

ANNUAL REPORT TO THE SECRETARY-GENERAL SEPTEMBER 2018

UNSGSA UNITED NATIONS SECRETARY-GENERAL'S SPECIAL ADVOCATE
FOR INCLUSIVE FINANCE FOR DEVELOPMENT

A close-up photograph of a hand stitching a red cricket ball with white thread. The hand is holding a needle and thread, and the ball is held in a wooden vice. The background is blurred, showing a person wearing a blue and green patterned garment.

FINANCIAL INCLUSION

Technology, Innovation, Progress





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Message from the UNSGSA



Every three years when the Global Findex comes out, those committed to financial inclusion have a chance to pause and consider their work. How much progress have we made and where are we lagging behind? What new opportunities have emerged that can fuel our endeavors, so that three years from now, when new data comes out, financial inclusion will have risen once again?



The latest edition of Global Findex data confirmed the growing impact of our efforts to expand financial inclusion among excluded populations. Sixty-nine percent of all adults now have access to financial services, up from 61 percent three years ago and 51 percent in 2011—a remarkable jump of 18 percentage points in six years.

One of the most encouraging insights coming out of this new data concerns the power of innovative technologies to expand access and usage of the financial services people need to improve their lives.

Mobile money was the first digital revolution and it has not lost its momentum, nearly doubling in the last three years. Technology is also accelerating wider engagement with the financial system through internet-enabled payments and data analytics.

This year I've seen a wide range of exciting ways in which technology is reshaping financial inclusion and providing unprecedented opportunity. To highlight a few:

- María Teresa Gaytán López, a domestic worker in Mexico City, opened her first formal financial account at an OXXO convenience store—no minimum balance, no paperwork, accessible via her mobile phone. With an intimate knowledge of its low-income customers, the OXXO chain is able to offer an account that provides the affordable convenience its customers need.
- Flora Edojah has transformed her catfish stall in Lagos into a thriving small business with the support of the Nigerian fintech Lidya. Although she approached Lidya with no traditional collateral or credit history, the company provided the credit she needs to grow by analyzing the digital footprint of her online supply purchases, every step taking place online.

I have so much admiration and gratitude for the providers, governments, and development organizations that have worked together to bring these kinds of creative solutions to life. With supportive policies and basic infrastructure, the private sector is devising innovative and effective ways to reach customers at the bottom of the economic pyramid.

These and many other advances are encouraging, but our excitement should be tempered. Wide and persistent gaps based on income and gender are blocking our progress and demand our action.

And we must find new ways to tackle low usage, one of our greatest challenges. Access and proximity are not enough to stimulate usage. In India, for example, a woman working at a cricket equipment factory told me that she has an account at a nearby bank but rarely uses it because she would have to stand in line for three hours. And digital solutions are not always the answer—cultural norms limit this woman's ability to have a mobile phone.

Data privacy concerns have drawn strong attention this year and for good reason. We will need to strengthen our own efforts to protect low-income people from threats related to cybersecurity, fraud, and discriminatory lending using big data, as well as data privacy.

I am tremendously grateful for the support of partners in my Reference Group and beyond, and I look forward to continuing this exceptional collaboration to reach our shared goal: building a more equitable world in which everyone can shape their own future.

A handwritten signature in black ink, appearing to read 'Máxima'.

H.M. Queen Máxima of the Netherlands
United Nations Secretary-General's Special Advocate
for Inclusive Finance for Development

The Path of Financial Inclusion



From the start of her work as the UN Secretary-General’s Special Advocate for Inclusive Finance for Development, Queen Máxima has emphasized the centrality of data. The Global Findex* is not merely a fascinating data set, however—with three iterations over a six-year period, it is part of a large and complex picture into the changing path of financial inclusion.

The top-line data from this year’s new Findex is encouraging—515 million adults opened new accounts in the last three years. But in many ways the power of the Findex lies in the details—the kind of details policymakers, financial sector providers, and development organizations need to measure progress, understand impact, and plan for the future.

As important as financial inclusion is for our global future, there is no such thing as a global solution. Every country is different and its path must be its own. One of the Findex’s greatest gifts is that it provides so many different examples of emerging success for countries to consider.

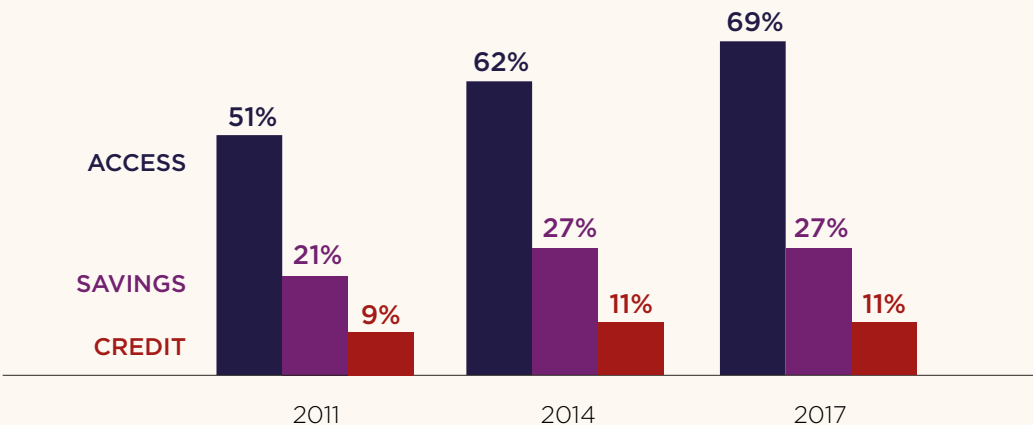
This past year the UNSGSA worked vigorously to help expand development progress in countries around the

world. The strategy she put in place in 2017 continues to guide her work by focusing on 1.) ensuring financial services are actively used in a way that improves people’s lives; 2.) reaching underserved populations, specifically women, farmers, and small businesses; and 3.) fostering the public goods and policies needed for digital financial inclusion. Throughout her work she has also promoted customer-centricity—one of the best tools available to address low usage—and has prioritized engaging the private sector. By pressing on all of these fronts, the UNSGSA aims to drive progress where opportunity is ripe and advances can improve lives.

**Global and national data cited herein comes from the 2017 Global Findex.*

HOW FAR HAS FINANCIAL INCLUSION COME... AND WHERE DOES IT NEED TO GO?

There is significant reason to celebrate the world’s impressive gains in financial access since 2011. But the steady climb in access masks a slow increase in the metric that really matters: active usage (here measured by formal savings and credit).



Financial access is measured by account ownership among adults; usage is indicated by adults who have borrowed from or saved at a formal financial institution. (Sources: Global Findex Database, 2011, 2014, 2017)

Ensuring usage and development impact

Mobile money accounts are helping millions of women move out of poverty. Pay-as-you-go solar energy is giving rural communities electricity for the first time. Affordable digital health insurance is allowing children to get medical care when they're sick, not just when their parents have saved enough money.

The active use of financial services in all their variety is driving progress and helping the world tackle a wide range of urgent development challenges.

When 193 countries adopted the ambitious Sustainable Development Goals (SDGs) in 2015, the importance of financial inclusion was highlighted in seven of the 17 goals including those addressing poverty, hunger, health, and gender equality. While the 2030 deadline for achieving the SDGs is years away, financial inclusion is making significant progress, paving the way for better outcomes in a host of areas. Prior to the World Bank Spring Meetings in April, Pope Francis underlined the importance of these steps: "I encourage efforts that seek to promote the lives of the poorest through financial inclusion, fostering genuine integral development that respects human dignity."

Data from the new Global Findex reveals strong overall progress, with 69 percent of adults now participating in the formal financial system. But the numbers also reveal wide and persistent gaps in access that are undercutting progress on the SDGs, especially among the poor and women. Gaps between those who have accounts and those who are actively using them are also limiting progress.

Diversity in national progress

Throughout the past year the Special Advocate continued to emphasize the importance of financial inclusion for development—as a force to open up opportunity for all. In country visits to Mexico, Nigeria, Indonesia, and India, she saw how government policies and private-sector services are taking shape in ways that can improve wellbeing for previously excluded populations.

In Nigeria and Mexico, after a jump in financial inclusion between 2011 and 2014, the numbers have decreased. In Nigeria, where the national financial inclusion strategy, first launched in 2012, is now being



Financial inclusion can help improve health and wellbeing (SDG 3), making it easier for people to manage medical expenses and rebound from a health crisis. Out-of-pocket healthcare payments are one of the main reasons people in developing countries remain in poverty.

revised, policymakers are working to increase access for women and rural communities, especially in the north. In Mexico, policymakers are taking a granular look at banking agents' coverage and revising regulations to significantly strengthen the network, which needs to expand at least five-fold in order to reach rural areas. In Indonesia, a 13 percentage point jump in financial access since 2014 has been fueled by major advances in reaching women, who now outpace men by five percentage points. And in India, a pioneering set of digital policies and infrastructure (see page 18) has driven remarkable progress—access rocketed from 53 to 80 percent in three years, including among the poor, people in rural areas, and women.

Moving from access to usage

Financial access is an excellent first step, but without moving to active usage we will have zero impact on people's ability to improve their lives, the UNSGSA emphasized in April at the launch of the Global Findex in Washington, D.C. Globally more than one in five people have an account but have not used it in the past year. In India, almost half of accounts are inactive. And around the world, active use of savings and borrowing has hardly changed at all. In Indonesia, usage of formal savings and credit dropped slightly between 2014 and 2017.

Customer-centricity—putting the customer first in every aspect of decision-making—is a touchstone for financial inclusion and an important key to tackling persistent low

DIGITAL FINANCE PAVES THE WAY FOR THE SUSTAINABLE DEVELOPMENT GOALS



Over the past decade, digital innovations have transformed the financial landscape. A growing body of evidence shows that digital financial inclusion can play a catalytic role in driving progress on many SDGs.

No Poverty (SDG 1)

- In Brazil, the government social transfer program, Bolsa Familia, cut transaction costs from nearly 15% in 2001 to below 3% in 2005 by bundling all benefits onto one electronic payment card. The program contributed to a **12–18% reduction in poverty**.¹

Gender Equality (SDG 5)

- In Kenya, access to mobile money in women-headed households led to a **22% reduction in extreme poverty and a 20% increase in savings**.²

Affordable and Clean Energy (SDG 7)

- Worldwide, 690 million mobile money accounts are

enabling new business models for low-cost energy services. Pay-as-you-go companies have used digital finance **to provide 10 million people with affordable energy**.³

Decent Work and Economic Growth (SDG 8)

- In ten African countries, an agent network called Baobab employs user-friendly tablets and biometric ID verification technology to provide financial services and drive growth among their 700,000 customers—most of them micro, small, and medium-sized enterprises.⁴

Source: UNSGSA development working group: Digital Financial Inclusion and the SDGs (1. Higgins, 2012; 2. Suri and Jack, 2016; 3. Lighting Global & Dalberg, 2018; 4. www.microcred.com)

usage. Customer-centricity should mean understanding the seasonal cycle of farmers' financial needs, designing products that work for low-literacy customers, and framing regulations so that women can open accounts without their husbands' approval.

A number of extremely promising steps can be taken to address low usage. If various public- and private-sector payments are shifted directly into digital accounts,

literally millions of people—poor families, workers, farmers, refugees, and others—could be brought into the formal financial system. By digitizing government social payments, the World Bank projects that the share of unbanked women in the Philippines could be decreased by up to 20 percentage points, and by 28 points in Chile. Digitizing private-sector wages could expand financial inclusion by up to 29 points in Indonesia.

NIGERIA

The last time the Special Advocate visited Nigeria, in 2012, it had just launched its national financial inclusion strategy, which laid out a goal of 80 percent financial inclusion by 2020. Since then, Nigeria has made significant progress in a number of areas. Nearly half the population gained access to financial services by 2016, more than doubling the level in 2008. However, the pace of inclusion has stalled since 2014, especially for women, young people, and rural populations, particularly in the north.

Way forward

The UNSGSA returned in November 2017 to discuss how to accelerate financial inclusion. She met with key members of the private and public sectors, including Vice President Yemi Osinbajo, to learn more about ongoing work and to suggest several priority directions:

Revise and implement national strategy

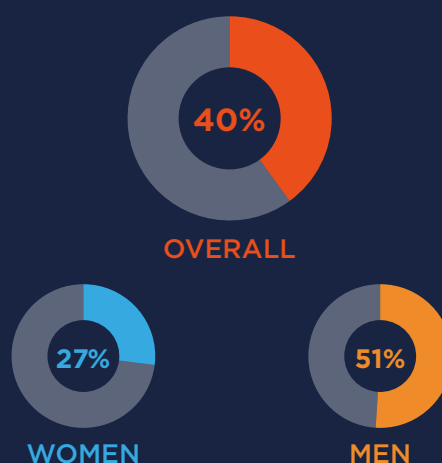
To jump-start progress, senior government officials are taking an active role in revising and implementing the national strategy. Queen Máxima advocated:

- Strong policy coordination among all stakeholders, including government authorities, mobile network operators, fintech, and the banking sector;
- The creation of a high-level financial inclusion oversight committee supported with political commitment; and
- A time-bound implementation plan with clearly defined responsibilities, prioritization of actions, and a monitoring and evaluation framework.



Vice President Yemi Osinbajo was among the leaders who met with the Special Advocate during her visit to Nigeria to discuss the country's progress.

FINANCIAL ACCESS IN NIGERIA



Financial access is measured in terms of account ownership among adults. (Source: Global Findex 2011, 2014, 2017)

Expand mobile money and agents

To reach its target of 80 percent financial inclusion, the revised strategy must prioritize the expansion of digital financial services. In her speech at a financial inclusion workshop in Abuja, the Special Advocate emphasized the enormous development impact that mobile money can have by opening up credit and savings, including to farmers and women (see page 29).

She also called for a large-scale expansion of agent networks beyond the current 42,000 access points. Nigeria needs at least 200,000 agents for its



In Nigeria, Lagos State is rolling out a health insurance program that will cover all, including low-income people like Nwakafor Agnes (left), who is now able to get medical care for her triplets whenever they need it. To lower costs, improve privacy, and limit paperwork for clients and providers, a digital infrastructure is being developed that allows agents to screen, sign up, and confirm patients via tablet. Patients get confirmations to their mobile phones via text and gain access to a mobile health insurance wallet, which they can use to save and spend. The scheme brings transparency and accountability to all involved, from the patient to the state.

population. To achieve these goals, she encouraged Nigeria to reform regulations to create a level playing field so that mobile network operators can issue mobile money and manage agents at the same time. She also recommended developing adequate consumer protection.

Create a conducive infrastructure for financial inclusion

The final piece of the puzzle is ensuring that customers can easily, safely, and cost-effectively access financial services. The Special Advocate emphasized updating and expanding the national ID system, applying tiered know-your-customer (KYC) regulations to make it easier to open basic bank accounts, improving internet connectivity, and supporting policies that help hard-to-reach segments,

including women and small and medium-sized enterprises (SMEs). Underlying all of this must be a strong focus on customer-centricity so that products are designed to meet the needs of the consumer.

Next steps

The UNSGSA and her partners—including CGAP, the Bill & Melinda Gates Foundation, and the World Bank Group—have been collaborating closely with Nigeria as it implements the recommendations discussed during the visit. This includes providing guidance on the revision of the national strategy and the reform of regulations on mobile and agent banking, and collaborating with the vice president, who is committed to advancing financial inclusion in Nigeria.

Reaching the hard-to-reach

Despite the best intentions of governments and development organizations, certain hard-to-reach populations have historically been left behind. The poor, women, farmers, small entrepreneurs, and youth have long struggled at the margins of societies and economies, excluded from opportunities that could transform their lives and their communities.

Without heightened attention to these populations, neither financial inclusion nor lasting development progress can be attained. And the financial inclusion community has worked hard to address these specific challenges. But when the Global Findex was released, its good news could not mask the fact that progress remains uneven. “The gaps between haves and have-nots remain as wide as they were when we began to measure in 2011,” the Special Advocate wrote in a blog with World Bank President Dr. Jim Kim following the 2018 Spring Meetings.

Women

Women deliver exceptional development impact for the investment and their access to financial services has grown steadily, rising from 58 to 65 percent since 2014. But the gap between women and men has not changed, stuck at seven percentage points for almost a decade (nine in the developing world).

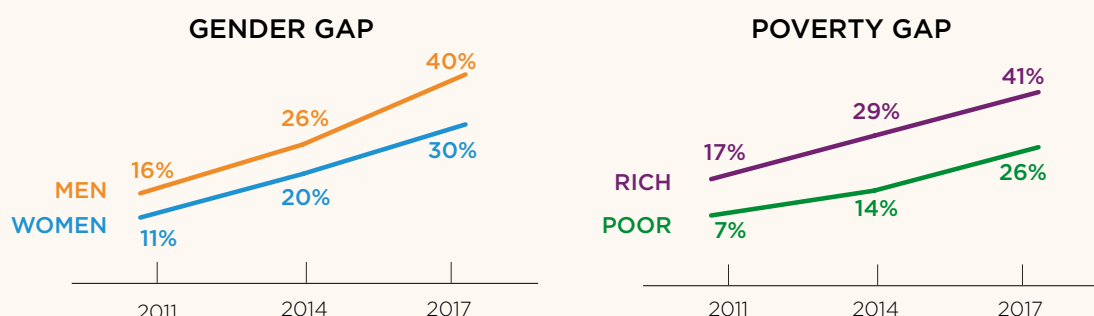
Several emerging and developing countries have succeeded in reaching gender parity, among them Indonesia, Argentina, South Africa, and Viet Nam. India has dramatically narrowed the gender gap in financial access, if not usage, from 20 percentage points to 6. This is in part due to its emphasis on biometric IDs to increase account ownership.

Social and cultural norms as well as legal impediments can make it difficult for women to enter the financial mainstream. While these forces operate beyond the control of the financial sector, the UNSGSA encouraged policymakers and providers to help make financial tools more accessible, useful, and affordable for women by lowering regulatory barriers and designing products and services to reflect women’s priorities. Women tend to prioritize safety, privacy, trust in providers, easy access, and low cost.

The starting point must be data—specifically gender-disaggregated data. Without having data on how many women are being served and how they behave as customers, providers “do not see women as promising customers because they don’t know them—literally!” Queen Máxima said at an event at the Royal Tropical Institute in Amsterdam. And policymakers cannot effectively shape the rules they hope will help women (see page 30).

WOMEN AND THE POOR: CAN WE CLOSE THESE GAPS?

Gaps in financial inclusion are significant and have persisted over time despite the efforts of governments and development organizations. **In low-income countries**, the differences in access between men and women and between the richest and poorest are all the more daunting given the low overall figures.



Poorest and richest in this context refer to the poorest 40 percent and richest 60 percent of adults with a formal account.
(Sources: Global Findex Database, 2011, 2014, 2017)

ON THE FAST TRACK WITH GO-JEK: DIGITAL FINANCIAL INCLUSION IN INDONESIA

Anywhere you look in Jakarta these days, you'll see the bright green helmet and jacket of a Go-Jek motorbike driver carving a path down the crowded streets. Established in 2010 as a ride-hailing service for motorbikes, Go-Jek is now a ubiquitous presence in Indonesia's cities.

Through the wide range of services offered on its app, Go-Jek is providing convenience to customers and wider markets for more than a million drivers, food providers, and other small businesses with which it partners. For these micro-entrepreneurs—including Nilawati, a driver the UNSGSA met in February—Go-Jek provides something more: a chance to join the formal financial system.

Go-Jek had nothing to do with financial services when it first started, but it launched its app in 2015, followed the next year by a digital wallet, Go-Pay, to make transactions easier. With customers wanting to pay with their phones, drivers had a strong motivation to open digital financial accounts so they could accept Go-Pay—a move Go-Jek

facilitated for thousands of previously unbanked drivers and other partners.

Go-Pay has since become the fastest growing digital wallet platform in the country, reaching more than 10 million users, and its success has helped drive Go-Jek's value well above \$1 billion—Indonesia's first unicorn.

Go-Jek has continued to expand the range of financial services available to its partners, including loans and insurance. In her discussion with Queen Máxima, Nilawati explained that she recently moved into her very own home thanks to a mortgage facilitated by Go-Jek. This was possible because its digital platform collects sales data from Nilawati and other partners, which can be leveraged to demonstrate their creditworthiness to partner banks, which in turn provide the needed loans.

By advancing technology-enabled financial inclusion among its partner micro-entrepreneurs and providing customer-centric services that appeal to Indonesia's growing middle class, Go-Jek has hit on a solution that's a win-win for all sides.



Go-Jek driver Nilawati (third from left) recently moved into her very own home thanks to a mortgage facilitated by the company. Working in a male-dominated field, she also manages a support group for women drivers.

A wide range of organizations are beginning to recognize the necessity of developing and using data. Banks are starting to employ it to expand their women's markets (*see below*). A quarter of mobile network operators know the gender of their clients. A small but growing number of governments are collecting gender-disaggregated data, including Chile, Mexico, Tanzania, Egypt, Kenya, Rwanda, and Zambia. Twenty-six out of 104 countries in the IMF's gender pilot for the Financial Access Survey were able to provide this data in the most recent round, and the IMF will include a gender module in all future rounds of the survey.

Farmers

Obtaining adequate and affordable finance is one of the biggest challenges for farmers in developing countries. With low and irregular incomes, little traditional collateral, and great vulnerability to natural forces, smallholder farmers represent a particularly difficult segment to serve financially. Smallholders in sub-Saharan Africa, South and Southeast Asia, and Latin

America need \$200 billion in financing, yet less than one-sixth of that is available from financial institutions and value-chain entities. But progress on many of the SDGs, particularly those targeting hunger, health, poverty, and economic growth, depends on finding a way to serve them adequately.

Financial institutions, agriculture companies, development organizations, and governments are taking innovative approaches to financing farmers, in many cases leveraging value chains. These efforts need to scale up sustainably. In Indonesia, where rural populations account for the great bulk of the country's poverty, the UNSGSA encouraged ministries to develop a strategy on agriculture value-chain financing and highlighted the potential of private-sector partnerships to support scalable and sustainable solutions (*see page 15*).

Digitizing agricultural payments offers another opportunity to expand financial inclusion among farmers. Doing so in Mozambique, Nigeria, and Viet Nam, for example, could reduce financial exclusion by up to 25 percent, according to the World Bank.

WHY SERVE WOMEN? THE HARD-NOSED BUSINESS CASE

By not recognizing the potential of the women's market, businesses are losing out on a huge opportunity. In the financial services sector:

- Women represent 55 percent of the unbanked.
- There is a seven-percentage-point gender gap in financial access, nine in the developing world—the same since 2011.
- 80 percent of women-owned small businesses with credit needs are either unserved or underserved—a \$1.7 trillion financing gap.

Banks that serve women do well for themselves. Data from banks serving 22 million customers in 18 countries shows that:

- Women outpace men in overall growth in volume of credit (15% vs. 10%) and volume of deposits (17% vs. 14%).
- Women are strong savers, with lower loan-to-deposit ratios than men (66% vs. 115%).



Women represent an enormous untapped market for financial services, and outpace men in saving and repaying loans.

- Women are prudent borrowers, with lower non-performing loans than men (2.9% vs. 4.2%)
- Companies that do well in the women's market also do well for investors (5.9% IRR vs. 1.6% IRR).

The Bottom Line: Women represent lower risk than men and are sustainable clients.

Source: UNSGSA gender working group, 2018 (Data: Global Banking Alliance for Women 2017, Women's World Banking/Cambridge Associates, 2017)

CASTING A WIDER NET: DIGITAL LOAN HELPS NIGERIAN FISH-SELLER EXPAND HER BUSINESS



Lidya's digital finance model allowed Flora Edojah to expand her fish-selling enterprise after 30 years in business, boosting her income and expanding her client base.

Tucked away in the bustling Ijesha Market in Lagos, Flora Edojah's small catfish stall seems as humble as its quiet owner. Yet waters run deep with the 53-year-old businesswoman—and not just in her catfish pens. With 30 years of experience and a strong entrepreneurial drive, she is a successful entrepreneur who leads the local fish-selling community.

But Ms. Edojah's ambitions to expand beyond her local market were hindered for the same reason as many small businesses—lack of collateral or credit history means banks are unwilling to provide the credit needed to grow. Which is where an innovative home-grown fintech company called Lidya came in.

Launched in 2016 to close the credit gap for small businesses in emerging markets, Lidya is breaking new ground by using an entirely digital platform to serve untapped customers like Ms. Edojah.

Instead of focusing on collateral or credit history, Lidya analyzed the digital footprint created by Ms. Edojah's online purchases of supplies—basically using data collected through the value chain. They determined that she was an excellent prospect for credit and within 24 hours they approved a loan—every step taking place online.

Since receiving her first loan of 1 million Naira (\$2,800) at the start of 2017, Ms. Edojah's income has jumped by 21 percent and she has applied for a license to sell to large hotels and supermarkets. When she met with the Special Advocate, she was on her third loan, her staff had expanded to five, and she was making plans to establish her own fish farm.

Lidya's model could have a transformational impact throughout Nigeria, where informal credit is predominant. And few products or services are customized for lower-income customers, including those who have no financial track record, like Ms. Edojah.

For our ambitious catfish seller, transformation is already here—thanks to an innovative financial company that looked beyond traditional metrics to serve a growing business.

Small businesses

Small businesses encounter similar challenges with financial access. While they are the main engine of job creation in emerging markets, about 40 percent of formal SMEs in developing countries do not get the financing they need. Women entrepreneurs have an even harder time getting financial support.

Digital solutions represent a promising new direction. The use of online customer data to analyze the

creditworthiness of potential clients was pioneered in China by internet giants like Alibaba, and is now spreading globally among fintech innovators like Lidya in Nigeria (see above). In her country visits and in meetings this year, the Special Advocate emphasized the great promise of this approach to open up the door to much-needed credit for small enterprises.

INDONESIA

Indonesia has reached a critical junction in its efforts to advance financial inclusion. Since the launch of its national financial inclusion strategy in 2016, the network of agents has expanded rapidly and the government has made significant progress in implementing digital government-to-person payments.

However, regulatory enhancements will be key to expanding financial inclusion, particularly among the poor.

Way Forward

Less than two years after her last visit, the Special Advocate and her delegation traveled to Indonesia in February 2018 to see firsthand the country's progress on financial inclusion and to offer support as it accelerates these efforts. She met with President Joko Widodo and leaders from the private and public sectors, and highlighted three priorities:

Simplify regulations to increase access and usage

Many Indonesians, particularly in rural areas, still lack financial access. Although there are many more banking agents than there were several years ago, they are still primarily concentrated near major cities. Following President Widodo's meeting with the Special Advocate, he publicly remarked on the importance of simplifying systems and regulations to expand financial inclusion. In support of this the UNSGSA made



With Indonesian President Joko Widodo, the Special Advocate discussed the progress the country has made since launching its national financial inclusion strategy in 2016.

several recommendations aimed at ensuring that rural populations are financially included:

- Continue the harmonization of agent and digital finance regulations to enable scaling up;
- Consider enabling business models that can lower transaction costs for providers, for example, by using third-party agent network managers; and
- Level the playing field for non-banks and open the market to more competition.

Leverage technology and electronic ID to facilitate account opening

Noting the progress Indonesia has made in rolling out its national digital ID, which now covers more than 90 percent of adults, the UNSGSA encouraged leveraging this system to make it easier to open accounts. Using the biometric data captured by the digital ID to enable remote KYC models can lower transaction costs for financial service providers while making it much faster and more convenient for customers to sign up.

Foster innovative models for small business and agricultural finance

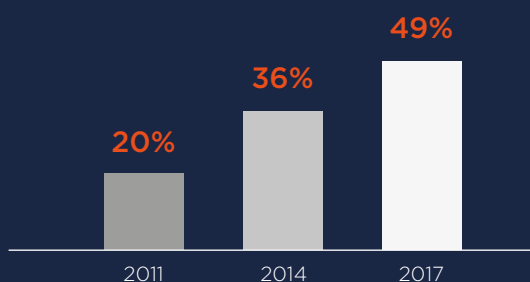
Over a third of Indonesia's population and 59 percent of the poor rely on the agriculture and fisheries sectors for their incomes, but only 5 percent of loans go towards the sector (mostly to large operations).

The Special Advocate's recommendations included:

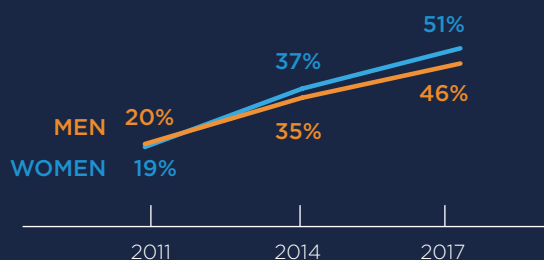
- Consider developing a focused strategy for agricultural value-chain financing and wider partnerships with the private sector;
- Movable collateral registries to benefit small businesses, farmers and women, and
- Customer-centricity: products that reflect the seasonality of agricultural income.

FINANCIAL ACCESS IN INDONESIA

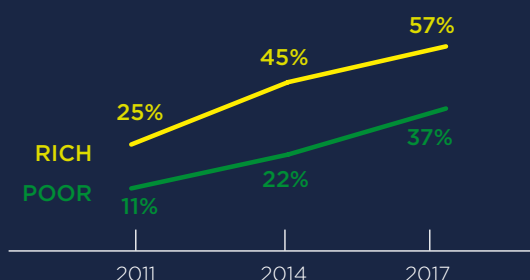
ACCESS



GENDER GAP



POVERTY GAP



Financial access is measured in terms of account ownership among adults. Poorest and richest refer to the poorest 40 percent and the richest 60 percent of adults. (Sources: Global Findex Database, 2011, 2014, 2017)



Growing feed corn on Sumatra, Agus Sorrento and his neighbors had no choice but to rely on middlemen for credit and access to markets. But high interest rates and low prices made their lives as farmers increasingly difficult to sustain.

An agriculture enterprise called Vasham created a new version of the value chain oriented around the farmers themselves. In this system the company has a hand in each stage of production, providing low-cost financing, high-quality inputs, farming advice, and processing. At the end it pays premium prices for a premium product.

This approach has translated into twenty percent higher incomes for farmers like Agus, and the company is profitable—but it took a while to make it work. In consultation with farmers, they developed a communal system in which farmers work and receive loans in groups so that they hold each other accountable for repayment and work goals.

Next Steps

The UNSGSA and her partners—including the Bill & Melinda Gates Foundation, CGAP, the IFC, and the World Bank—will continue to support Indonesia's efforts, focusing on key issues including the enhancement of the agent model, use of biometric ID for account opening, expansion of digital payments, and the creation of an enabling environment in which fintech and other innovations can flourish.

Unleashing technology

“I’ve witnessed up close the power of purpose-driven technology to really change people’s lives,” the Special Advocate said during the Bill & Melinda Gates Foundation’s Goalkeepers celebration during the UN General Assembly in 2017. “When we develop the right technology for the right reasons, we can empower billions of people.”

New data shows this to be true in widely differing contexts and with a variety of approaches. In China, India, Kenya, Tanzania, and beyond, mobile money, internet-enabled financial services, and fintech innovations are expanding financial inclusion on a massive scale.

Throughout the year, the UNSGSA emphasized the importance for governments to put in place the policies and public goods needed to drive progress. Establishing a level regulatory playing field, for example, will allow private-sector actors, including non-traditional providers, to fairly compete.

Mobile money

Mobile money was the first big technology revolution in financial inclusion and it remains one of the most powerful influencers. In sub-Saharan Africa mobile accounts have nearly doubled since 2014 to 21 percent, and they have spread to West Africa. Bangladesh has also made a great leap to 21 percent.



“When we develop the right technology for the right reasons”—such as cell-phone based mobile money—“we can empower millions of people,” the UNSGSA said.

The potential for mobile money’s global growth is significant—one billion unbanked adults have mobile phones, two-thirds of all excluded adults. But opening up markets and addressing regulatory concerns requires a common vision among policymakers, banks, and mobile network operators.

As the UNSGSA saw this year in Nigeria, Indonesia, and Mexico, building a strong business model for mobile money agents is particularly tricky—but vital (see pages 8, 14, 22). Nigeria, for example, has 42,000 access points but it will need five times that to adequately reach unbanked populations. It is also crucial to improve the use of mobile money by those who already have an account, as it is currently below 40 percent (lower than for traditional financial services).

Innovation

Technology is also accelerating internet-enabled payments and a widespread use of data analytics, offering new attractive use cases for customers. This approach was pioneered by China’s giant technology companies, leveraging deep customer knowledge to provide a broad range of financial services that are facilitating higher use. The number of China’s account owners using the internet regularly to pay bills or make purchases more than doubled in the last three years, from 24 to 57 percent, and usage overall has increased notably.

With the rise of the internet and e-commerce has come the phenomenon of big data—an essential tool for countless fintech providers. As the UNSGSA saw once again this year, big data analysis and other fintech innovations are providing new ways to assess the creditworthiness of small businesses. And customer-centric fintech providers offer an array of products tailored ingeniously to the needs of specific customer segments (see page 18).

“Innovation is happening quickly in all the traditional financial products—payments, remittances, savings, credit, wealth management, and insurance,” the Special Advocate said at the Singapore Fintech Festival in November 2017. “These cutting-edge fintech ideas are our best opportunity to serve the financially excluded.” In India, for example, technology-driven programs such as the India Stack, which includes biometric ID, fueled a dramatic increase in financial access, from 53 to 80 percent (see page 17).

INNOVATION SERVING TRADITION: INDIA STACK MEETS MUMBAI'S DABBAWALAS

Everyone's talking about the India Stack these days, but what does it mean for real lives of people like Vilash, one of Mumbai's famed dabbawala lunch deliverymen?

The Stack is a powerful and inspiring example of a digital public good and is largely responsible for India's dramatic recent progress on financial access. It provides a complex technical infrastructure, but for literally millions of low-income people the impact is straightforward: now they can easily open and manage digital financial accounts. For Vilash and other dabbawalas, who deliver hundreds of thousands of home-cooked hot lunches every day, that means being able to collect instant payments for their services—eliminating the transaction costs, additional travel to banks, and security risks of collecting and carrying cash.

The dabbawalas are using an app from Paytm Payments Bank, which has built its offering using the Stack's open Application Programming Interfaces (APIs). These APIs allow government agencies, businesses, startups, and tech developers to simplify complex processes in digital financial services. Other aspects of the Stack help lower the cost of verifying account owners' identities, routing payments, and collecting signatures as proof of consent.

For Paytm and the dabbawalas, whom the UNSGSA met during a recent visit to India, the process of account opening is greatly eased and speeded by one of the Stack's central elements, the Aadhaar biometric ID program. Aadhaar authentication is directly linked to the Unique Identification Authority of India's database for near-instant customer verification. The e-KYC process is carried out using a mobile-based biometric scanner, and the customer's consent is captured using the Aadhaar-based eSign, ensuring that the entire process is paperless.

Another key element of the Stack is the universal payments interface (UPI), which enables Indian consumers to send or receive money to any bank account or merchant. UPI compatibility is central to Paytm's strategy. Its merchant QR codes are also UPI-interoperable, which means that all merchants in the Paytm ecosystem can accept payments from other UPI apps.

India Stack's sophisticated technical innovations represent a revolution in thinking about how financial services can be delivered. For Vilash, thousands of his dabbawala brothers, and millions of their fellow Indians, the Stack is making their lives better.



Vilash and other dabbawalas can now collect instant digital payments for delivering hundreds of thousands of home-cooked lunches each day.

INDIA

India has made tremendous strides in expanding access to financial services, thanks in large part to its robust digital infrastructure. The proportion of adults with a formal account more than doubled between 2011 and 2017, from 35 to 80 percent. The country has also successfully narrowed the gender gap in account ownership to 6 percentage points, slightly below the global average. The government has played a key role in these successes by creating an enabling environment for financial technology, including a national digital ID system.

Way Forward

To celebrate this progress, discuss ways to increase usage and close the remaining gender gap, the UNSGSA visited India in May 2018. She met with leaders from the public, private, and development sectors, and of course with Prime Minister Narendra Modi, and convened the first-ever country-level meeting of the CEO Partnership for Financial Inclusion. In her meetings, she emphasized three key priorities:

Leverage India's experience to inform other countries' efforts

Noting that India has set up an exemplary digital finance

infrastructure as a public good and developed policies to make the best use of this infrastructure, Queen Máxima remarked that other countries could learn much from its experience. With Prime Minister Modi and others, she supported the idea of establishing a global center for knowledge exchange on technology-enabled financial inclusion.

Enhance usage of financial services among underserved populations

While account ownership has increased dramatically,

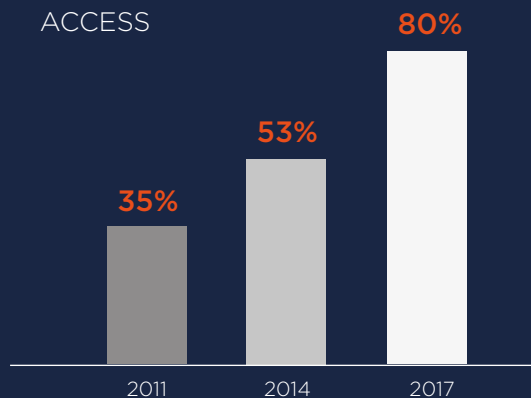


Across India, certain kinds of closely related businesses are sometimes clustered in close geographic proximity. The town of Meerut, for example, is home to a cluster of sporting goods manufacturers making cricket, soccer, and badminton equipment.

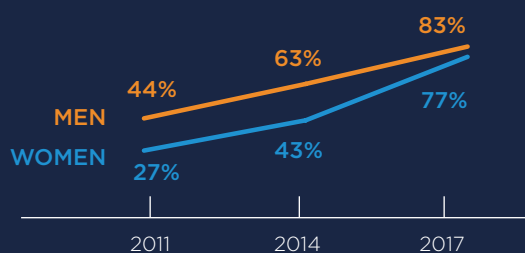
To serve these businesses, Aye Finance has created an innovative cluster-based approach to finance rooted in understanding the flows and linkages among suppliers, buyers, and traders in different clusters. This insight, combined with a data-driven underwriting approach that allows Aye to determine the credit-worthiness of clients who may lack a traditional financial footprint, allows them to manage lending risks and serve clients in a cost-effective way. For Dheer Singh, who manufactures cricket balls in a small Meerut workshop, credit from Aye has allowed him to double both production and revenue. Never able to go to school himself, he can now ensure that his eight children receive a superior education.

FINANCIAL ACCESS IN INDIA

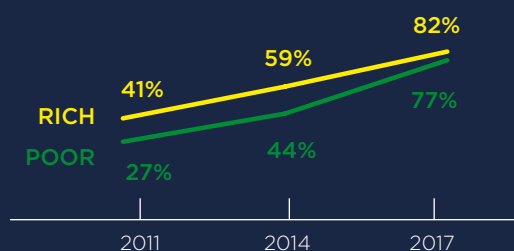
ACCESS



GENDER GAP



POVERTY GAP



Financial access is measured in terms of account ownership among adults. Poorest and richest refer to the poorest 40 percent and the richest 60 percent of adults. (Sources: Global Findex Database, 2011, 2014, 2017)



The UNSGSA and India's Prime Minister Narendra Modi discussed how the country's improved digital infrastructure has greatly contributed to the quick rise of financial access—and how other countries can learn from India's experience.

many accounts remain inactive. The UNSGSA emphasized the need for customer-centric solutions that meet the needs of low-income and rural individuals, as well as more access points. She cited the need for “offline-online” integration, noting that financial service providers must have a physical and digital presence. She applauded the scale that the government has reached in digitizing its payments, including social safety-net payments, which have helped drive take-up and usage.

Close the gender gap

The Special Advocate also made several recommendations for increasing women's awareness of, access to, and usage of financial services, including:

- A national initiative focused on breaking down barriers to mobile and internet use by rural women, mainly focused on increasing awareness and ability to use;
- A greater number of female banking agents; and
- Increased collection of gender-disaggregated data by service providers.

Next Steps

Along with her partners—the Better Than Cash Alliance, the Bill & Melinda Gates Foundation, CGAP, the Omidyar Network, and the World Bank—the UNSGSA will continue to support India. This will include supporting India's leadership in the global exchange of digital financial inclusion experience, identifying solutions to enhance agent practices, and exploring ways to further extend digital financial inclusion to women.

REGULATORY SANDBOXES AND FINANCIAL INCLUSION

Fintech increasingly shapes the world of finance—and financial inclusion. Often developed by non-bank tech companies, fintech services present a challenge to financial regulators: how to encourage innovation while protecting consumers and financial systems? One much-discussed approach involves the creation of regulatory sandboxes.

What is a regulatory sandbox?

- This is a regulatory approach that **allows live, time-bound testing of innovations under a regulator's oversight**. Novel products, technologies, and business models can be tested under a set of rules, supervision requirements, and safeguards.
- A sandbox **creates a conducive and contained space where fintechs experiment with innovations** at the edge or even outside of the existing regulatory framework.
- A sandbox brings the cost of innovation down, reduces barriers to entry, and allows regulators to collect important insights before deciding if further action is necessary.
- A successful test may have several results, including full or tailored authorization, changes in regulation, or a cease-and-desist order.
- The first regulatory sandbox was launched in 2015 in the UK. As of 2018, more than 20 jurisdictions were implementing or exploring the concept.

Why does it matter for financial inclusion?

- **Regulatory sandboxes may allow innovations that can improve financial inclusion**—biometric ID, alternative credit scoring, e-KYC regulations, blockchain-based remittances, and new business models serving marginalized clients.
- **The success of financial inclusion largely hinges on the capacity of the financial sector to innovate.** Innovation can address legal, operational, and physical barriers to financial inclusion, as illustrated by the success of mobile money in Africa.
- Sandboxes may also encourage competition and cooperation between fintechs and established providers to the benefit of excluded and underserved customers.
- In addition, sandboxes may strengthen the capacity of regulators by facilitating a more open and active dialogue with innovators.

Source: UNSGSA fintech working group, 2018.



Regulatory sandboxes create a safe space for fintech companies to test out innovative products without constraining regulations but in partnership with regulators.

Tech: Cutting both ways

As auspicious as technology is for financial inclusion, it can also be a double-edged sword. “We need to ensure that we strike a balance between unleashing new fintech innovations and protecting the financial system and consumers—especially low-income consumers,” the Special Advocate observed at the World Bank Spring Meetings.

The threat of a growing digital divide raises particular concerns. “If this divide widens between the wealthy and the poor, men and women, the urban and the rural—so, too, does the gap in opportunity,” she warned. The new Findex shows the gender gap in digital finance is nine percentage points in the developing world and twice that between the rich and the poor, a

19-percentage-point difference.

In a year when many concerns were raised about issues surrounding data privacy, Queen Máxima reiterated the special responsibility of the financial inclusion community to protect low-income clients from problems with data privacy, cybersecurity, fraud, and discriminatory lending using big data. The introduction of fintech products to previously unbanked customers calls for a strong commitment to consumer protection by both policymakers and providers, including new regulatory approaches such as regtech and regulatory sandboxes, which can expand the use of fintech for financial inclusion while mitigating risks (see page 20).

THE CEO PARTNERSHIP FOR FINANCIAL INCLUSION

Convened by the UNSGSA at the World Economic Forum in Davos in January, a group of influential CEOs from a diverse set of leading multinational companies have formed a partnership to accelerate financial inclusion around the world. Representing a wide range of businesses, the partners agreed to use their complementary assets, expertise, and collective commitment to meaningfully expand financial services for excluded populations.

“Advancing financial inclusion can lead to good business opportunities, and private sector-driven solutions could really accelerate our progress,” said the Special Advocate. “Expanding partnerships among this varied group of private actors will be key to increasing access and usage of financial services for underserved people.”

Members of the CEO Partnership for Financial Inclusion: Queen Máxima of the Netherlands, UNSGSA; Ajay Banga, Mastercard; Ana Botín, Santander; Sigve Brekke, Telenor; Thomas Buberl, AXA; Wiebe Draijer, Rabobank; Eric Jing, Ant Financial; Sunil Mittal, Bharti Airtel; Indra Nooyi, PepsiCo; Paul Polman, Unilever; Dan Schulman, PayPal.



Since their first meeting, members of the CEO Partnership have each committed to be involved in at least one commercial initiative designed for impact at scale.

MEXICO

Over the past several years, Mexico has taken steps to modernize its financial system, including improving internet connectivity, digitizing payments, and working to close the gender gap. Still, only 37 percent of the population has a bank account, and the number of banking agents remains low at just over 41,000. The launch of the country's national financial inclusion strategy in 2016 was a positive first step to improving access, but much more remains to be done.

Way forward

At the invitation of the Mexican government, the Special Advocate and her delegation visited the country in September 2017 to hear updates on the implementation of the national strategy and to discuss obstacles. In meetings with members of the public and private sectors, including President Enrique Peña Nieto, she emphasized several key priorities:

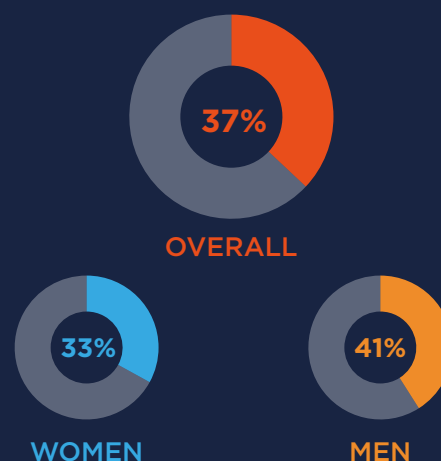
Expanding the agent network

Proximity to financial services is key to expanding financial inclusion, particularly for low-income Mexican women, who make 75 percent of their transactions no more than half an hour from home. To address the lack of rural bank branches, Queen Máxima called for an expansion of the banking agent network to at least 200,000, a five-fold increase that will help low-income individuals save, pay bills, and receive digital payments from government social programs. Specific recommendations included:



The UNSGSA encouraged Mexico to focus on agent networks, SME finance, and fintech during her 2017 visit. She appeared with President Enrique Peña Nieto (right) and Secretary of Finance José Antonio Meade (left).

FINANCIAL ACCESS IN MEXICO



Financial access is measured in terms of account ownership among adults. (Source: Global Findex 2011, 2014, 2017)

- Continue to improve connectivity via the Red Compartida nationwide broadband project;
- Simplify the process for authorizing agents, and open the system to a wider variety of players (including non-bank financial institutions and fintechs);
- Expand and standardize agent services;
- Design financial products with the end customer in mind; and
- Reduce the risk of fraud by using biometric IDs and customer databases.



In Mexico, OXXO convenience markets are a ubiquitous neighborhood presence, offering snacks, cell-phone top-ups, and other quick purchases. Through its popular Saldazo financial account, OXXO also allows its customers to save money, make purchases, pay bills, and send funds cheaply. With more than 15,000 stores and 7.3 million customers, OXXO is making finance easy for people who find banks expensive, inconvenient, intimidating, or all three. The key lies in its broad reach, plus its intimate knowledge of its customers' preferences and needs. Convenience plus client-centricity, squared.

During the UNSGSA's visit to an OXXO branch, she learned how Saldazo works from María Teresa Gaytán López, a domestic worker (*above right*). For a fee of 50 pesos (around \$2.60) and using a single form of ID, she opened a no-minimum-balance savings account, accessible via her mobile phone. It comes with a Citibanamex debit card. Ms. Gaytán López can use her phone or card to pay bills, send money, deposit or take out funds, and save for her children's expenses. She plans to ask her employers to deposit her salary directly into her new account so she can avoid carrying—and spending—her hard-earned cash.

Small business financing

In a speech during her visit, the Special Advocate noted that 97 percent of the 4.1 million businesses in Mexico are microenterprises and that they generate 75 percent of employment. Yet nearly three-quarters are informal and lack access to credit and other services. She urged officials to centralize credit bureau databases and reporting, and to create a moveable collateral registry to improve the ability of small companies to gain credit.

Fintech

The UNSGSA highlighted the significance of a new fintech law presented shortly after her visit. The legislation, which included suggestions from the Special Advocate and her partners, would create a more

competitive and enabling environment and could provide an example to neighboring countries. Along with the need for connectivity and anti-fraud efforts, she advocated expanding digital transaction-acceptance ecosystems and bringing in more players from outside the banking sector, including fintech.

Next steps

As Mexico moves forward with its national strategy and fintech law, the UNSGSA and her partners will continue to provide support on expanding the agent system and promoting collaboration among players. They will also assist authorities as they establish a coordination committee to drive the national strategy.

The Road Ahead



Data tracks the past, but its greatest power lies in what it can tell us about the future. By revealing trends, gaps, and new opportunities, data like the new Global Findex allows the financial inclusion community to rethink, refine, and renew its commitment to action.

The story line of progress in this new data relates primarily to technology. This is no surprise—we have long recognized the transformative potential of digital finance to serve excluded populations. Technology-driven progress is branching in multiple directions. Mobile money has been joined by internet-enabled financial services, big data analytics, and enabling digital infrastructure. The result has been 515 million people opening accounts in the last three years.

Looking to the next stage of the digital revolution, fintech solutions are adding a remarkable level of innovation to a wide range of products—payments, remittances, savings, credit, and insurance. Fintech holds perhaps the greatest promise to serve hard-to-reach populations in widely different settings, including women, farmers, and small businesses.

The success and future promise of digital finance is not just the story of technology, however. In countries where significant progress has been made, governments and the private sector have put in place a set of public goods and infrastructure that have catalyzed success, including digital IDs, phone and internet connectivity, and interoperability. Once these rails have been laid down, financial service providers have been free to race ahead.

The upside of technology is undeniable but our enthusiasm must be balanced by caution. This year we have learned that significant gaps are not being bridged, including those between women and men and between the poor and the rich. Technology has not helped close these yet.

The future will surely bring further digital innovation, and so we have to ask: Will a world of smartphone apps and high-speed service bring hard-to-reach segments into the financial system, or make them even harder to reach? Will the rise of technology open the door for some while closing it for others?

As we plan our next steps, it will be vital to acknowledge and act on this challenge. Once again, investments in infrastructure and public goods will be key, including a significant emphasis on consumer protection and digital and financial literacy. In some settings it will be necessary to acknowledge that a commercial approach may not be sufficient to reach the last mile.

A major challenge revealed by the Findex relates to low usage. Having access remains an essential starting point, but it will be particularly important to focus on building strong use cases and trust so that those who have accounts find a good reason to employ them.

This calls for forging new kinds of partnerships. Increasingly, different kinds of businesses are seeing that financial inclusion can expand profitability while improving people's lives. Using their complementary assets and expertise, consumer goods companies, agriculture value-chain actors, and other kinds of companies are teaming up with financial service providers of all stripes to reach women, farmers, and small entrepreneurs who have no access to finance.

No single policy, product, or partnership can make financial inclusion a success on its own. In order to reach those who have been left behind we will need to think harder and be more creative than ever. But we know what we have to gain—inclusive growth, greater economic equality, and empowerment for billions of people.

Annexes



About the UNSGSA

Designated in 2009 by the former UN Secretary-General Ban Ki-moon as the Special Advocate for Inclusive Finance for Development (UNSGSA), Her Majesty Queen Máxima of the Netherlands is a leading global voice advancing universal access to affordable, effective, and safe financial services. She emphasizes that financial inclusion accelerates progress toward numerous development and economic goals such as poverty alleviation, job creation, food security, gender equality, and equitable growth.

Collaborating closely with global and national partners, she raises awareness, encourages leadership, works to break down barriers, and supports action to expand financial inclusion. She draws on her first-hand experiences gained through country visits and conversations with low-income families, small business owners, policymakers, and others to identify which financial services and policies can really make a difference for lives, livelihoods, and communities.

Queen Máxima regularly consults with and convenes stakeholders from diverse sectors—linking government leaders, finance authorities, mobile phone companies, agriculture experts, fintech companies, development partners, and others—helping people and institutions learn from each other and form new collaborations. Within the UN system, she engages with programs to share best practices about how financial inclusion complements and advances their missions. As honorary patron of the G20 Global Partnership for Financial Inclusion since 2011, she works to advance the G20 Financial Inclusion Action Plan. She also serves as a Global Agenda Trustee for the World Economic Forum's Global Challenge Initiative on the Future of the Global Financial System.

Advisory and Administrative Arrangements

The UNSGSA's work is done in partnership and with wide consultation among the many stakeholders working to advance financial inclusion—and those affected by it. She collaborates closely with an advisory Reference Group of leading international organizations in financial inclusion to share expertise and suggest strategic opportunities that she can advance through advocacy and partnerships. Reference Group members include:

Alliance for Financial Inclusion (AFI)	International Finance Corporation (IFC)	UN Development Programme (UNDP)
Better Than Cash Alliance (BTCA)	International Monetary Fund	UN Department of Economic and Social Affairs (UNDESA)
Bill & Melinda Gates Foundation	Omidyar Network	
Consultative Group to Assist the Poor (CGAP)	UN Capital Development Fund (UNCDF)	The World Bank

Members of the Reference Group and many other partners play an important role in converting advocacy into action. The UNSGSA also consults widely with UN country teams, standard setting bodies, financial institutions, companies, donors, civil society organizations and UN member states in the Group of Friends of Financial Inclusion. A small staff works closely with the UNSGSA and her secretariat in the Netherlands to coordinate and advance her UN and G20 activities. The office of the UNSGSA is housed at UNDP at the Bureau of External Relations and Advocacy in New York and receives generous financial support from the Bill & Melinda Gates Foundation.

UNSGSA Working Groups

A wide range of organizations provide invaluable research and guidance to the UNSGSA on her strategic areas of advocacy.

- **Development Impact Working Group:** BTCA, CGAP, World Bank
- **Fintech Working Group:** AFI, Ant Financial, Bangko Sentral ng Pilipinas, BFA, Bill & Melinda Gates Foundation, BTCA, CGAP, IFC, McKinsey & Co., Monetary Authority of Singapore, De Nederlandsche Bank, Omidyar Network, Reserve Bank of India, World Bank
- **Gender Working Group:** CGAP, Global Banking Alliance for Women, IFC, UNCDF, Women's World Banking, World Bank

Financial Inclusion in the Netherlands

Queen Máxima champions financial inclusion, entrepreneurship, and financial literacy and education, including for children and youth, in her home country of the Netherlands. In doing so she conveys best practices and insights from Dutch and international experiences. She is a member of the Dutch Committee for Entrepreneurship and honorary chair of the Money Wise Platform, a national partnership that promotes financial literacy.

More information

UNSGSA: www.unsgsa.org — G20 GPFI: www.gpfi.org — Royal House of the Netherlands: www.koninklijkhuis.nl

UNSGSA Activities, 2017–2018



The Special Advocate spoke at the International Forum for Financial Inclusion in Mexico, 7 September 2017.

Mexico Country Visit, 7 September 2017

The UNSGSA held bilateral meetings and roundtable discussions with leaders including President Enrique Peña Nieto; Minister of Finance José Antonio Meade; Governor of Banco de México Agustín Carstens; President of the National Banking and Securities Commission Jaime González; Deputy Minister of Finance Vanessa Rubio; and Minister of Education Aurelio Nuño. She conducted field visits in Mexico City to a branch of OXXO, a convenience store chain that is also the country's largest banking agent network; BanCoppel, which provides banking to low-income clients; and a client of Clip, a fintech startup. In addition, she delivered a speech at the International Forum for Financial Inclusion (*see below*).

UNSGSA partners: UNDP, World Bank

“Próximos pasos en favor de la inclusión financiera en México: Priorizar a los agentes las pequeñas empresas y la industria Fintech” (“Next steps in favor of financial inclusion in México: Prioritize agents, small enterprises and the fintech industry”)

Speech at the International Forum for Financial Inclusion

Mexico City, Mexico, 7 September 2017

“Mexico has already taken many of the most important steps to ensure progress. But the fruits of those efforts still have to materialize, since today, only 44 percent of adults have a savings account.”



Meetings, United Nations General Assembly New York City, USA, 19–21 September 2017

The Special Advocate delivered remarks for the inaugural Goalkeepers Event, an initiative of the Bill & Melinda Gates Foundation. She met with leaders from Argentina, Bangladesh and Indonesia, various UN and US officials, development organizations, and private sector leaders. In addition, she co-hosted a roundtable at the Bloomberg Global Business Forum.

Queen Maxima as the Secretary-General's Special Advocate for Inclusive Finance for Development presented her 2017 Annual Report to Secretary-General António Guterres at the UN, September 2017.

Smallholder Innovation Platform Co-Design Forum, IDH and Bill & Melinda Gates Foundation Amsterdam, the Netherlands, 26 September 2017

The UNSGSA joined more than 50 practitioners and decision-makers from agribusiness, NGOs, banks, donors, and investors to think through innovative efforts to support smallholder farmers.



The Special Advocate addressed a financial inclusion meeting in Abuja, 2 November 2017.

Nigeria Country Visit 31 October – 2 November 2017

The UNSGSA held bilateral meetings and roundtables in Lagos and Abuja with private- and public-sector leaders including Vice President Yemi Osinbajo; Governor of the Central Bank Godwin Emefiele; Minister of Finance Kemi Adeosun; Lagos State Governor Akinwunmi Ambode; Borno State Governor Kashim Shettima; and Emir of Kano Muhammadu Sanusi II. In addition, she visited entrepreneurs in Lagos who received loans from the fintech company Lidya, and met an agent and customer in Abuja who use the “Diamond Yello” mobile bank account. She also delivered a speech at a financial inclusion workshop in Abuja.

UNSGSA partners: CGAP, Bill & Melinda Gates Foundation, UNDP, World Bank

Opinion column, “Nigeria’s Economic Future Is in Its Hands”

Published in *The Guardian*, *The Nation*, and *The Daily Trust*, 31 October 2017

“Mobile money invites us to think creatively. Phones can be wallets. Small shops can be mini-bank branches. As your government sets the stage for these innovative ideas, we look to Nigeria’s banks and other businesses to bring them to life.”

“Creating Nigeria’s Success Story: Mobile Money, Agents, and the Way Forward for Financial Inclusion”

Keynote Speech, The Role of Government in Driving Financial Inclusion in Nigeria workshop

Abuja, Nigeria, 2 November 2017

“The combination of a strong agent network and mobile money could have a tremendous impact on financial inclusion and on overall economic development of Nigeria.”

Meetings, Singapore Fintech Festival

Singapore, 16 November 2017

The UNSGSA co-hosted a roundtable on fintech and financial inclusion and met with numerous private and public sector leaders from across the Asia-Pacific region, including Governor of Bangko Sentral ng Pilipinas Nestor Espenilla; Governor of Bangladesh Bank Fazle Kabir; Governor of the Central Bank of Myanmar U Kyaw Kyaw Maung; Managing Director of the Monetary Authority of Singapore Ravi Menon; and Deputy Prime Minister of Singapore and Chair of the Monetary Authority of Singapore Tharman Shanmugaratnam.



In a keynote address at the Singapore Fintech Festival, the UNSGSA spoke about the responsibility and opportunity to help extend financial services to excluded people using fintech.

“Inclusive Technology for an Inclusive Future”

Keynote speech at the Singapore Fintech Festival

Singapore, 16 November 2017

“Fintech innovations can make it possible for those who have no bank account of any sort to safely leapfrog into a digital set of services that fully match their needs and reduce their risks. These millions of people represent a valuable opportunity for you. At the same time, you can bring a valuable opportunity for them.”

**Meeting with United Nations Secretary-General António Guterres
The Hague, the Netherlands, 21 December 2017**

The UNSGSA and the Secretary-General discussed the enabling role of financial inclusion, especially digital finance, for reaching the SDGs. In a video message for the Dutch television program *College Tour* with Secretary-General Guterres as the main guest, Queen Máxima spoke about their work.

**Meetings, World Economic Forum
Davos, Switzerland, 23–25 January 2018**

The UNSGSA met with numerous leaders from the public, private, and development sectors; convened the first meeting of the CEO Partnership for Financial Inclusion (see page 21); and attended roundtable discussions and meetings on a wide range of topics, including customer data and cyber innovation, artificial intelligence in financial services, and financial and monetary systems stewardship.

Indonesia Country Visit, 11–13 February, 2018

In Jakarta, the Special Advocate met with leaders from the private and public sectors including President Joko Widodo; Coordinating Minister for Economic Affairs Darmin Nasution; Minister of Finance Sri Mulyani Indrawati; Coordinating Minister for Human Development and Cultural Affairs Puan Maharani; Senior Deputy Governor of the Bank of Indonesia Mirza Adityaswara; and Board Chairman of OJK Wimboh Santoso. She also convened a roundtable on innovative agriculture value chain financing. In addition, she met with Go-Jek leaders as well as drivers and merchants who are part of its network. In Lampung, on the island of Sumatra, she met farmers and crop traders who receive planting and trading loans from Vasham, which provides financing, training, and access to markets.

UNSGSA partners: Bill & Melinda Gates Foundation, BTCA, CGAP, IFC, UNDP, Women's World Banking, World Bank

**“Breaking Ground in Financing Women Entrepreneurs”
Speech at the Royal Tropical Institute (KIT)’s Power of Partnerships event
Amsterdam, the Netherlands, 12 March 2018**

“Increasing women’s use of financial services leads to greater spending on health, education, nutritious food, and much more, and on themselves, which is incredible empowerment. And we all know that the impact of women’s success ripples out into their own families, their own communities, and their societies.”

**Foreword, The Little Data Book on Financial Inclusion 2018
(Washington, D.C.: World Bank Group, April 2018)**

“The 2017 Global Findex data reflects the continued evolution of financial inclusion. Recent progress has been driven by digital payments, government policies, and a new generation of financial services accessed through mobile phones and the internet.”



At the launch of the new Global Findex, Queen Máxima joined World Bank President Dr. Jim Kim to discuss progress and remaining gaps in financial inclusion.

**Meetings, World Bank Spring Meetings
Washington, D.C., USA, 19–21 April 2018**

The Special Advocate and World Bank President Dr. Jim Kim discussed the latest financial inclusion data from the new Global Findex during the flagship event “Moving from Financial Access to Inclusion: Leveraging the Power of Technology.”

She held a follow-up roundtable with the Governor of the Central Bank of Nigeria Godwin Emefiele and private-sector representatives, and met with officials from Argentina and Bangladesh as well as private-sector leaders. She also attended an event on women and data (see page 31).



At a gathering focused on building gender-disaggregated data, the Special Advocate noted the continuing gender gap in financial services as she urged governments and the private sector to take needed steps to change this.

**“How Can Data Propel Financial Inclusion for Women?”
Keynote address at the Turning Data into Action for
Women’s Financial Inclusion event
Washington, D.C., USA, 20 April 2018**

“To solve women’s financial exclusion, our starting point should be data. We need demand-side insights into women customers complemented by supply-side insights into financial providers. Progress will come when we address both sides at the same time.”



With private sector leaders in India, the Special Advocate discussed how private-private partnerships can scale up recent financial innovations to benefit as many people as possible.

India Country Visit, 28–30 May 2018

In New Delhi, the Special Advocate met with various development partners, private-sector leaders, and officials, including Prime Minister Narendra Modi, Secretary Ajay Prahash of the Ministry of Electronics and Information Technology, Secretary Rajiv Kumar of the Department of Financial Services, and Temporary Minister of Finance Piyush Goyal. In Mumbai, she participated in a roundtable of private sector leaders for financial inclusion and met with Indian leaders of the CEO Partnership for Financial Inclusion. During her trip, she also conducted field visits to the companies Aye Finance and Paytm and with dabbawalas (lunch delivery couriers) in Mumbai.

UNSGSA partners: Bill & Melinda Gates Foundation, BTCA, CGAP, Omidyar Network, UNDP, World Bank

“Seizing Fintech’s Potential for Financial Inclusion”

**Keynote address at Cambridge Centre for Alternative Finance Annual Conference, University of Cambridge
Cambridge, UK, 29 June 2018**

“Fintech has great potential to spur inclusion. This is particularly true for hard-to-reach populations. It can provide the solutions that customers need and that can therefore drive usage, which is actually one of the biggest problems right now.”



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Photography

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