBI also rolled out licencing of payment banks to develop a special category of banks to provide comprehensive financial services to small businesses and low-income families. Functionalities and regulations at payment banks are specially tailored for consumers at the bottom of the pyramid. For example, payment banks can take current and savings deposits and savings bank deposits from individuals, small businesses, and other entities. However, the accounts are restricted to holding a maximum balance of INR 100,000 per individual customer, thus catering specifically to low-income consumers[80].

*Source: World Bank policy research paper – "Can Regulation Promote Financial Inclusion?"

https://documents1.worldbank.org/curated/en/689111547822970149/pdf/WPS8711.pdf

Policy actions 11.2 Promote the setting up of self-governing bodies to standardize practices in the digital lending sector.

KPIs

a) G20 nations to develop guidelines on creating self-governing bodies to formulate policies that reduce malpractice in the digital lending domain, such as unbridled third-party engagement, mis-selling, breaches of data privacy, unfair business practices, charging exorbitant interest rates, and unethical recovery practices, within 3 years

b) G20 nations to create the guidelines on grey areas and aspects that fall outside the purview of the regulator in supervising SHGs, within 3 years

SDGs Impacted

CONTEXT

The emergence of the digital lending ecosystem, with its meteoric growth rate in recent years, has also seen an uptick in financial malpractices. These malpractices primarily relate to the unbridled engagement of third parties, mis-selling, breaches of data privacy, unfair business conduct, the charging of exorbitant interest rates, and unethical recovery practices.

While supervision by various regulatory bodies is an effective mechanism for keeping checks and balances on these malpractices, certain grey areas have been difficult to regulate due to the prevalence of many different types of financial entities in this domain and the ever-evolving technological space. Subsequently, creating a self-governing body with participation from industry stakeholders, especially for standardizing practices in the digital lending sector of financial inclusion, will go a long way towards minimizing these malpractices. Apart from filling regulatory gaps, the self-regulatory body will also reduce the overall compliance burden by lowering costs, minimizing potential errors, and increasing the productivity of businesses. Further, there will be more flexibility for the industry to respond to government regulations and schemes due to self-regulatory bodies.

Use case

In 2021, the Marketplace Lending Association (MLA), the trade organization for FinTech lenders, merged with the Online Lending Policy Institute (OLPI), the advocacy group for the online lending community, to form the American FinTech Council. The council's aim is to "promote a transparent, inclusive, and customer-centric financial system" while also "fostering responsible innovation in financial technology." As an organization, it represents the digital lending industry and works to establish responsible business practices and policies. It also provides a forum for members to discuss issues related to the industry and develop solutions to common challenges[81]. In the past, the American FinTech Council has advocated for consumer data rights that encourage open competition and championed the domains of transparency, accountability, and responsible digital lending. The American FinTech Council works closely with the Consumer Financial Protection Bureau. It has been involved in the rulemaking of Sections 1033 and 1071 of the Dodd-Frank Act, which outline disclosure guidelines for financial institutions and data reporting on applications for credit for small businesses, including those that are owned by women or minorities.

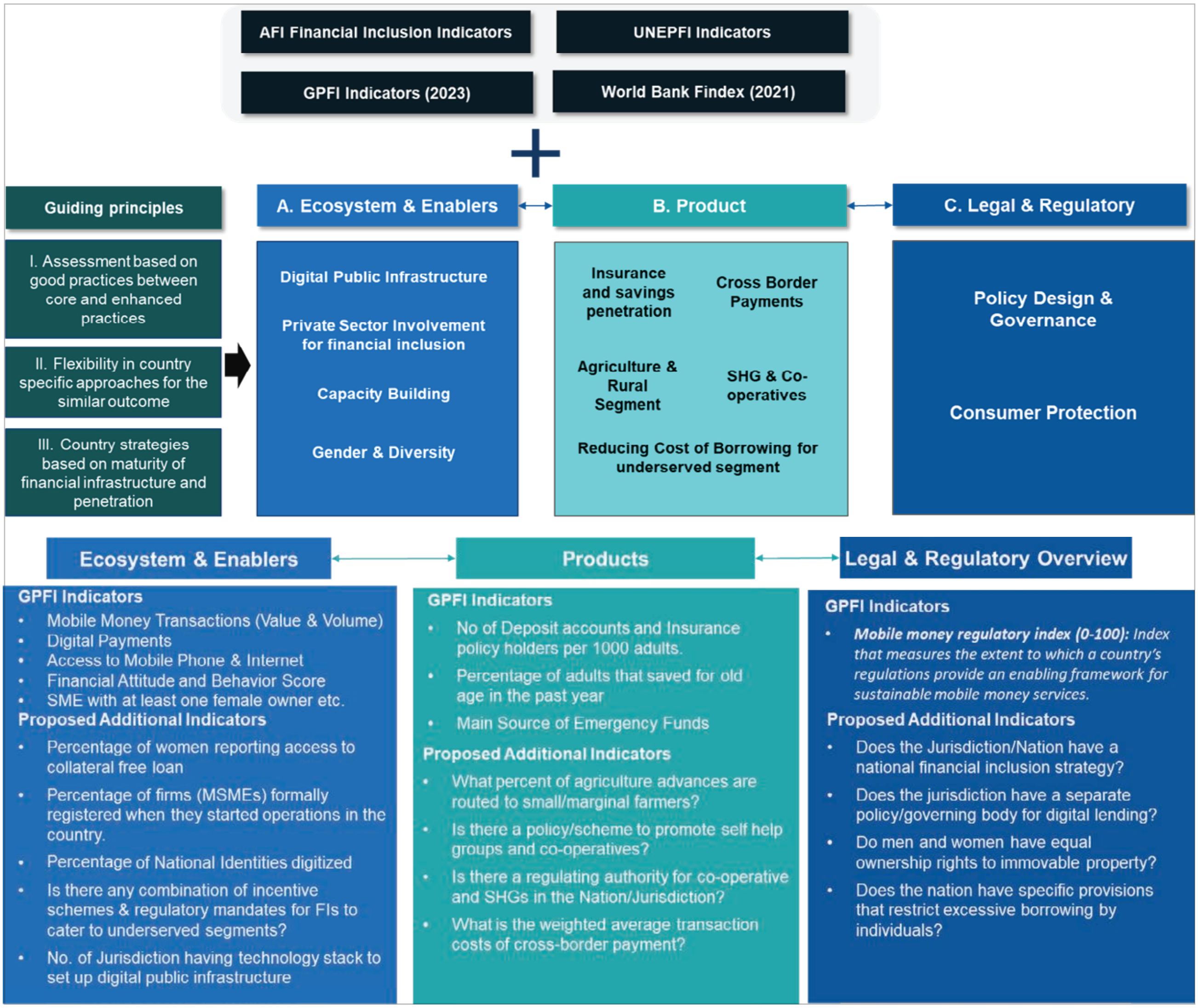
Way Forward

This paper notes that the sustainability of recommendations made in the B20 engagement group is essential. Therefore, as a way forward, the B20 Task Force 2023 for Financial Inclusion for Economic Empowerment also proposes a 'Financial Inclusion Assessment Framework' across three verticals: (i) Ecosystem and Enablers, (ii) Product and (iii) Legal and Regulatory.

At the G20 Summit in Los Cabos in June 2012, G20 leaders endorsed the Basic Set of Financial Inclusion Indicators. ("The Basic Set"). GPFI further amended these indicators in 2016. As a part of India's presidency, GPFI has added new indicators to its 2016's list of indicators on the themes of digital payments, financial literacy, and consumer protection, as well as updated several current indicators to include disaggregation by various categories, such as gender.

It is to be noted that a few additional critical dimensions need to be further captured. Therefore, the proposed framework, taking into account the Global Partnership for Financial Inclusion 2023 indicators, suitably strengthens it by capturing the criticality of some of the dimensions, such as Digital Public Infrastructure, Gender and Diversity, Capacity Building through incubation and financial literacy, SHG and co-operative promotion, etc., in achieving financial inclusion.

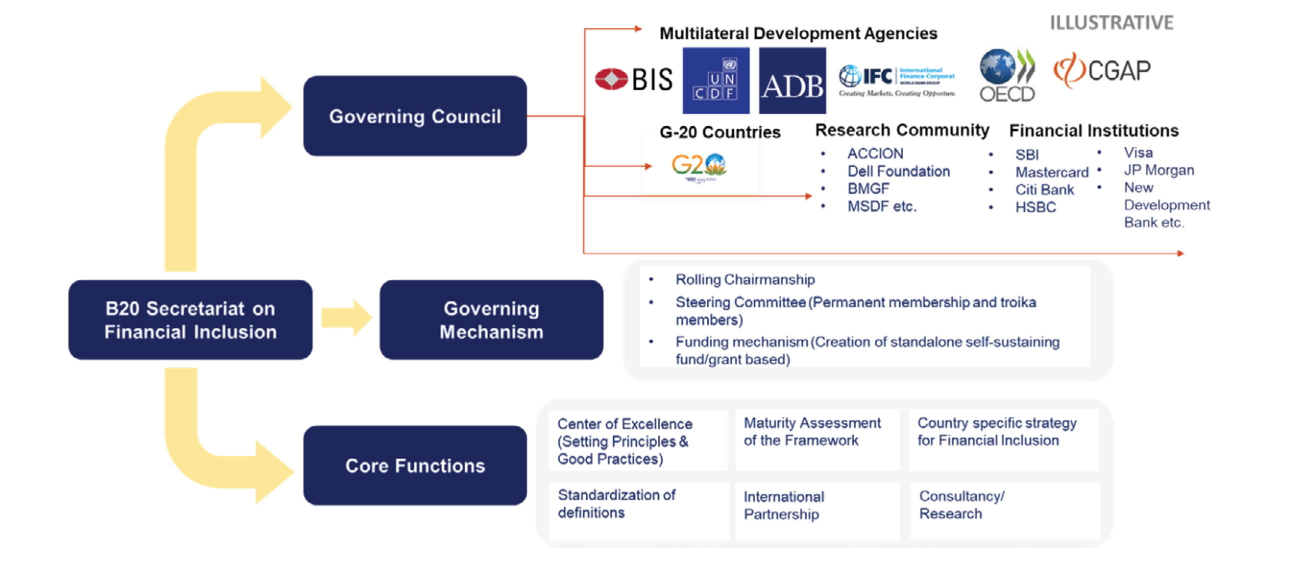
Figure 5: Framework for financial inclusion and economic empowerment



The Policy Paper also recommends setting up a B20 Secretariat for Financial Inclusion housed in a multilateral development agency. The Secretariat would have representation from G20 countries and ensure the sustainability and continuity of recommendations made across different G20 presidencies. The Secretariat would serve as a Centre of Excellence in setting principles and good practices, developing and updating the 'Financial Inclusion Assessment Framework' and assessment guide, designing country-specific financial strategies, standardizing definitions, building international partnerships, and also providing demand-based research or consultancy for self-sustainability.

The proposed Structure of the Secretariat is as follows:

Figure 6: Proposed structure of B20 secretariat



Headquarters

The B20 Secretariat on Financial Inclusion is proposed to be housed at one of the multilateral agencies like the **World Bank/UN agencies.**

Steering Committee

- The steering committee is proposed to comprise of representatives from each of the member countries, international development agencies, research institutions and financial institutions
- The steering committee is proposed to have both permanent membership and troika members, which are rotated annually
- The chairmanship of the steering committee is proposed to be changed on a rolling basis and will be from one of the permanent members
- The steering committee general meeting is proposed to take place twice a year. Each general meeting is to be hosted by the G20 presidency host

Funding Mechanism

- Annual funding budget is to be approved and sanctioned by the G20 countries based on an agreed-upon bifurcation between each member country
- Membership fee is proposed to be levied upon the permanent as well as troika members which will become part of the funding corpus

Autonomy

- While the Secretariat is initially to be housed at one of the multilateral agencies, within 2 years, it is proposed to be autonomous concerning governance and funding
- Within 2 years, the secretariat should develop the laws, regulations, code of conduct, ethical guidelines, etc., for its work
- After 2 years, the secretariat should become self-sustaining concerning generating revenues and reducing funding from the member nations

Annexure - 1
Financial Inclusion Journeys of India, Brazil, and Kenya

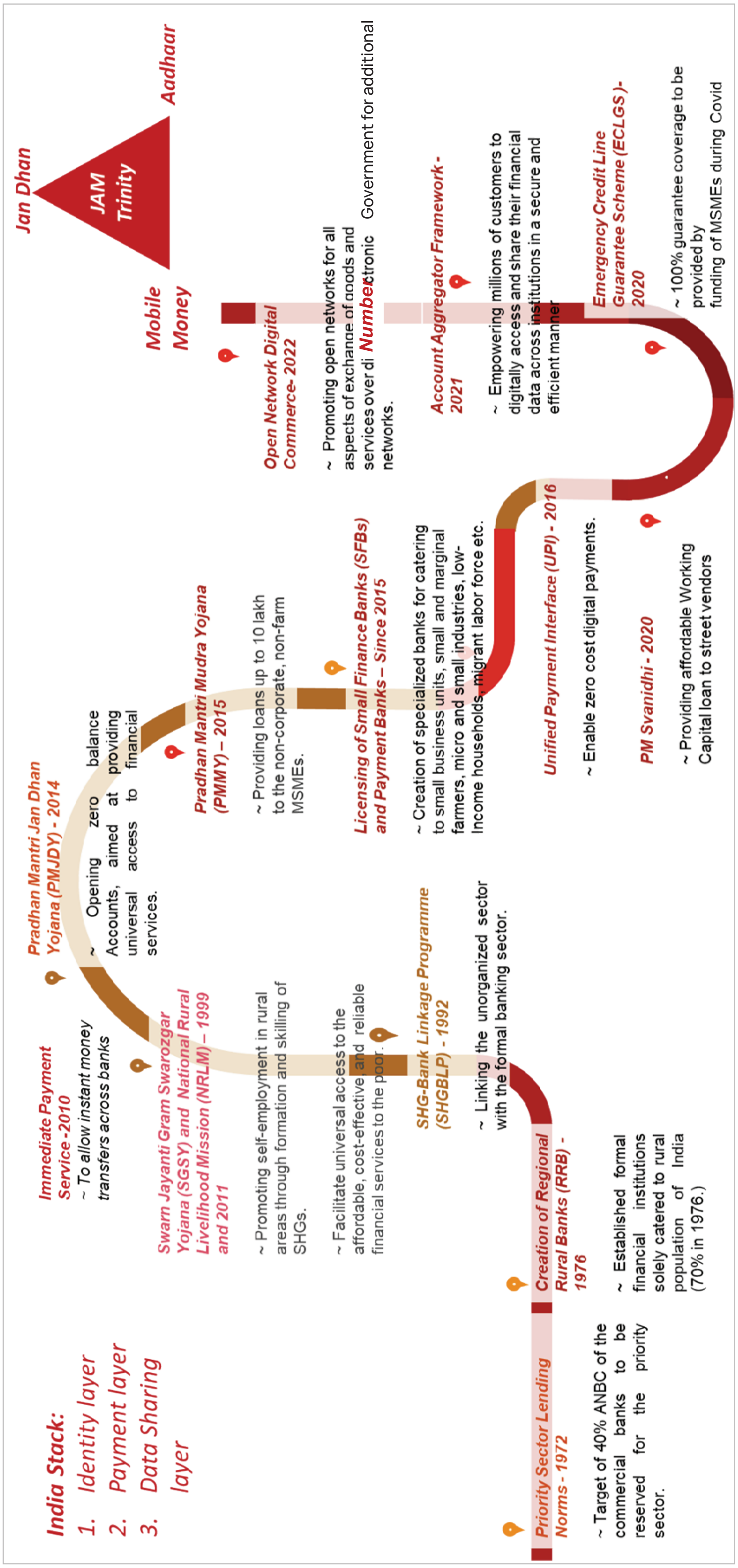
Different countries have followed varied pathways to improve financial inclusion. This paper has considered three case studies covering three continents: India, Brazil, and Kenya. All three countries have made substantial progress in financial inclusion. For example, as per World Bank Findex 2021, the percentage of adults (15+) with an account with a financial institution has gone up to 77% in India and 83% in Brazil. On the other hand, Kenya has made substantial progress with mobile money. Nearly 77.6% of adults (15+) made or received digital payments. In boxes 1, 2, and 3, we demonstrate the journeys of India, Brazil, and Kenya in improving financial inclusion.

Some of the key insights are:

- All three economies have oriented their efforts towards promoting instant payment solutions given their broader impact in terms of a less-cash economy, tax compliance, formalisation of the economy, etc
- With the 'Huduma Number Initiative' introduction in 2019 (a centralized identification system), Kenya has joined global efforts towards a unique digital identity as a critical digital public infrastructure
- Building on decades of progress in financial inclusion, India has introduced a Unified Payment Interface that enables real-time payments, interoperability, cost efficiency, and reliability. Several innovations in Digital Public Infrastructure, such as the Account Aggregator framework and the Open Network for Digital Commerce, are expected to democratize FinTech offerings
- All three economies recognize the role of technology in providing access to financial services to underserved segments and appreciate the importance of democratizing technology in the financial sector

The policy paper considers the pathways adopted by these countries and recommends a 'Financial Inclusion Assessment Framework' which can serve as a reference for fostering financial inclusion in the coming years for a wider community.

Box 1: Financial inclusion journey of India (major milestones)



Box 2: Financial inclusion journey of Brazil (major milestones)

Phase 1
1950s – 1990s

The Brazilian Economic Development Bank (BNDE) in the 1960s started catering to the cattle-raising and agri sector as well as small and medium sized Brazilian companies

The 1980s saw the growth of **Cooperative Savings and Credit System (SICOOB).** These cooperatives provided financial services, including savings account and credit facilities, primarily to rural and agri communities fostering financial inclusion in the grassroot level

Phase 2
1990s to 2000s

The Bolsa Escola Program was launched in 1995, which provided cash transfers to low-income families conditional on their children's school attendance

The BNDE, in 1996 launched the Productive Credit Program and the Institutional Development Program, to develop the "microfinance industry" in Brazil.

In 1997, the Central Bank of Brazil introduced **correspondent banking regulations.** This allowed non-banking institutions such as post offices and lottery agencies to offer limited financial services including deposits and withdrawals, on behalf of authorised financial institutions

Phase 3
2000s to 2010s

The Central Bank's Resolution in 2003 set the rules for branchless banking in the country

In 2004, **implified current accounts** were introduced. It was intended for Individuals who did not possess any other account and opening requirements were simpler, requiring only the identity card and social security number.

A mobile payment systems known as "**M-Payment**", was implemented in 2004. It allowed users to make payments and transfer money using phones
s

In 2007 banks started offering a package of free services called "**essential services**" which included 4 monthly withdrawals, 2 bank statements, 10 check leaves, 2 transfers between accounts of the same institution and online consultations

Phase 4
2010s to present

In Latin America, Brazil was the first country to adopt a national-level financial inclusion strategy which was launched on December 21, 2011.

Pix was introduced in 2020 as a new Brazilian **Instant Payments Scheme**. By end of May 2021, 755 participant institutions had successfully joined Pix and there were more than 10 Pix transaction per capital from Nov 2020 until May 2021

Brazil started implementing its own **Brazilian Open Banking Project (BOBP)** in 2021

Box 3: Financial inclusion journey of Kenya (major milestones)

Phase 1: Early Years and Independence Era 1950s – 1960s

In 1968, the National Bank of Kenya (NBK) was established to promote financial inclusion by providing banking services to previously underserved segments of society, including small businesses and rural communities.

Subsequently, in 1985, it became the first bank in East Africa to be nearly completely computerized.

Phase 2: Expansion of Financial Institutions 1970s to 1980s

The **Kenya Commercial Bank** (KCB) was established in **1972** with the mandate to offer banking services to a wider population, including previously unbanked individuals and businesses

The **Post Office Savings Bank** (POSB) was established in **1974**. It offered basic banking services through post office branches, making financial services more accessible to the rural population. It offered a unique feature where interest income earned by depositors was tax exempt.

During **1980s**, **several microfinance institutions** emerged with **NGOs** setting up pilot programs providing donor-funded credit services. They were focusing on providing small loans to microentrepreneurs, particularly those in rural areas

Phase 3: Mobile Money Revolution 1990s to 2010s

In 2006 the Microfinance Act was passed which provided comprehensive and consistent regulatory environment for MFIs

Financial Sector Deepening, Kenya, **a financial inclusion-focused program**, was launched in 2005 which supported research, innovation, and partnerships to drive financial sector development and improve financial inclusion outcomes

M-PESA a mobile-based payment system launched in 2007, allowed individuals to transfer money, make payments, and save using their cell phones, eliminating the need for traditional banking infrastructure. By the end of 2008, M-PESA had over **five million users**, making it the largest single supplier of financial services in Kenya.

Phase 4: Innovation and Digital Transformation 2010s to present

The emergence of digital payment platforms, such as **PesaLink and Equitel**, has further facilitated access to financial services for a larger segment of the population.

The government launched the **Huduma Number** initiative in **2019**, to create a **centralized identification system for all Kenyan residents** and facilitate access to government services, including financial services.

Kenya has been **exploring the concept of open banking**, which aims to enhance competition and innovation in the financial sector by enabling the secure sharing of customer data between financial institutions and authorized third-party providers

Annexure - 2
Revised Financial Inclusion Evaluation Indicators

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
Digital Public Infrastructure roll-out	Made a utility payment: using an account: The percentage of adults, age 15+, who report personally making regular payments for water, electricity, or trash collection directly from a financial institution account or by using a mobile phone. New Cuts - (Male, Female, Young, Older, Primary Education or Less, Secondary Education or More, Poorest 40% of households, Richest 60% of households, rural, urban, in labour force, out of labour force)	WB Global Findex	GPFI (2023)	Triennial	Output
Digital Public Infrastructure roll-out	Made a digital payment: The percentage of adults, who report using mobile money, a debit or credit card, or a mobile phone to make a payment from an account; or who report using the internet to pay bills or to buy something online or in a store in the past year. This includes adults who report paying bills or sending remittances directly from a financial institution account or through a mobile money account in the past year. New Cuts - (Male, Female, Young, Older, Primary Education or Less, Secondary Education or More, Poorest 40% of households, Richest 60% of households, rural, urban, in labour force, out of labour force)	WB Global Findex	GPFI (2023)	Triennial	Output
Digital Public Infrastructure roll-out	Made or received digital payments: The percentage of adults, who report using mobile money, a debit or credit card, or a mobile phone to make a payment from an account-or report using the internet to pay bills or to buy something online or in a store-in the past year. This includes adults who report paying bills, sending or receiving remittances, receiving payments for agricultural products, receiving government transfers, receiving wages, or receiving a public sector pension directly from or into a financial	WB Global Findex	GPFI (2023)	Triennial	Output

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
	institution account or report paying bills, sending or receiving remittances, receiving payments for agricultural products, receiving government transfers, receiving wages, or receiving a public sector pension directly from or into a financial institution account or through a mobile money account in the past year				
Digital Public Infrastructure roll-out	Made digital merchant payments online or in store: The percentage of adults, who report using a debit or credit card, or a mobile phone, to make a purchase in-store, or to pay online for an internet purchase. New Cuts - (Male, Female, Young, Older, Primary Education or Less, Secondary Education or More, Poorest 40% of households, Richest 60% of households, rural, urban, in labour force, out of labour force)	WB Global Findex	GPFI (2023)	Triennial	Output
Digital Public Infrastructure roll-out	Received government payment (transfers, pension, or wages) into an account: The percentage of adults, who report personally receiving any payment from the government (government transfers, public sector pension, or public sector wages) into an account in the past year. This includes payments for educational or medical expenses, unemployment benefits, subsidy payments, or any kind of social benefits. It also includes pension payments from the government, military, or public sector, as well as wages from employment in the government, military, or public sector. New Cuts - (Male, Female, Young, Older, Primary Education or Less, Secondary Education or More, Poorest 40% of households, Richest 60% of households, rural, urban, in labour force, out of labour force)	WB Global Findex	GPFI (2023)	Triennial	Output
Digital Public Infrastructure roll-out	Received private wage into an account (% age 15+): The percentage of adults, age 15+, who report receiving any money from an employer in the past year in the form of a salary or wages for doing work, and who received it directly into a financial institution account, into a card, or through a mobile phone. Source: World Bank Global Findex Database	WB Global Findex	GPFI (2023)	Triennial	Output

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
Digital Public Infrastructure roll-out	Access to a mobile phone: Percentage of adults with access to a mobile phone. New Cuts - (Male, Female, Young, Older, Primary Education or Less, Secondary Education or More, Poorest 40% of households, Richest 60% of households, rural, urban, in labor force, out of labor force)	Gallup World Poll	GPFI (2023)	Triennial	Output
Digital Public Infrastructure roll-out	Access to internet (% age 15+): Percentage of adults with internet access at home New Cuts - (Male, Female, Young, Older, Primary Education or Less, Secondary Education or More, Poorest 40% of households, Richest 60% of households, rural, urban, in labor force, out of labor force)	Gallup World Poll	GPFI (2023)	Triennial	Output
Digital Public Infrastructure roll-out	Adults with identification: The percentage of adults, with identification. "Official" ID is provided by, on behalf of, or recognized by governments, and can include both "legal" ID (which provides proof of legal identity) and "functional" ID required for a specific sector or purpose (e.g.,voting, travel, social security, etc.)	ID4D Findex Database	GPFI (2023)	Periodic	Output
Digital Public Infrastructure roll-out	Can the basic payment accounts be opened free of charge, at least for a basic package of services?	World Bank Global Payment Systems Survey.	GPFI (2023)	Annual	Process
Digital Public Infrastructure roll-out	Are banks and/or other PSPs required by law to provide basic payment accounts to any customer that requests for such an account?	World Bank Global Payment Systems Survey.	GPFI (2023)	Annual	Process
Digital Public Infrastructure roll-out	E-money payment accounts are available: Can basic payment accounts be provided by non-bank PSPs in the form of e-money?	World Bank Global Payment Systems Survey.	GPFI (2023)	Annual	Process
Digital Public Infrastructure roll-out	Payment account provision is regulated: The provision of basic payment accounts by banks and/or other PSPs is regulated through a law or regulation.	World Bank Global Payment Systems Survey.	GPFI (2023)	Annual	Process

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
Digital Public Infrastructure roll-out	Restrictions on transaction type: There are restrictions on the types of payment transactions that can be performed	World Bank Global Payment Systems Survey.	GPFI (2023)	Annual	Process
Digital Public Infrastructure roll-out	ATMs per 100,000 adults: Number of ATMs per 100,000 adults in the country	IMF Financial Access Surveys	GPFI (2023)	Annual	Output
Digital Public Infrastructure roll-out	Mobile agent outlets per 100,000 adults: Number of mobile agent outlets per 100,000 adults.	IMF Financial Access Surveys	GPFI (2023)	Annual	Output
Digital Public Infrastructure roll-out	Debit cards per 1,000 adults: Number of debit cards per 1,000 adults.	WB Global Payments Systems Survey	GPFI (2023)	Annual	Output
Digital Public Infrastructure roll-out	Used a debit or credit card (% age 15+): The percentage of adults, age 15+, who report using their own credit or debit card.	WB Global Findex	GPFI (2023)	Triennial	Output
Digital Public Infrastructure roll-out	Percentage of firms expressing that a typical firm reports less than 100 percent of sales for tax purposes.	WB Enterprise Surveys	New Parameter	3-5 years**	Output
Digital Public Infrastructure roll-out	Percentage of firms formally registered when they started operations in the country.	WB Enterprise Surveys	New Parameter	3-5 years**	Output
Digital Public Infrastructure roll-out	Average number of years firms operated without formal registration. (This indicator is computed only for the firms that did not have a formal registration when they started their operations in the country).	WB Enterprise Surveys	New Parameter	3-5 years**	Output
Digital Public Infrastructure roll-out	No. of Jurisdictions having technology stack to set up digital public infrastructure.	Proposed	New Parameter	Annual	Process
Digital Public Infrastructure roll-out	Percentage of National Identities digitized.	Proposed	New Parameter	Annual	Output
Digital Public Infrastructure roll-out	No. of FinTechs Registered within the Country/Jurisdiction.	Proposed	New Parameter	Annual	Output

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
Capacity Building through incubation and literacy	Adults who actively budget/ keep track of their money (%): The percentage of adults who reported being personally or jointly responsible for making day-to-day money decisions in the household and actively keeping track of money.	OECD International Survey of Adult Financial Literacy.	GPFI (2023)	Biennial	Output
Capacity Building through incubation and literacy	Adults who shop around for financial products (%): Percentage of adults who made some attempt to make informed decisions or sought some advice.	OECD International Survey of Adult Financial Literacy.	GPFI (2023)	Biennial	Output
Capacity Building through incubation and literacy	Adults who understand inflation (%): Percentage of adults who understand the definition of inflation.	OECD International Survey of Adult Financial Literacy.	GPFI (2023)	Biennial	Output
Capacity Building through incubation and literacy	Adults who understand risk diversification (%): Percentage of adults who understand risk diversification.	OECD International Survey of Adult Financial Literacy.	GPFI (2023)	Biennial	Output
Capacity Building through incubation and literacy	Adults who understand simple and compound interest (%): Percentage of adults who understand simple and compound interest.	OECD International Survey of Adult Financial Literacy.	GPFI (2023)	Biennial	Output
Capacity Building through incubation and literacy	Adults who understand the relationship between risk and return (%): Percentage of adults who understand the relationship between risk and return.	OECD International Survey of Adult Financial Literacy.	GPFI (2023)	Biennial	Output
Capacity Building through incubation and literacy	Financial attitudes score (0-3, high): The extent to which people report good financial attitudes. Each respondent is asked 3 questions in which they answer on a scale of 1-5 how much they agree with the statement with a 5 indicating the best financial attitude. Respondent-level scores are calculated by dividing the sum of the scale responses by 3. National scores are the average of the individual scores.	OECD International Survey of Adult Financial Literacy.	GPFI (2023)	Biennial	Output

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
Capacity Building through incubation and literacy	Financial behavior score (0-9, high): The extent to which people report good financial behavior. Scores are on a scale of 0-9 with 9 indicating the most financially prudent behavior. Each respondent is asked 8 questions (one can be worth 2 points) and respondent scores are the number of correctly answered questions. National scores are the average of the individual scores.	OECD International Survey of Adult Financial Literacy.	GPFI (2023)	Biennial	Output
Capacity Building through incubation and literacy	Financial knowledge score (0-7, high): The extent to which people have financial knowledge. Scores are on a scale of 0-7 with 7 being the highest financial knowledge. Each respondent is asked 7 questions and respondent scores on the number of correctly answered questions. National scores are the average of the individual scores.	OECD International Survey of Adult Financial Literacy.	GPFI (2023)	Biennial	Output
Capacity Building through incubation and literacy	Financial literacy score (1-21, high): The extent to which people are financially literate. Scores are on a scale of 1-21 with 21 indicating the highest level of financial literacy. Respondent scores are calculated by adding knowledge, behavior, and attitude scores. National scores are the average of the individual scores.	OECD International Survey of Adult Financial Literacy.	GPFI (2023)	Biennial	Output
Capacity Building through incubation and literacy	Does your country have any of the following national strategy documents to promote activities relevant to financial inclusion: Financial Capability/Literacy?	Financial Inclusion & Consumer Protection Survey	New Parameter	Periodic	Process
Capacity Building through incubation and literacy	Does the government, either by itself or in coordination with another institution, maintain a website with the objective of improving the financial capability of the public?	Financial Inclusion & Consumer Protection Survey	New Parameter	Periodic	Process
Capacity Building through incubation and literacy	Is financial education included as a topic or subject in public school curriculums?	Financial Inclusion & Consumer Protection Survey	New Parameter	Periodic	Process

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
Gender & Diversity inclusive finance	SMEs with at least one female owner with an account at a formal financial institution (%): The percentage of SMEs (5-99 employees) with at least one female owner with a checking or savings account at a bank or other financial institution. Source: World Bank Enterprise Survey.	WB Enterprise Surveys	GPFI (2023)	3-5 years**	Output
Gender & Diversity inclusive finance	SMEs with at least one female owner with outstanding credit who are required to provide collateral on loans (%): The percentage of SMEs (5-99 employees) with at least one female owner with outstanding credit who are required to provide collateral on their bank loan.	WB Enterprise Surveys	GPFI (2023)	3-5 years**	Output
Gender & Diversity inclusive finance	SMEs with at least one female owner with an outstanding loan or line of credit (%): The percentage of SMEs (5-99 employees) with at least one female owner with an outstanding loan or line of credit from a bank or other formal financial institution.	WB Enterprise Surveys	GPFI (2023)	3-5 years**	Output
Gender & Diversity inclusive finance	Women with access to collateral free loan : Percentage of women reporting access to collateral free loan.	Proposed	New Parameter	Triennial	Output
Gender & Diversity inclusive finance	Does the law prohibit discrimination in access to credit based on gender?	WB Women Business & Law Survey	New Parameter	Yearly	Process
Gender & Diversity inclusive finance	Do men and women have equal ownership rights to immovable property?	WB Women Business & Law Survey	New Parameter	Yearly	Process
Gender & Diversity inclusive finance	Does the law grant spouse equal administrative authority over assets during marriage?	WB Women Business & Law Survey	New Parameter	Yearly	Process
Gender & Diversity inclusive finance	Can a woman open a bank account in the same way as a man?	WB Women Business & Law Survey	New Parameter	Yearly	Process

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
Gender & Diversity inclusive finance	Does the law provide for the valuation of non-monetary contributions?	WB Women Business & Law Survey	New Parameter	Yearly	Process
Gender & Diversity inclusive finance	Is the mandatory retirement age for men and women the same? (Theme: Pensions)	WB Women Business & Law Survey	New Parameter	Yearly	Process
Gender & Diversity inclusive finance	Does the law mandate equal remuneration for work of equal value?	WB Women Business & Law Survey	New Parameter	Yearly	Process
Gender & Diversity inclusive finance	Percentage of firms with majority female ownership.	WB Enterprise Survey	New Parameter	3-5 Years	Output
Gender & Diversity inclusive finance	Percentage of full-time workers that are female in an enterprise.	WB Enterprise Survey	New Parameter	3-5 Years	Output
Private Sector Involvement for Financial Inclusion	No. of Active Accelerators/Incubators for financial inclusion within the country/jurisdiction	Proposed	New Parameter	Annual	Output
Private Sector Involvement for Financial Inclusion	Are there any incubation schemes for FinTechs?	Proposed	New Parameter	Annual	Process
Private Sector Involvement for Financial Inclusion	Are there any incentives for financial institutions for catering to the financial inclusion segment?	Proposed	New Parameter	Annual	Process
Private Sector Involvement for Financial Inclusion	How much of the lending to "priority sector" is routed through the private sector?	Proposed	New Parameter	Annual	Output
Increase insurance and savings penetration	Coming up with emergency funds in 30 days: The percentage of adults who report that it is somewhat difficult or not difficult at all to come up with 1/20 of gross national income (GNI) per capita in local currency units in 30 days.	WB Global Findex	GPFI (2023)	Triennial	Output

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
	New Cuts - (Male, Female, Young, Older, Primary Education or Less, Secondary Education or More, Poorest 40% of households, Richest 60% of households, rural, urban, in labour force, out of labour force.				
Increase insurance and savings penetration	Main source of emergency funds: savings, and very difficult (% age 15+): The percentage of adults, age 15+, who list savings as their main source of emergency funds (1/20 of gross national income (GNI) in local currency units) and report that it is very difficult to come up with the funds in 30 days.	WB Global Findex	GPFI (2023)	Triennial	Output
Increase insurance and savings penetration	Main source of emergency funds: savings, somewhat or not difficult (% age 15+): The percentage of adults, age 15+, who list savings as their main source of emergency funds (1/20 of gross national income (GNI) in local currency units) and report that it is somewhat or not difficult at all to come up with the funds in 30 days.	WB Global Findex	GPFI (2023)	Triennial	Output
Increase insurance and savings penetration	Insurance policy holders per 1,000 adults: Disaggregated by life and non-life insurance.	IMF Financial Access Surveys	GPFI (2023)	Annual	Output
Increase insurance and savings penetration	Saved for old age: Percentage of adults who saved for old age in the past year New Cuts - (Male, Female, Young, Older, Primary Education or Less, Secondary Education or More, Poorest 40% of households, Richest 60% of households, rural, urban, in labour force, out of labour force.	IMF Financial Access Surveys	GPFI (2023)	Annual	Output
Increase insurance and savings penetration	Saved at a financial institution: Percentage of adults that saved at a bank or other formal financial institution in the past year New Cuts - (Male, Female, Young, Older, Primary Education or Less, Secondary Education or More, Poorest 40% of households, Richest 60% of households, rural, urban, in labour force, out of labour force.	IMF Financial Access Surveys	GPFI (2023)	Annual	Output

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
Gender & Diversity inclusive finance	Payment accounts have deposit insurance: Basic payment accounts are protected by deposit insurance (e.g. for banks) or a similar mechanism.	World Bank Global Payment Systems Survey.	GPFI (2023)	Annual	Process
Gender & Diversity inclusive finance	Non-bank PSP accounts have deposit insurance: Basic payment accounts issued by non-bank PSPs (e.g. e-money accounts) are protected by pass-through deposit insurance or a similar mechanism.	World Bank Global Payment Systems Survey.	GPFI (2023)	Annual	Process
Targeted interventions for Agri & Rural segments	What % of agriculture advances are routed to small/marginal farmers?	Proposed	New Parameter	Annual	Output
Targeted interventions for Agri & Rural segments	No of FPOs registered within the jurisdiction.	Proposed	New Parameter	Annual	Output
Harnessing power of SHG & Co-operatives in Financial Inclusion	Is there a policy/scheme in the nation/jurisdiction to promote self-help groups and co-operatives?	Proposed	New Parameter	Annual	Process
Harnessing power of SHG & Co-operatives in Financial Inclusion	Is there a regulating authority for co-operative and SHGs in the Nation/Jurisdiction?	Proposed	New Parameter	Annual	Process
Incentivize cross border payments innovations	What is the weighted average transaction costs of cross-border payment?	Proposed	New Parameter	Annual	Output
Inclusive Policy Design & Governance	SMEs with outstanding credit who are required to provide collateral on loans (%): The percentage of SMEs (5-99 employees) with outstanding credit who are required to provide collateral on their bank loan. Source: World Bank Enterprise Survey.	WB Enterprise Surveys	GPFI (2023)	3-5 years**	Output

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
Inclusive Policy Design & Governance	Does the Jurisdiction/Nation have a national financial inclusion strategy?	WB Global Consumer Protection Survey	New Parameter	Annual	Process
Inclusive Policy Design & Governance	Does the Jurisdiction have the priority sector outlined for lending to the under-served sector?	Proposed	New Parameter	Annual	Process
Inclusive Policy Design & Governance	What percentage of advances were allocated to the priority sector in the Financial Year?	Proposed	New Parameter	Annual	Process
Inclusive Policy Design & Governance	Does the jurisdiction have a separate policy/governing body for digital lending?	Proposed	New Parameter	Annual	Process
Enhancing consumer protection	Do you undertake financial consumer protection supervisory activity?	WB Global Consumer Protection Survey	New Parameter	Annual	Process
Enhancing consumer protection	Are there specific provisions that restrict excessive borrowing by individuals?	WB Global Consumer Protection Survey	New Parameter	Annual	Process
General FI	Account: Percentage of adults who report having an account (by themselves or together with someone else) with a formal financial institution or have personally used a mobile money service in the past 12 months New Cuts - (Male, Female, Young, Older, Primary Education or Less, Secondary Education or More, Poorest 40% of households, Richest 60% of households, rural, urban, in labour force, out of labour force.	WB Global Findex	GPFI (2023)	Triennial	Output
General FI	Is there is a cap on the account balance that a customer can maintain?	World Bank Global Payment Systems Survey	GPFI (2023)	Annual	Process
General FI	Due diligence requirements facilitate account opening: Are KYC/CDD requirements tailored to facilitate the opening of basic payment accounts?	World Bank Global Payment Systems Survey	GPFI (2023)	Annual	Process

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
General FI	Due diligence can be done by banks and e- money issuers: Can KYC/CDD be performed by agents of financial institutions or e-money issuers?	World Bank Global Payment Systems Survey.	GPFI (2023)	Annual	Process
General FI	No charge for zero balance: A zero balance in the account is allowed without the customer being charged for this.	World Bank Global Payment Systems Survey.	GPFI (2023)	Annual	Process
General FI	Deposit account: Number of deposit accounts per 1,000 adults.	World Bank Global Payment Systems Survey.	GPFI (2023)	Annual	Output
General FI	Borrowed from a financial institution or used a credit card in the past year: Percentage of adults with at least one loan outstanding from a bank or other formal financial institution or used a credit card in the past year. New Cuts - (Male, Female, Young, Older, Primary Education or Less, Secondary Education or More, Poorest 40% of households, Richest 60% of households, rural, urban, in labour force, out of labour force).	WB Global Findex	GPFI (2023)	Triennial	Output
General FI	Outstanding loans with commercial banks: The total number of loan accounts that are obtained by resident non-financial corporations (public and private) and households from commercial banks in the reporting country. For several countries, however, data covers the total number of loan accounts by all clients.	IMF Financial Access Surveys	GPFI (2023)	Annual	Output
General FI	SMEs with an account at a formal financial institution (%): Percentage of Small or Medium Sized Enterprises (SMEs) with an account at a bank or other formal financial institution.	WB Enterprise Surveys	GPFI (2023)	3-5 years**	Output
General FI	SMEs with a male owner with an account at a formal financial institution (%): The percentage of SMEs (5-99 employees) with a male owner with a checking or savings account at a bank or other financial institution.	WB Enterprise Surveys	GPFI (2023)	3-5 years**	Output

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
General FI	SME deposit accounts (as a % of non-financial corporation borrowers): Number of SME deposit accounts (as a % of non-financial corporation borrowers).	IMF Financial Access Surveys	GPFI (2023)	Annual	Output
General FI	SMEs with an outstanding loan or line of credit (%) : Percentage of SME with outstanding loan or line of credit from a bank or other formal financial institution.	WB Enterprise Surveys	GPFI (2023)	3-5 years**	Output
General FI	SMEs with a male owner with an outstanding loan or line of credit (%): The percentage of SMEs (5-99 employees) with a male owner with an outstanding loan or line of credit from a bank or other formal financial institution.	WB Enterprise Surveys	GPFI (2023)	3-5 years**	Output
General FI	SME loan accounts (as a % of non-financial corporation borrowers): Number of SME loan accounts (as a % of non-financial corporation borrowers)	IMF Financial Access Surveys	GPFI (2023)	Annual	Output
General FI	Branches per 100,000 adults: Number of branches per 100,000 adults.	IMF Financial Access Surveys	GPFI (2023)	Annual	Output
General FI	Percentage of firms identifying access/cost of finance as a "major" or "very severe" obstacle.	WB Enterprise Surveys	New Parameter	3-5 years**	Output
General FI	Value of collateral needed for a loan or line of credit as a percentage of the loan value or the value of the line of credit.	WB Enterprise Surveys	New Parameter	3-5 years**	Output
Private Sector Development	Are there any incubation schemes for FinTechs?	Proposed	New Parameter	Annual	Process
Private Sector Development	Are there any incentives for financial institutions for catering to the financial inclusion segment?	Proposed	New Parameter	Annual	Process
Private Sector Development	How much of the lending to "priority sector" is routed through the private sector?	Proposed	New Parameter	Annual	Output
Private Sector Development	All registered institutions offering financial services - This may include corporate entities that offer financial services but are not specifically authorized to provide financial services and are therefore not required to provide information to any regulator.	AFI Financial Inclusion Data Working Group	AFI	Annual	Access

Theme	Indicator	Source	Old/New	Frequency	Indicator Type
Private Sector Development	All institutions authorized (or licensed) to offer financial services but not actively supervised - This could include entities that are subject to specific authorization, but over which the regulator has limited oversight. These entities may have limited or no reporting obligations.	AFI Financial Inclusion Data Working Group	AFI	Annual	Access
Private Sector Development	All institutions authorized and supervised on an ongoing basis - The provider is subject to direct and ongoing monitoring and supervision, which is likely to include reporting of data. This is the most restrictive definition but is also the level at which financial regulators have the most influence.	AFI Financial Inclusion Data Working Group	AFI	Annual	Access
General FI	% of customers with 2 or more active financial products, from different categories, with the bank to.	UNEPFI Principles for Responsible Banking	UNEPFI	Biennial	Output
Allied Financial Services	% of customers supported with dedicated customer journey/advisory services.	UNEPFI Principles for Responsible Banking	UNEPFI	Quarterly	Output
Capacity Building	# of individuals supported with dedicated and effective financial and/or digital education initiatives.	UNEPFI Principles for Responsible Banking	UNEPFI	Monthly	Process
General FI	# of products and services in the portfolio with a focus on financial inclusion.	UNEPFI Principles for Responsible Banking	UNEPFI	Monthly	Access
Capacity Building	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health.	UNEPFI Principles for Responsible Banking	UNEPFI	Monthly	Process
General FI	% of clients that improved their economic conditions due to the bank's actions (eg increased savings, increased income, sales, etc).	UNEPFI Principles for Responsible Banking	UNEPFI	Monthly	Output

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Acronyms

Acronym	Full Form
AC	Action Council
ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
AI	Artificial Intelligence
AMF	Arab Monetary Fund
AML	Anti-Money Laundering
ANBC	Annual Adjusted Net Bank Credit
API	Application Programming Interface
APP	Authorized Push Payment
ASEAN	Association of Southeast Asian Nations
ATM	Automated Teller Machine
B20	Business 20
BBVA	Banco Bilbao Vizcaya Argentaria
BCB	Central Bank of Brazil
BMGF	Bill & Melinda Gates Foundation
BNDE	Brazilian Economic Development Bank
BOB	Online Buddy Chatbot
BOBP	Brazilian Open Banking Project
BSP	Central Bank of the Philippines
CDD	Customer Due Diligence
CEO	Chief Executive Officer
CGAP	Consultative Group to Assist the Poor
CII	Confederation of Indian Industry
CMN	National Monetary Council, Brazil
CSR	Corporate Social Responsibility
DC	District of Columbia, Washington
DFS	Digital Financial Services
DGA	Digital Government Development Agency
DoP	Department of Posts
DPI	Digital Public Infrastructure
DRC	Democratic Republic of the Congo
ECA	Export Credit Agencies
ECLGS	Emergency Credit Line Guarantee Scheme

Acronym	Full Form
e-services	Electronic Services
e-Wallet	Electronic wallet
FCA	Financial Conduct Authority
FFI	Finance Finland
FIN	Foreign Identification Numbers
FINE	Finnish Financial Ombudsman Bureau
FIs	Financial Institutions
FLDG	First Loss Default Guarantees
FLIC_SA	The Financial Literacy and Inclusion Centre of Southern Africa
FMCG	Fast-Moving Consumer Goods
FOGAPE	Guarantee Fund for Small and Medium-Sized Entrepreneurs
FPO	Farmer Producer Organization
FY	Financial Year
G20	The Group of Twenty
GAIN	Global Accelerator for Innovation Network
GDP	Gross Domestic Product
GNI	Gross National Income
GoI	Government of India
GPFI	Global Partnership for Financial Inclusion
HSBC	Hongkong and Shanghai Banking Corporation Ltd.
IBAN	International Bank Account Number
ID	Identity
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
IPPB	India Post Payments Bank
IP Rights	Intellectual Property Rights
JA	Junior Achievement Finland
JAM Trinity	Jan Dhan Account, Aadhaar and Mobile number
KCB	Kenya Commercial Bank
KPIs	Key Performance Indicators

Acronym	Full Form
KYC	Know Your Customer
LGBTQIA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and Asexual
LICs	Low-Income Countries
MAS	Monetary Authority of Singapore
MEITY	Ministry of Electronics and Information Technology
MFIs	Micro Finance Institutions
ML	Machine Learning
MLA	Marketplace Lending Association
MSDF	The Michael & Susan Dell Foundation
MSME	Micro, Small & Medium Enterprises
NBFCs	Non-Banking Financial Corporations
NEK	National Bank of Kenya
NGOs	Non-Governmental Organizations
NPCI	National Payment Corporation of India
NRLM	National Rural Livelihood Mission
OECD	Organization for Economic Co-operation and Development
OJK	Otoritas Jasa Keuangan
OLPI	Online Lending Policy Institute
ONDC	Open Network for Digital Commerce
OSMEP	Office of SMEs Promotion
P2P	Peer-to-Peer
PFIP	Pacific Financial Inclusion Programme
pH	Potential of Hydrogen
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMMY	Pradhan Mantri Mudra Yojana
PoS	Point of Sale
POSB	Post Office Savings Bank
PSPs	Payment Service Providers

Acronym	Full Form
QR code	Quick Response Code
RBI	Reserve Bank of India
ROSCA	Rotating Savings and Credit Association
RRB	Regional Rural Bank
SBI	State Bank of India
SDG	Sustainable Development Goals
SFB	Small Finance Bank
SGR	Social Reciprocal Guarantee
SGSY	Swarnajayanti Gram Swarojgar Yojana
SGTS	The Singapore Government Tech Stack
SHGBLP	Self Help Group-Bank Linkage Programme
SHG	Self-Help Group
SICOOB	Sistema de Cooperativas de Crédito do Brasil
SINOSURE	China Export & Credit Insurance Corporation
SIPs	Systematic Investment Plan
SME	Small and Medium sized Enterprises
SMS	Short Message Services
SWIFT	Society for Worldwide Interbank Financial Telecommunications
TF	Task Force
UNEPFI	United Nations Environment Finance Initiative
UK	United Kingdom
UN	The United Nations
UPI	Unified Payment Interface
USA	The United States of America
USD	United States dollar
VPA	Virtual Payment Address
WB	World Bank

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Adelia Castelino	In Solutions Global Limited	India
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Network partners

Knowledge partner


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About B20 India

Business 20 (B20) is the official G20 dialogue forum with the global business community. Established in 2010, B20 is among the most prominent Engagement Groups in G20, with companies and business organizations as participants. The B20 leads the process of galvanizing global business leaders for their views on issues of global economic and trade governance and speaks in a single voice for the entire G20 business community.

Each year, the G20 Presidency appoints a B20 Chair (an eminent business leader from the G20 host country), who is supported by a B20 Sherpa and the B20 secretariat. The B20 aims to deliver concrete actionable policy recommendations on priorities by each rotating presidency to spur economic growth and development.

The B20 bases its work on Task Forces (TFs) and Action Councils (ACs) entrusted to develop consensus-based policy recommendations to the G20 and to international organizations and institutions. The B20 officially conveys its final recommendations to the G20 Presidency on the occasion of the B20 Summit.

As India holds the Presidency of G20 in 2023, India will host the eighteenth G20 Summit in New Delhi. The Confederation of Indian Industry (CII) has been appointed as the B20 India Secretariat for India's Presidency. CII, as the B20 India Secretariat, will host the B20 India Summit in New Delhi from 25-27 August 2023.

For queries, **reach us at b20secretariat@cii.in**