

Amando M Tetangco, Jr: The three Cs of Alliance for Financial Inclusion's success

Speech by Mr Amando M Tetangco, Jr, Governor of Bangko Sentral ng Pilipinas (the central bank of the Philippines), at the 2014 Alliance for Financial Inclusion Global Policy Forum, Port-of-Spain, Trinidad and Tobago, 10 September 2014.

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Salutation

Governor Jwala Rambarran; Governor Zeti of Bank Negara Malaysia, host of AFI's future headquarters; ministers; fellow governors; Dr. Alfred Hannig; distinguished delegates; AFI partners; ladies and gentlemen, good morning. It is a privilege to speak at the opening of the 2014 Alliance for Financial Inclusion (AFI) Global Policy Forum (GPF) – which has quickly evolved into the world's major gathering of policymakers, regulators, prime movers and advocates of financial inclusion. Today, we have a record number of over 400 participants, a 300 percent increase from the first GPF in 2009.

Let me thank Central Bank Governor Jwala Rambarran for hosting the 2014 GPF. We can say that it is appropriate to hold this event here in the paradisaical Trinidad & Tobago, a firmly committed member of AFI. Moreover, Trinidad and Tobago is the birthplace of calypso music.¹ After all, the GPF is quite an upbeat, fun and engaging assembly of AFI members and friends. Holding this GPF here on the 50th anniversary of the country's central bank, the 100th member of AFI, lends added color to this gathering.

Brief overview of AFI independence

As outgoing chair of the Steering Committee, I am privileged that my last opportunity to open the GPF comes at this point in AFI's history. The past two years have been crucial to set in motion the transformational processes that have driven the AFI journey to independence. Now we are about to cross the proverbial Rubicon – as AFI leaves its "project" status and becomes an international organization. We are embarking on a fundamental change that requires our solid resolve as a global network.

AFI's transformation as an international organization with juridical identity will strengthen its DNA – the member-driven, equitable, and inclusive nature of AFI's governance, membership, and activities. This DNA has set AFI apart as a policy-driving network. It has effectively mobilized financial sector policymakers, regulators and international organizations, to proactively confront the challenges of financial exclusion.

The Cs of AFI's success

The success of AFI can be attributed to what we can call three Cs: (1) commitment, (2) collaboration, and (3) concrete results.

Commitment is an important first step in the attainment of any goal. As one of the pioneer members, the Bangko Sentral ng Pilipinas (BSP) can attest to the steadfast engagement of AFI members and partners in activities and programs toward financial inclusion.

We have benefitted from the commitment of visionary funding partners who believed in the concept of AFI and sustained us in our journey toward increasing access to financial services for the poor. The trust and support of the Bill and Melinda Gates Foundation, German

¹ A kind of West Indian (originally Trinidadian) music in syncopated African rhythm, typically with words improvised on a topical theme (Oxford Dictionary).

International Cooperation (GIZ), Federal Ministry for Economic Cooperation and Development (BMZ) and other donors like the Australian Agency for International Development (AUSAID), facilitated the exponential growth of AFI. Within six short years, it is now a network of 120 member institutions from 95 developing countries. Future commitments from like-minded donors will surely fortify AFI's ability to continuously undertake its important mission.

AFI would not be what it is now without the commitment of members who devoted substantial time, resources and expertise to make AFI activities fruitful and successful. If we count just the face-to-face meetings of the seven AFI working groups², we get a total of 57 meetings from 2010 to 2014. Steering Committee meetings, and those of the Subcommittees on Independence, Host Country Evaluation and Global Standards, are not yet accounted in this number. If "time is gold", then it is clear that the membership definitely invested so much in the AFI journey.

Underpinning this investment in time and resources is AFI members' commitment to achieving our shared vision of a financially inclusive world. AFI members firmly supported the Maya Declaration in 2011 and the consequent Sasana Accord in 2013. These declarations are documentary proof of members' dedication to implement concrete and measurable policies and programs that expand inclusion in their respective jurisdictions.

To date, 47 out of 120 member institutions have publicly articulated their own Maya commitments. While targets and accomplishments vary from country to country on account of domestic contexts, the most significant outcome of the Maya Declaration is increased institutional accountability. By AFI's count, a total of 71 measurable policy improvements have been made by Maya countries.

The second C is a blend of collaboration and cooperation, which describe (1) how AFI members interact with each other, and (2) how the AFI network engages with external stakeholders.

Collaboration and cooperation is inherent in the design of AFI's signature platforms – the working groups and the knowledge exchanges.

The working groups, with a membership total of at least 194 individuals, function as "communities of practice". As peers on equal footing, they share and discuss ideas to produce outputs that are relevant in policymaking and program development. These outputs include guideline notes, discussion papers, surveys, data indicators, case studies and peer reviews – which we collectively call knowledge products. These products constitute majority of the AFI library, and serve as useful references for AFI members and external interested parties.

Like other AFI members, the BSP benefited from the working groups, as we implemented various aspects of our financial inclusion agenda. For example, our national baseline survey on financial inclusion was enriched thru peer reviews by CNBV Mexico and Bank of Tanzania in the Data Working Group. Our regulatory perspective on digital financial inclusion was constantly deepened thru the interactions in the Mobile Financial Services Working Group. These are just a few examples, considering that the BSP is an active member in all the working groups, save for the regional group of Pacific Islands.

On the other hand, the knowledge exchange (KX) – one of the most availed of grants by AFI members – is a structured, purposive and onsite study visit. As recipient of one, and host of 20 AFI knowledge exchanges since 2010, the BSP can attest that the KX is mutually

² AFI has six working groups with thematic focus on consumer empowerment and market conduct; financial inclusion data; global standards and proportionality (originally financial integrity); mobile financial services; small and medium enterprises; financial inclusion strategy. The seventh working group is focused on financial inclusion in the Pacific islands.

beneficial to the visitor and the host. It facilitates open, candid dialogue among regulators facing similar issues, but operating in different domestic situations.

Many policy solutions are informed by lessons learned from knowledge exchanges. For example, our consumer protection framework and financial education program were inspired by what we learned, in no small measure, from a KX with Bank Negara Malaysia. We shared our regulatory experience with colleagues from the Bank of Tanzania, and later provided insights on their draft electronic money regulations. I am sure that other AFI members also have interesting stories to tell about their KX experiences.

Collaboration and cooperation likewise characterize AFI's engagement with external stakeholders. This approach has resulted in rewarding partnerships and increased global attention on financial inclusion. Let me cite some examples:

We have initiated, and will continue to deepen the engagement with Standard Setting Bodies (SSBs) thru a structured peer learning program. Global standards greatly affect the level of exclusion, as well as the range, quality and affordability of financial products available to clients at the bottom of the pyramid. AFI is in a unique position to contribute value to the SSB discussions; given the wealth of experience that the membership has in practicing the proportionality principle; in a manner that is conducive for financial inclusion.

Presently, the BSP chairs the Basel Consultative Group Workstream on Financial Inclusion. This working group aims to form an overall risk picture on financial inclusion that would be of particular relevance to banking supervisors around the world. AFI members provided invaluable inputs to the workstream thru their participation in the Range of Practice Survey.

As implementing partner of the G20 Global Partnership for Financial Inclusion (GPFI), AFI has gained stature as the voice of the developing world in the area of financial inclusion. We significantly contributed to the development of the G20 Principles for Innovative Financial Inclusion.

Finally, AFI's regular collaboration with the G24 in conducting policy forums, continues to deepen awareness on financial inclusion issues, and inspire action among G24 member countries.

Commitment, collaboration and cooperation are necessary, but insufficient to beget success. These factors must translate into a third C – concrete results.

The results-oriented culture of AFI ensures that policy solutions, regulatory enhancements and program interventions always benefit the ultimate stakeholder whom we all target to serve: the financially-excluded. To date, we have seen policy solutions that resulted in:

- 16.7 million mobile money accounts for 15 percent of adults, achieved within 2.5 years in Bangladesh
- 7 million mobile money accounts for 67 percent of adults, achieved within 7 years in Kenya
- 19.4 million basic bank accounts for 27 percent of adults, achieved within 5 years in Mexico
- 26.7 million mobile money and cash card accounts, achieved within 4 years in the Philippines
- 1.7 million savings accounts for 25 percent of adults, achieved within 4 years in Rwanda

This sampler data from selected AFI members reinforce the importance of impact measurement and monitoring. As responsible policymakers and program implementers, we must verify that our actions are indeed achieving inclusion objectives. We can only claim true success if we have incontestable proof that global partnerships and national goals adequately empower our ultimate stakeholders.

Conclusion

As I end my term as Chairman of the Steering Committee, allow me to extend deep appreciation to my distinguished colleagues in the Committee, all member institutions, our strategic partners and donors, and the AFI Management Unit, for your unwavering support. Your active and thoughtful participation in the Committee, and in AFI processes, has made our work much more manageable and gratifying. I am pleased to announce that the Steering Committee will be led by incoming Chair Daniel Schydrowsky of Peru.

As I contemplated an appropriate end to my opening remarks, TNT came to mind; not only because it resembles the initials of our host country Trinidad “n” Tobago; but also because of the massive force of change that we want to take place in our respective countries. Let us all keep the three Cs of AFI aglow to see forceful initiatives in AFI’s future – to catapult financial inclusion to greater heights around the world.

Thank you and good morning.