In 2009, UN Secretary-General Ban Ki-moon designated Her Royal Highness Princess Máxima of the Netherlands as his Special Advocate for Inclusive Finance for Development. In this capacity Princess Máxima works with governments, financial regulators, global standard setters, intergovernmental organizations, civil society, the private sector, and the media to raise awareness and foster action to advance financial inclusion.
Executive Summary

In particular, I appreciate the presence of H.R.H. Princess Máxima of the Netherlands for her important global leadership in this area.

– PRESIDENT FELIPE CALDERÓN HINOJOSO, UNITED MEXICAN STATES
G20 LEADERS’ SUMMIT, LOS CABOS, MEXICO, JUNE 2012
Princess Máxima supports all stakeholders involved in financial inclusion. She influences the agenda by engaging in activities at the global, national, and community levels. Princess Máxima has gained a unique and strategic perspective on financial inclusion through years of work and discussions with diverse stakeholders—from small shop owners in Rio de Janeiro to meetings with private banks serving poor clients in Jakarta to global convenings with heads of state.

Today, approximately one-third of the world’s population, most of them poor, struggle to get by without basic financial services such as savings, insurance and credit.¹ The UNSGSA raises awareness of this situation and calls attention to how financial inclusion helps families and entrepreneurs generate income, manage cash flow, build assets, invest in opportunities, and strengthen resilience to setbacks. As advocacy efforts and innovative approaches take root, companies, practitioners, and policymakers are increasingly responding to the needs of the world’s unbanked and underserved.

Notably, the G20, as part of its response to the ongoing financial instability and efforts to stimulate economic growth, elevated financial inclusion as a global policy priority. As the UNSGSA and Honorary Patron of the G20’s Global Partnership for Financial Inclusion (GPFI), Princess Máxima prioritized her activities this year to help build political will and shape a lasting outcome at the G20 Leaders’ Summit in Los Cabos, Mexico. There, 17 countries committed to create cross-sector coordination platforms and national strategies as part of the G20 Financial Inclusion Peer Learning Program—and bring the benefits of financial services to more than 700 million people and millions of enterprises. And, global financial standard setting bodies are increasingly considering financial inclusion in their recommendations and guidelines.

The UNSGSA urges stakeholders to develop and deliver financial services tailored to individuals and small entrepreneurs currently beyond the reach of conventional channels. She calls for more insight into the needs of clients and the impact of financial inclusion in order to inform effective products and policies that also advance development. The UNSGSA also advocates the importance of responsible finance and financial literacy to assist low-income clients to achieve their goals.

Momentum is growing. But, the efforts have yet to reach a tipping point. And, achieving financial inclusion requires long-term change. Advocacy is needed now more than ever. Going forward, the UNSGSA will work to sustain the momentum, translate commitments into action, and energize more policy-makers, companies, and institutions to seize the opportunities of financial inclusion. She will continue to link national and global conversations and bring together diverse stakeholders to build synergies and to address one of the most systemic challenges of our time.

Princess Máxima is inspired by all that she has seen this year in countries as diverse as Brazil, Indonesia, Malaysia, South Africa and Turkey, and by the recent milestones. She is equally inspired by countries that are taking first steps toward financial inclusion and by financial institutions that are beginning to develop products that make a real difference to low-income clients. The UNSGSA reaffirms her commitment to supporting governments, financial service providers, civil society, researchers, clients, and others in the quest for a more equitable and inclusive financial future for all.

¹ 2.5 billion adults go without access to formal financial services. World Bank Global Financial Inclusion Database (Findex), April 2012.
Progress and Opportunity

The situation is very different today. We see more policies, technologies, and partnerships that are putting financial products at the service of poor communities and enterprises. The difference this has made to livelihoods is real. It is particularly thrilling that so much of this innovation and progress is originating in developing countries.

– PRINCESS MÁXIMA, G20 LEADERS’ SUMMIT, LOS CABOS, MEXICO, JUNE 2012
In September 2011, President Felipe Calderón Hinojosa announced Mexico’s National Council for Financial Inclusion—the first of its kind created by a head of state and mandated with achieving financial inclusion. Soon after, the Central Bank of Brazil launched its own National Partnership for Financial Inclusion. In 2011, countries as diverse as Indonesia and Nigeria began to prepare national strategies to discuss with stakeholders. And, the Alliance for Financial Inclusion’s Maya Declaration generated commitments from financial regulators in 26 countries to set specific targets and undertake immediate actions to advance financial inclusion.

**FROM AWARENESS TO ACTION**

This national-level momentum coalesced in a global milestone: the G20 Financial Inclusion Peer Learning Program launched at the Leaders’ Summit in Los Cabos, Mexico in June 2012. As part of this program, 17 countries committed to develop national coordination platforms and strategies, backed by data, and to share their experiences with others. The endorsement of this program by G20 leaders adds further commitment and momentum to financial inclusion. As Honorary Patron of the GPFI, Princess Máxima supported national leaders, and worked closely with the Mexican Presidency of the G20 to help bring about this important outcome.

Momentum for financial inclusion has also been strong at the intergovernmental level. In November 2011, leaders of the Association of Southeast Asian Nations (ASEAN) tasked their Ministers with exploring new initiatives that boost access to finance and help to promote equitable economic growth. International financial Standard Setting Bodies (SSBs), mandated with safeguarding financial stability and integrity, are also taking the importance of financial inclusion into account. For example, the revised Financial Action Task Force (FATF) Recommendations issued in 2012 enable countries and financial institutions to adopt approaches tailored to the level of risk. This can make it easier for many low-income clients to meet identity requirements in order to open a bank account.

At the same time, improvements in financial inclusion data are leading to a better understanding of the needs of poor people. In turn, this is helping service providers and regulators to design better financial products and policies. Milestones this year include the World Bank’s new Global Findex survey, funded by the Bill & Melinda Gates Foundation, with extensive country data on demand and use of financial products by individuals. The G20 GPFI and Organisation for Economic Development and Cooperation (OECD), among others, rolled out valuable data and knowledge initiatives on enterprise finance.

Much of the momentum is being driven by the continued introduction of financial products for low-income populations. Safe places to save and convenient payment means continue to become more available and accessible. And new microinsurance for health, crops and other needs is being introduced in an increasing number of countries. In all this, mobile phone banking continues to open opportunities to reach far beyond traditional bank branches and deliver affordable and adequate financial services. There are now nearly as many mobile phone connections as there are people in the world—about 6 billion and growing daily. The potential of mobile money was illustrated this year in Tanzania, where two mobile money companies now have more than one million clients each, and in Kenya, where the mobile money service M-Pesa now serves about 85% of households.

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2 GSMA: www.gsmworld.com/MO
TOWARD INCLUSIVE GROWTH
In late 2011, the world’s population surpassed 7 billion. Recent progress in financial inclusion notwithstanding, 2.5 billion adults globally lack access to financial services, and approximately 200 million micro, small and medium-sized enterprises in emerging markets still lack access to financing.\(^3\) Overwhelmingly, the unbanked live in developing countries and have low incomes. And, 70% of the world’s poorest people live in rural areas, often depending on small-scale agriculture. Many unbanked people also struggle with issues including food security, obtaining education for their children, and access to water and medical care. Financial inclusion can contribute to these ends, as well as to job creation and equitable economic growth.

Through strategic and sustained advocacy, the UNSGSA continues to define the role that inclusive finance plays in poverty alleviation, sustainable development, and fulfilling national goals. She encourages cooperation and commitment from political leaders, regulators, global standard setters, civil society, the private sector, and most importantly, those presently outside the financial system, to break down barriers and build a more inclusive future.

The most urgent advocacy task now is to elevate awareness and will beyond the early adaptors, and to ensure that present and future commitments yield action and make a difference to poor households, small enterprises and whole communities.

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3 IFC-McKinsey Micro, Small and Medium Enterprise Database 2011
Financial service innovation: making a difference for poor clients and entrepreneurs

Dozens of innovative financial products coupled with the expansion of access to basic financial services are helping low-income families and micro and small enterprises achieve diverse goals by carefully considering client needs and local circumstances. For example:

• Parents in Indonesia can set aside as little as US$1 per week for their children’s education in a savings product that comes with some health insurance. This way, their savings and education goal is protected if they get sick.

• A cooperative of women who sort and recycle glass from garbage dumps in Rio de Janeiro receive loans and business training thanks to a local bank opening a branch in their neighborhood. This allows them to buy equipment such as a glass crusher or a used truck to increase their productivity, profit margins and incomes.

• A South African domestic worker purchases accident insurance in weekly installments via her mobile phone to protect herself, as the family’s income earner, during long daily commutes on mini-buses.

• A fruit vendor in Papua New Guinea can tap an instant line of credit proportionate to the amount in her simple savings account in order to make lower-cost bulk purchases, to smooth cash flow and help increase profits.

• A Kenyan family makes daily payments of US$0.50 through their mobile phone to activate a solar light and gradually purchase it from a lamp company. After as little as a year, it owns the lamp.

• After a flood, a Sri Lankan farmer is quickly reimbursed for his losses by weather-indexed crop insurance. The insurance increases his eligibility for cheaper loans that he can use to improve his yields through the purchase of fertilizer and better seeds.
I would like to acknowledge the presence of Princess Máxima, the *hada madrina* [fairy godmother] of this important subject.

—ÁNGEL GURRIA, SECRETARY-GENERAL, OECD WORLD BANK EVENT, WASHINGTON, D.C., APRIL 2012
As the United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development (UNSGSA), H.R.H. Princess Máxima of the Netherlands raises awareness, encourages leadership, and fosters action toward financial inclusion. Her central message is that financial inclusion is a means to accelerate progress toward development goals such as better health, education, poverty alleviation, food security, and vibrant economies. To have impact, financial services must be designed with these goals and client circumstances in mind.

The UN Secretary-General Ban Ki-moon designated Princess Máxima as the UNSGSA in 2009 based on her experience in international banking, emerging markets, development, and prior participation in UN advisory groups on inclusive finance. Her decade-long commitment to financial inclusion has yielded a depth of knowledge and an influential network. The UN Secretary-General extended the mandate of Princess Máxima for a second two-year term in 2011.

In 2011, Princess Máxima was also named the Honorary Patron of the G20 Global Partnership for Financial Inclusion (GPFI). The GPFI is an important platform for coordination, policy, and advocacy. In this role, Princess Máxima works closely with G20 member governments, the GPFI implementing partners, and other national governments and global stakeholders to advance the G20 Action Plan on Financial Inclusion.

APPROACH OF THE UNSGSA

In dozens of countries, the UNSGSA raises awareness and builds commitment by calling attention to how inclusive financial policies and services can advance rural and urban development, job creation, and equitable growth. Through conversations with low-income clients, practitioners, policy makers, and thought leaders, Princess Máxima has a unique and strategic view of financial inclusion. She uses these insights to share lessons and recommend priority actions. She also seeks strategic opportunities to positively influence the agenda through speeches, meetings, country visits, and press interviews.

The UNSGSA regularly convenes diverse stakeholders, at the country and global level who may not have recognized financial inclusion as a mutual interest. This year, for example, she brought together practitioners, academics, and policymakers to identify measures to increase access to micro-health insurance in developing countries. By facilitating dialogue, Princess Máxima builds support for common goals and fosters partnerships, helping to translate awareness into action.

All of Princess Máxima’s outreach as UNSGSA and Honorary Patron of the G20 GPFI is done in partnership with governments and national stakeholders, such as financial service providers, phone companies, businesses, welfare agencies, and researchers. She connects with global financial standard setters, civil society organizations, and multilateral institutions, including UN country teams, the International Monetary Fund (IMF), and the OECD. She cooperates closely with an advisory Reference Group to encourage strategic approaches that unify stakeholders around common national goals.

Princess Máxima thanks the many partners, institutions, leaders and clients she has had the opportunity to collaborate with in the advancement of financial inclusion.

FINANCIAL INCLUSION IN THE NETHERLANDS

Princess Máxima is an active champion on access to finance, and financial literacy in her home country. As a member of the Dutch Committee for Entrepreneurship and Finance, Princess Máxima encourages coaching, business skills training, and small loans to entrepreneurs starting or running businesses in the Netherlands. Since 2008, she has engaged in advocacy for financial education, most notably for children and youth. Princess Máxima is Honorary Chair of Wiser in Money Matters, a national partnership of banks, schools, government, consumer organizations, and research institutions. She shares the experiences of these initiatives with stakeholders abroad, and brings back lessons to enrich her work at home.

MORE INFORMATION

UNSGSA: www.unsgsa.org  |  G20 GPFI: www.gpfi.org
The Royal House of the Netherlands: www.koninklijkhuis.nl
Advancing Financial Inclusion: Key Advocacy Issues

I also wish to appreciate Princess Máxima for her commitment, dedication and tireless work in promoting this noble cause.

—PRESIDENT SUSILO BAMBANG YUDHOYONO, REPUBLIC OF INDONESIA, G20 LEADERS’ SUMMIT, LOS CABOS, MEXICO, JUNE 2012
Financial inclusion is universal access, at a reasonable cost, to a wide range of financial services, provided by a variety of sound and sustainable institutions. Financial inclusion helps families and entrepreneurs generate income, build assets, manage cash flow, invest in opportunities, and strengthen resilience to unexpected events.

Making savings, insurance, payments, credit, and other financial services available to the people and enterprises that need them cannot be achieved by one party alone. Commitment from the highest levels of government is essential. Cross-sector dialogue is necessary to identify mutual priorities, create shared visions of national economic and social development, and implement priority actions to advance financial inclusion.

Financial inclusion priorities vary from country to country. In some, it is building basic financial infrastructure like payment systems to create access to financial services and encouraging more formal savings. In others it is increasing usage, consumer education, and stimulating the development of more and better financial products.

For these reasons, Princess Máxima prioritized her activities as UNSGSA and Honorary Patron of the G20 Global Partnership for Financial Inclusion (GPFI) during the last year on building national commitment to cross-sector coordination platforms to prepare national strategies for financial inclusion, backed by sound data. Ahead of the 2012 G20 Leaders’ Summit, she worked to generate commitment from countries to join the G20 Financial Inclusion Peer Learning Program, and supported efforts by the Mexican Presidency of the G20 to elevate financial inclusion on the agenda.

The UNSGSA also continued to focus on five key areas in which her input creates the most impact and that have the greatest potential to deepen financial inclusion:

• **Diverse financial services:** Meeting the demand and needs of low-income clients and small enterprises requires a variety of providers and products, especially savings, payments, credit, and insurance.

• **Bridging household and SME finance:** An important source of employment, income and economic growth, micro, small and medium-sized enterprises need access to a continuum of affordable financial services and business expertise to start up and scale up.

• **Responsible finance and financial literacy:** Responsible practices in financial services bring advantages to providers, clients, and the environment. Clients can maximize the benefits of financial services when they have access to financial education, a key aspect of consumer protection.

• **Complementarity of financial inclusion, integrity and stability:** Bringing more informed people into a client-oriented, responsible and supervised financial system lowers risks and improves integrity.

• **Financial inclusion data:** In-depth, harmonized and comparable data supports national strategic planning and monitoring, evidence-based policymaking, impactful investments, and innovative products.
Diverse Financial Services

The UNSGSA advocates that savings, loans, payments, credit, and other financial products help people to generate income, build assets, manage cash flow, and be more resilient to setbacks. Access to diverse financial services that meet the needs of low-income clients is at the core of financial inclusion.

Addressing the audience of the G20 Financial Inclusion event in Los Cabos, Princess Máxima reflected positively on the recent shift from microfinance to the broader concept of financial inclusion. Today, stakeholders around the world frequently begin conversations with access to savings accounts and other financial services. Research shows that microcredit is part of a solution for low-income households and businesses. Clients also need easy payment methods, savings, basic insurance, long-term finance and financial education.

TOWARD CLIENT-ORIENTED PRODUCTS

This past year, the UNSGSA called attention to the need for products that create real impacts. In the foreword of the Spanish edition of Portfolios of the Poor, she pointed out that the study “not only shows us the complex financial demands that poor people have—it tells us that today, poor people must get by with only informal, costly and unreliable financial instruments that do not really fit their needs.”

Much can be determined by understanding what clients are trying to achieve for their family or business through a loan, a savings account or an insurance policy. At the Annual Meetings of the World Bank and IMF, Princess Máxima highlighted the value of this knowledge to develop “…innovations that respond to specific client demands and contexts—be it a particular crop cycle or cultural habit. An example is the bank on a bus that goes to rural villages in Malawi. Illiterate women can safely save a few dollars at a time, away from prying family members, with thumb print protected account cards.” Selling the right product at the right time at the right price serves client needs. This also makes for a vibrant and profitable business—and thus helps financial products reach scale and make impact. To these ends, Princess Máxima welcomed the launch of a global initiative by CGAP to build an action-oriented community of practice around this key issue of clients at the center.

A CLOSER LOOK AT MICROINSURANCE

In her work as the UNSGSA, Princess Máxima has seen the detrimental impact of unexpected shocks on individuals and entire communities. An estimated 100 million people fall into poverty annually due to health care costs.5 “When a family can no longer earn income they tend to sell productive assets, pull children out of school, or take expensive loans in order to get the care they need. As a result, daily priorities such as food, education, and shelter suffer, and the long-term consequences are dire.”6

This year, the UNSGSA engaged with insurance providers, researchers, policymakers, and donors to discuss how microinsurance, as part of a suite of financial services, can contribute to global health and welfare. At one conference,7 Princess Máxima challenged stakeholders to consider ways that emerging micro-health insurance products could help to reduce risks for low-income and vulnerable families, and increase access to better quality of health care. At another international conference of private insurers, the UNSGSA told how a company she met in Brazil adjusted its typical home insurance contract to reflect the local realities of house ownership, inspiring dozens of companies to look at their products through their clients’ eyes.

In all her outreach activities, the UNSGSA emphasizes that there is still a great deal of room to innovate in financial services for the poor and within the institutions that deliver them. As with other financial products, client behavior and local context is key to successful micro-insurance.

Bridging Household and Small Enterprise Finance

In all countries, micro, small and medium-sized enterprises (SMEs) play an important role in job creation, employment and economic growth. In order to start-up and thrive, enterprises need local access to diverse financial services as well as business advisory support.

UNLOCKING THE POTENTIAL OF SMES

This past year, the UNSGSA continued to call attention to the ways in which financial services can help SMEs to reach their potential. In supporting G20 initiatives such as the ongoing SME Finance Challenge, the newly announced SME Finance Compact, and the

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7 Access to Health Insurance conference organized by the Prince Claus Curatorium, the International Institute of Social Studies, the Institute of Health Policy and Management of Erasmus University, the Dutch Ministry of Foreign Affairs, PharmAccess and the Rotterdam Global Health Initiative in consultation with the UNSGSA. Princess Máxima spoke in a dual capacity as chair of the Curatorium of the Prince Claus Chair and UNSGSA.
Financial Inclusion Peer Learning Program, Princess Máxima encouraged leaders to integrate policies and actions for both individual and SME finance into national financial inclusion strategies.

At the launch of Brazil’s Action Plan for Strengthening the Institutional Environment for Financial Inclusion, Princess Máxima urged participants to imagine how Brazil’s economy would transform if even more of the approximately 12 million informal SMEs in Brazil had access to financial services to help them expand and become greater sources of growth and employment. She welcomed efforts like those of SEBRAE, Brazil’s support service for SMEs, which co-hosted the launch with the Central Bank.

Financial services help entrepreneurs transform individual or home-based income earning activities into more systematic, reliable, and scalable businesses. But all too often, the right services remain out of reach, especially at the stage when larger, commercial loans and services are needed for expansion. The UNSGSA urges service providers to bridge this gap. “What we also often see is microfinance in one silo and enterprise finance in another. What happens to businesses in between? Are these to be financed by MFIs reaching up? Or commercial banks reaching down? So we need a continuum of finance.”

**ACCESS TO FINANCE AND KNOWLEDGE**

During a visit to a new bank branch in a low-income community in Rio de Janeiro, Princess Máxima met a woman who makes wallets and other goods from milk cartons and other recycled materials. Courses offered by the bank and SEBRAE helped her to structure her business and understand her finances. The UNSGSA observed similar needs among entrepreneurs in Turkey and her home country of the Netherlands, and on visits in prior years to Mali, Rwanda, and Liberia. In addition to loans, payment services, and current accounts, budding entrepreneurs needed help understanding marketing, accounting, and business strategies. Many women seemed to value the mutual support and ideas shared in a lending group or cooperative as much as the access to finance.

The UNSGSA advocates for technical assistance and knowledge sharing alongside financial services to

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support entrepreneurship. In Turkey, Indonesia, and Brazil, Princess Máxima met with government ministries that sponsor large enterprise finance programs. She discussed the experiences of a Dutch public-private partnership, Qredits, which pairs loans with business development services and coaching. As a result, 88% of enterprises it has lent to are still in business after two years, which is on track to surpass the 56% survival rate for most start-ups at the three year mark.

As investments, credit, and financial services expand, it is important to understand what approaches to SME finance are working. This year, the UNSGSA participated in the launch of the OECD Scoreboard on SME and Entrepreneur Financing and the G20 SME Finance Forum, a collaborative knowledge-sharing platform for data, research, and best practices. The UNSGSA encourages countries and diverse stakeholders to add to these tools and use them to monitor progress, identify gaps, design policy, and make good investment decisions.

**Responsible Finance and Financial Literacy**

Financial institutions can meet the needs of clients, environment, and business growth through responsible practices and appropriate products. Consumer protection and financial education enable clients to make well-informed decisions.

**PEOPLE, PLANET, AND PROFIT**

As the world confronts growing concerns about food security, energy, water and other resources, the UNSGSA is working to change the notion that doing business is at odds with protecting the environment and meeting the needs of poor people. Through a series of speeches, Princess Máxima called attention to ways in which innovative companies are aligning these goals through responsible financial services. She pointed to an enterprise that manufactures drip-irrigation tubing that reduces water waste, improves crop yields and is priced for low-income farmers. She outlined the financial and payment system needs of this business, as well as the savings, payment, insurance and long-term credit needs of the farmer.
to purchase the tubing. Through examples like this, Princess Máxima illustrates how financial products that are adequate and affordable for clients can be profitable for businesses. As such, they position providers for long-term growth. It is about people, planet and profit together.

The UNSGSA stressed these points while opening the annual meeting of the UN Principles for Responsible Investment (PRI). She welcomed the progress achieved with the PRI’s Principles for Investors in Inclusive Finance, which she helped to develop and launch in 2011. More than 50 investors, including major pension funds, have now committed to invest in financial service institutions that offer responsible microfinance and a wide range of services to the poor and SMEs. The UNSGSA welcomed a new monitoring framework to measure investors’ actions and case studies illustrating effective implementation.

**FINANCIAL EDUCATION AND CONSUMER PROTECTION**

Princess Máxima constantly raises the importance of consumer protection and capability as part of responsible finance with policy makers and service providers. With the accelerating pace of financial access, it is more important than ever that clients understand their choices, rights and responsibilities. Consumer protection is about providing the right financial product as well as informing clients, and creating a safe, transparent, and enabling environment through regulation and supervision. Princess Máxima explains, for example, how long-term finance is more adequate for a small enterprise’s expansion plans than repeated six-week loans, but hard to come-by. Or how micro-insurance enables small-holder farmers to replace seeds following a flood without incurring new debt.

In her outreach, the UNSGSA stresses that these are not only issues in developing countries, but also in advanced economies. She advocates that everyone has a role to play in financial education—governments, banks, and customers themselves.

In the past year, the UNSGSA visited several financial education programs and called attention to the urgency of financial awareness and literacy. In Brazil, Princess Máxima joined students in watching a lively play on financial behavior. The play is particularly responsive to the benefits of savings and risks of over-indebtedness—an issue the UNSGSA advocates.

At the 2012 Research Conference on Microinsurance, Princess Máxima accepted the *Compendium on Microinsurance 2012* from Mr. Craig Churchill, Director of the Microinsurance Facility at the International Labour Organisation. In her keynote address, she urged attention to critical, unanswered questions such as what product features build client trust and value, and provide impact. (Enschede, the Netherlands, April 2012)
must be addressed with greater vigor as consumer credit becomes more readily available in a number of developing countries.

Princess Máxima also collaborates with financial service providers to raise awareness that educating clients is in the institution's own interest, as some providers are increasingly recognizing. For example, the school play in Brazil was part of an education program run by a national bank association. Also, a private bank that she met with in Indonesia, Bank BTPN, provides free financial education and business training to its clients. A simple four-envelope system helps street vendors to set aside incoming cash to replenish inventory, repay loans, provide for salary and expenses, and save for long-term goals or investments.

The UNSGSA brings successful approaches like these to her ongoing discussions with national policymakers and international organizations. She welcomes initiatives that are sharing policy guidance and lessons learned even more broadly, such as a new subgroup on consumer protection and financial education in the G20 GPFI and the OECD/International Network on Financial Education High-Level Principles on National Strategies for Financial Education.

Complementarity of Financial Inclusion, Integrity, and Stability

Financial integrity refers to safeguarding the use of financial systems for legal and legitimate purposes, while financial stability refers to monetary systems that absorb shocks and promote confidence in financial institutions and markets.

ADVANCING INCLUSION THROUGH STANDARDS

In her outreach, the UNSGSA demonstrates how financial inclusion, financial integrity, and financial stability are not just compatible, but also mutually reinforcing. “For several years, the prevailing global context has been economic fluctuations and uncertainty. Policymakers are rightly concerned with financial stability and integrity, and financial stability are not just compatible, but also mutually reinforcing. As these factors are closely interlinked, failings in one are likely to lead to problems in the others. With proper supervision, inclusive financial development spurs economic growth, reduces income inequality and helps lift households out of poverty.

Sharing this message with global Standard Setting Bodies (SSBs) has helped to spur significant progress. In 2010, Princess Máxima began a dialogue with the Financial Action Task Force (FATF), encouraging members to consider advancing integrity and inclusion using lessons from developing country regulators. In 2012, the FATF released revised Recommendations that embrace a risk-based, proportional approach, and is now revising a Guidance Note related to financial inclusion. Princess Máxima communicated a similar message to the Basel Committee on Banking Supervision (BCBS) and welcomes the revised Core Principles, which for the first time directly and indirectly recognize the importance of financial inclusion.

In 2012, Princess Máxima co-convened a second meeting of the SSB chairpersons and secretary-generals to discuss how increasing cooperation could advance financial inclusion and their mandates. Calling attention to issues that regulators face when applying standards in diverse developing country contexts, she urged SSBs to give even greater consideration to proportional and risk-based approaches, and to make standards even more concrete with additional guidance and examples. The SSBs have agreed to continue this unique annual gathering and to seek additional opportunities for dialogue.

In her discussions, the UNSGSA uses inspiring policy leadership examples from countries she has visited, such as Malaysia, where parliament mandated the Central Bank to play an active role in ensuring that the financial sector works for the whole population alongside its more traditional role in maintaining stability and integrity. And she is encouraged by continued policy action that will strengthen the sector and enable more effective supervision, such as the new microfinance law adopted this year by all eight

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10 In attendance were leaders from the following SSBs and expert partners: Basel Committee on Banking Supervision (BCBS), Committee on Payment and Settlement Systems (CPSS), Financial Action Task Force (FATF), Financial Stability Board (FSB), Financial Stability Institute (FSI), International Association of Deposit Insurers (IADI), International Association of Insurance Supervisors (IAIS), and the Irving Fisher Committee on Central Bank Statistics (IFC). The Governor of the Central Bank of Brazil and Supervisor of Mexico also participated.
countries in the West African Monetary and Economic Union (WAEMU)—an outcome the UNSGSA had advocated for during her 2011 visit to the region.

As UNSGSA and Honorary Patron of the G20 GPFI, Princess Máxima works to connect national and global conversations. For example, she facilitated the participation of regulators from Brazil and Mexico in a high-level SSB meeting, where they shared innovative regulatory approaches to building inclusive and stable financial systems—such as through agent banking and flexible identity requirements, respectively.

Given so much positive momentum, the UNSGSA believes that open discourse is more important than ever to harness successful regulatory approaches, to stimulate further revisions in standards and guidance to assist national regulators, and to share emerging best practices widely.

**Financial Inclusion Data**

Financial inclusion data includes a variety of metrics that measure the supply or accessibility of financial services to households and small enterprises, the use and uptake of such services, and customer empowerment measures such as financial literacy and complaint resolution.

Princess Máxima has long been a proponent of financial inclusion data: “...there is no good policy without the right data. This is both supply and also demand-side data. Without data, we cannot measure progress, we cannot define strategy, and we cannot focus on the right implementation.”

She consistently calls for more and comparable data to know which financial service innovations, delivery models, and policies are having the greatest impact on poor people, their communities, growth of small enterprises, and national priorities.

At the G20 Summit in Los Cabos, the UNSGSA illustrated how data can galvanize action. She pointed out that about 70% of the more than one billion people who live in the countries that committed to the G20 Financial Inclusion Peer Learning Program do not have access to even basic financial services like a savings account. The UNSGSA urged the participating countries to ground their strategic action plans in sound data.

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COORDINATION AND COMPARABILITY
In the last few years, new global surveys and data frameworks have emerged as policymakers and the private sector recognize the need for more knowledge about financial inclusion. The UNSGSA continued to work with global organizations to harmonize and streamline expanding data efforts. For example, this year, the World Bank Group and the IMF consolidated supply-side data collection—including for SME finance—in the IMF’s Financial Access Survey (FAS), now covering 185 countries. This reduces the burden on reporting countries, improves the quality of data, and makes comparison and analysis more meaningful.

Additional milestones that the UNSGSA supported this year include the World Bank’s new Global Findex survey, funded by the Bill & Melinda Gates Foundation, which allows comparisons across 148 economies on client use of financial services. Princess Máxima also welcomed the creation of the G20 Basic Set of Financial Inclusion Indicators. Leveraging data already available in many countries, this framework provides a practical way for countries to assess their status and progress on supply and demand for both individual and SME financial services.

DATA TO SUPPORT NATIONAL POLICIES
The UNSGSA maintains that data are most effective when developed in response to national policy priorities. In Malaysia, the Central Bank shared its draft financial inclusion data framework with Princess Máxima as part of a conversation about how policymakers can effectively establish baselines and track progress nationally, provincially, and within districts. In Mexico, the new National Council for Financial Inclusion is using three years of successively stronger nationwide surveys as a basis for a national strategy and action plan, as well as for setting targets. And in Brazil, the UNSGSA joined a workshop with government officials, the Central Bank, academic experts, and think tanks to discuss emerging research, statistics, and data on social welfare, financial inclusion, and policy targets. She also heard from the Central Bank on its efforts to integrate more financial inclusion-related queries into the national census and ongoing statistical initiatives.

Princess Máxima believes that countries can learn a great deal from each other about the complex issues of gathering good data—a key component of the G20 Financial Inclusion Peer Learning Program.

12 An annual survey completed by central banks that the UNSGSA helped to catalyze several years ago.
Financial services are not an end in themselves. They are means to cover basic needs, to meet aspirations and to help individuals take care of themselves and their families. Financial services can foster thriving enterprises and protect the environment at the same time. It is challenging, but I wonder if we have an option not to do so.

– PRINCESS MÁXIMA, UTRECHT SUSTAINABLE DEVELOPMENT SUMMIT THE NETHERLANDS, OCTOBER 2011
Going forward, the UNSGSA will focus her advocacy on converting this unprecedented momentum into sustained political will and long-term action. She will lend her support to countries that committed to develop national coordination platforms and strategies under the G20 Financial Inclusion Peer Learning Program. Princess Máxima will also turn her attention to countries where inclusive finance is at an earlier stage and where the challenges may differ from G20 emerging markets.

The UNSGSA will continue to raise awareness of how access to diverse financial services, especially savings, payment methods, long-term finance and micro-health and other insurances can support national goals for sustainable and equitable growth. The Princess’ core message remains that financial inclusion is a means to an end. In order to accelerate progress toward urgent development goals, financial services must be designed with client needs and local circumstances in mind, and be responsible. Engagement of diverse stakeholders is also essential.

Accordingly, Princess Máxima will continue to promote benefits of cross-sector coordination in advancing current and future investments, programs, and policies. She will encourage countries to share their experiences through the G20 Peer Learning Program and other platforms, as well as with global financial standard setters as a way to adapt and scale up successful approaches.

The UNSGSA will continue to seek consensus at the global and national levels on the most meaningful measures of financial inclusion, encourage data collection, and continue to advocate for appropriate standards and national regulations.

In the coming year Princess Máxima will deepen her advocacy of the convergence of people, planet, and profit through engagement with stakeholders whose goals depend on, or can be greatly accelerated by, financial inclusion. Keeping clients at the center of the conversation, she will challenge stakeholders to address key questions, including:

- How can the provision of financial services help with the delivery of basic necessities such as food, healthcare, education, water, and energy?
- What more or better data do we need to understand whether financial products are having the desired impact?
- What motivates businesses to create innovative, sustainable, and scalable financial products that reach low-income groups and enterprises?

The UNSGSA intends to deepen her support and relationships with the countries and stakeholders she has visited to help keep momentum high. She values the cooperation of many partners and looks forward to further collaboration in the coming years.

Looking back at her role as UNSGSA, Princess Máxima is encouraged by the momentum, depth of commitment, and new threshold of knowledge about the financial habits and needs of poor people and small entrepreneurs. At the same time, this understanding has revealed how much more needs to be done in order to reach the remaining one-third of the world’s population with the financial services they need, and to realize the potential of financial inclusion as a means to advance growth and development. Advocacy is more important than ever to connect leaders and innovators, elevate success stories, and uncover new challenges. The journey to a more inclusive financial future has truly begun.
Advisory and Administrative Arrangements

We have so much to learn from each other. I encourage policy makers as well as practitioners to document your experiences. Then be outspoken in sharing these lessons and best practices. This is so useful for overall future policy development and also for building support. —PRINCESS MÁXIMA, AFI GLOBAL POLICY FORUM, MEXICO, SEPTEMBER 2011
As the UNSGSA, Princess Máxima collaborates closely with her Reference Group of leading international organizations in financial inclusion. The Reference Group shares expertise and suggests strategic opportunities that the UNSGSA can advance through advocacy and partnerships. Members of the Reference Group and other in-country and global partners also contribute to ongoing follow-up on the UNSGSA’s outreach. This includes implementing recommendations through their own programs and networks, which helps to convert advocacy into action.

Reference Group members include:
• Alliance for Financial Inclusion (AFI)*
• The Bill & Melinda Gates Foundation
• Consultative Group to Assist the Poor (CGAP)*
• International Finance Corporation (IFC)*
• UN Capital Development Fund (UNCDF)
• UN Development Programme (UNDP)
• UN Department of Economic and Social Affairs (UNDESA)
• The World Bank*

The UNSGSA also consults with national leaders and diverse stakeholders in her capacities as UNSGSA and Honorary Patron of the G20 Global Partnership for Financial Inclusion (GPFI). Several members of the UNSGSA’s Reference Group are also the implementing partners of the G20 GPFI (see *), which provides additional opportunities for dialogue and advice.

The Office of the UNSGSA is housed at UNCDF in New York, where a small staff works closely with Princess Máxima and her Secretariat in The Hague to coordinate and advance her UN activities in the field of inclusive finance for development. The Office receives generous support from the Bill & Melinda Gates Foundation.

The UNSGSA is grateful to all of her partners for their insights and collaboration.
Knowledge, business ideas and inclusive finance all have an important role in sustainable development. When we put them together in the right way, they can be so powerful.

—PRINCESS MÁXIMA, UTRECHT SUSTAINABLE DEVELOPMENT SUMMIT, THE NETHERLANDS, OCTOBER 2012
Annex 1

Terms of Reference for the Designation of Her Royal Highness Princess Máxima of the Netherlands as the Secretary-General’s Special Advocate for Inclusive Finance for Development

1. The following Terms of Reference apply to the designation of Her Royal Highness Princess Máxima of the Netherlands (Princess), as the Secretary-General’s Special Advocate for Inclusive Finance for Development.

ROLE

2. At the invitation of and in consultation and coordination with the Secretary-General or his designees, the Secretary-General’s Special Advocate for Inclusive Finance for Development may, as appropriate:
   a) inform and advocate before Governments, legislators, regulators and international institutions for purposes of promoting inclusive finance for development;
   b) identify emerging issues and evolving policy options in promoting inclusive finance in a range of countries, with regard to facilitating the achievement of development goals, particularly the Millennium Development Goals (MDGs);
   c) contribute to the preparation, follow-up and implementation of outcomes of United Nations Conferences, including the Doha Declaration and the Outcome of the Conference on the World Financial and Economic Crisis, with regard to inclusive finance for development;
   d) contribute to raising the awareness of multilateral intergovernmental organizations, Governments, parliamentary institutions, civil society, private sector and mass media on the importance of developing inclusive finance for poverty reduction, equalizing opportunity and achievement of development goals, particularly the MDGs; and,
   e) carry out such other activities as may be necessary and appropriate in connection with any of the foregoing.

3. As the Secretary-General’s Special Advocate for Inclusive Finance for Development, the Princess shall act in her own capacity and not as an official of the United Nations. The Princess and the Secretary-General or his designees shall cooperate to ensure that activities carried out by the Princess in her role as the Secretary-General’s Special Advocate for Inclusive Finance for Development are consistent with the aims, activities and policies of the United Nations.

ACTIVITIES

4. In coordination with the Secretary-General or his designees, the Secretary-General’s Special Advocate for Inclusive Finance for Development may engage in such activities as are necessary and appropriate for the carrying out of her role as the Secretary-General’s Special Advocate for Inclusive Finance for Development, including, inter alia:
   a) initiating and maintaining dialogue with policy-makers and financial regulators in a selected number of countries on core issues in developing inclusive financial sectors, policy options and possibilities for follow-up and implementation;
   b) delivering presentations at selected national, regional and international meetings on inclusive finance for development and on financial regulation;
   c) contributing to the intergovernmental processes of the United Nations on the issue of inclusive finance, as requested, such as, follow-up to the Doha Review Conference on Financing for Development and to the World Financial and Economic Crisis and its Impact on Development;
   d) participation in media outreach appropriate to fulfilling the role of the Secretary-General’s Special Advocate for Inclusive Finance for Development; and,
   e) engaging in such other activities as may be necessary and appropriate in connection with any of the foregoing.
COORDINATION AND GUIDANCE

5. The Secretary-General or his designees will ensure that the special skills and talents of the Secretary-General’s Special Advocate for Inclusive Finance for Development are well utilized for the carrying out of her role and her activities pursuant to these terms of reference. The Secretary-General or his designees and the Secretary-General’s Special Advocate for Inclusive Finance for Development will regularly coordinate on their activities and in the implementation of the role and the activities of the Secretary-General’s Special Advocate for Inclusive Finance for Development pursuant to these terms of reference. The Secretary-General or his designees and the Secretary-General’s Special Advocate for Inclusive Finance for Development shall establish focal points for the facilitation of timely and effective communication between them on all matters pertaining to the implementation of the role and the activities of the Secretary-General’s Special Advocate for Inclusive Finance for Development pursuant to these terms of reference.

6. The Secretary-General’s Special Advocate for Inclusive Finance for Development will collaborate with the Secretary-General or his designees on the establishment and coordination of a reference group consisting of principal co-operating partners at international level, including, but not limited to: the Consultative Group to Assist the Poor (CGAP), the United Nations Capital Development Fund (UNCDF), the United Nations Department of Economic and Social Affairs (UNDESA), the Bill and Melinda Gates Foundation (BMGF), and the Alliance for Financial Inclusion (AFI). In coordination with the Secretary-General or his designee, such reference group will provide inputs and comments on the strategies and plans of the Secretary-General’s Special Advocate for Inclusive Finance for Development, periodically discuss progress and strategy for advocacy activities in connection therewith, and offer recommendations on coordination with work of the United Nations on achievement of the MDGs and the implementation of the Organization’s global development agenda.

7. In coordination with the Secretary-General or his designees, the Secretary-General’s Special Advocate for Inclusive Finance for Development will develop a strategy for advocacy, containing a dynamic list of priority countries for advocacy activities and the advocacy tools to be used. Such strategy and associated plans will be presented to the reference group for input and will be updated as appropriate. Such identification of priority countries will take into consideration, inter alia, the needs and circumstances of such countries, particularly those that are lagging in progress in achieving international development goals; the nature and scope of national challenges and possible solutions; the availability of proper support, cooperation and follow-up on the ground; the added value and convening power of the Secretary-General’s Special Advocate for Inclusive Finance for Development in the country or region; the receptiveness of the targeted authorities, and the need for flexibility due to political or other circumstances.

8. In coordination with the Secretary-General or his designees, the Secretary-General’s Special Advocate for Inclusive Finance for Development will engage with other major international leaders in Inclusive Finance in carrying out her role and her activities pursuant to these terms of reference.

9. The Key Messages of the United Nations Advisors Group (UNAG) on Inclusive Financial Sectors, as presented to the Secretary-General in 2008, will serve as the policy guidelines for the Princess in the carrying out of her role and her activities pursuant to these terms of reference. In carrying out her role and activities pursuant to these terms of reference and in coordination with the Secretary-General or his designees, the Secretary-General’s Special Advocate for Inclusive Finance for Development may take into account, when appropriate, salient points and recommendations made by international experts, international organizations, regulators and policymakers,
as well as the impact of the financial crisis on inclusive finance as well as core issues in social performance and inclusive finance.

REPORTING
10. The Secretary-General’s Special Advocate for Inclusive Finance for Development will prepare an annual report on her activities and progress. The reports will be presented to the reference group and to the Secretary-General or his designees.

CONDITIONS OF SERVICE
11. In performing her role and carrying out her activities pursuant to these terms of reference, the Secretary-General’s Special Advocate for Inclusive Finance for Development shall:
   a) receive a symbolic compensation of one dollar (US $1.00) per annum;
   b) coordinate with the Secretary-General or his designees when and if engaged in travel for purposes of carrying out her functions as the Secretary-General’s Special Advocate for Inclusive Finance for Development;
   c) be considered to be travelling on the official business of the United Nations, when and if engaged in such travel for purposes of carrying out her functions as the Secretary-General’s Special Advocate for Inclusive Finance for Development;
   d) in the event of death, injury or illness attributable to the performance of activities in accordance with these terms of reference, be entitled, in her person or in the person of her dependents, as appropriate, to compensation payable in accordance with the provisions of the Secretary-General’s bulletin, ST/SGB/103/Rev.1, as the sole compensation payable by the United Nations in respect of any such death, injury or illness;
   e) when performing activities in accordance with these terms of reference and as necessary and appropriate within the sole determination of the Secretary-General or his designees, be considered to be an Expert on Mission for the United Nations within the meaning of Article VI, Section 22 of the Convention on the Privileges and Immunities of the United Nations, adopted by the General Assembly on 13 February 1946;
   f) be entirely and fully responsible for arranging, at her sole expense, such life, health and other forms of insurance as may be necessary and appropriate in connection with the performance of any activities pursuant to these terms of reference; and,
   g) not be eligible or entitled to any benefits or entitlements applicable to officials or staff of the United Nations, other than those that are specifically enumerated in these terms of reference.

COMMENCEMENT, TERM AND TERMINATION
12. Upon the issuance by the Secretary-General of a letter of designation as his Special Advocate for Inclusive Finance for Development, the Secretary-General’s Special Advocate for Inclusive Finance for Development shall carry her role and activities pursuant to these terms of reference for a two (2)-year period, unless terminated sooner in accordance with these terms of reference. The term of designation may be extended for such additional period or periods as the Secretary-General and the Secretary-General’s Special Advocate for Inclusive Finance for Development may agree, and any such extension shall be effected by a further letter of designation by the Secretary-General.

13. The designation of the Secretary-General’s Special Advocate for Inclusive Finance for Development shall expire upon the completion of the period of the designation as the Secretary-General’s Special Advocate for Inclusive Finance for Development or may be terminated by mutual agreement or whenever the Secretary-General, in his sole consideration, determines that the termination of the designation is in the interests of the United Nations.
Annex 2
Overview of UNSGSA Activities 2011-2012

A selection of the UNSGSA’s activities are summarized below. Speeches and further information are available at www.unsgsa.org.

The UNSGSA utilizes three main activities to conduct her outreach: country visits, meetings and conversations, and speeches. In the lead up to the June 2012 G20 Summit in Mexico, Princess Máxima strategically prioritized visits to G20 emerging market countries that had a track record in financial inclusion. She held meetings with stakeholders ranging from heads of state, to regulators and business leaders, and low-income clients and business entrepreneurs to discuss challenges and opportunities. As a leading spokesperson on inclusive finance for development, the UNSGSA was invited to address dozens of fora over the past year, engaging hundreds of political leaders, regulators, businesses, international agencies, researchers and low-income clients, and diverse audiences in many countries.

Country Visits

SOUTH AFRICA, 12 DECEMBER 2011
In meetings with the Deputy Minister of Finance, Governor of the South African Reserve Bank, and the Minister in the Presidency in charge of the National Planning Commission, the UNSGSA commended the progress made on financial inclusion in South Africa and new initiatives such as a baseline study on consumer protection and financial literacy. She encouraged South Africa to address remaining gaps in access to financial services, build on its Financial Services Charter by creating a national coordination platform for financial inclusion, and to join the G20 Financial Inclusion Peer Learning Program.

TURKEY, 13–15 FEBRUARY 2012
In Ankara, the UNSGSA met with the Deputy Prime Minister, Governor of the Central Bank, and the Minister of Family and Social Policies. They discussed national strategies to accelerate progress on deepening Turkey’s financial sector and financial inclusion, including greater cross-sector coordination and finalizing a national plan. She encouraged Turkey to join the G20 Financial Inclusion Peer Learning Program and to share its experiences supporting SMEs even more broadly. She also visited women’s cooperatives and support and training centers for female entrepreneurs.

MALAYSIA, 2–3 APRIL 2012
In meetings in Kuala Lumpur, the UNSGSA met with the Deputy Governor of the Central Bank, Deputy Minister of Finance, and the Crown Prince of the State of Perak. Together they explored the benefits of even greater cross-sector collaboration to build on Malaysia’s Financial Sector Blueprint and the SME Corporation, and the Central Bank’s mandate to advance financial inclusion. She applauded Malaysia’s strong commitment to and strategic planning for financial inclusion, its leadership on consumer protection and SME finance, and its efforts to share knowledge with developing countries. The Central Bank shared its new data framework for financial inclusion with Princess Maxima.
INDONESIA, 3–5 APRIL 2012
The UNSGSA met with the President of the Republic of Indonesia, the Governor of Indonesia’s Central Bank, Minister of Finance, Coordinating Minister for the Economy, and the Minister of Policy and Planning. They discussed the draft National Strategy on Financial Inclusion, which supports the country’s pro-poor growth and development objectives, and how Indonesia might build on recent progress. She encouraged Indonesia to finalize the Strategy and to join the G20 Financial Inclusion Peer Learning Program. They also discussed how Indonesia could promote financial inclusion in the region through its leadership in the Association of Southeast Asian Nations (ASEAN). The UNSGSA also held a multi-stakeholder roundtable with private sector members, donors, policymakers and financial service providers.

BRAZIL, 6–11 MAY 2012
In Brasilia, Princess Máxima met with the Minister of Finance and the President of the Central Bank to discuss Brazil’s recent progress, including its National Partnership for Financial Inclusion and new action plan. She visited a financial education class at a vocational school in the Pinheiros district of São Paulo, and conducted high-level outreach with CEOs from the private sector to discuss mobile wallets and other innovations. In Rio de Janeiro, the UNSGSA met with community leaders from Complexo do Alemão, a low-income neighborhood, to discuss the results of financial and social inclusion programs, including microcredit loans. Princess Máxima participated in a seminar on social welfare issues and data, and held two roundtables, one with private sector providers and another with donors.

REMARKS “Investments in Expanding Access to Financial Services for Low-Income Communities of Rio de Janeiro” International Finance Corporation (IFC) seminar | Rio de Janeiro, Brazil, 7 May 2012
Princess Máxima stressed that, while the dynamic growth of the financial sector in Brazil has brought new and innovative kinds of financial services, such as personal credit and correspondent banking, it is critical that such services are delivered in an effective and responsible manner. Financial services must be affordable to avoid over-indebtedness and must add real and transparent value to customers.

SPEECH “Launch of the Action Plan to Strengthen the Institutional Environment”
Brazil’s National Partnership for Financial Inclusion | Brasilia, Brazil, 9 May 2012
The UNSGSA discussed how Brazil’s national partnership and action plan will facilitate cross-sector coordination, scalable and sustainable delivery of the right financial products at the right prices, and accelerate progress toward deepening the financial system and equitable, sustained growth. The UNSGSA commended Brazil’s Central Bank for its visionary initiatives in regulation, correspondent banking, and supporting financial services for the poorest segments of the population. Such efforts have inspired other countries.

Challenges and Opportunities in Financial Inclusion

PANELIST “Financial Inclusion: Advancing the Global Challenge”
Fall meetings of the International Monetary Fund (IMF) and World Bank | Washington, D.C., USA, 23–25 September 2011
The UNSGSA stressed that financial inclusion is key to achieving national goals on economic growth and development. Advancements in technology and innovative business models have created opportunities to reach the poor that were not available even 10 years ago. She noted that countries that have made the most progress in financial inclusion typically have a strong committed leader, some form of national coordination that involves all stakeholders, and good data systems to monitor policy and progress.
BILATERAL MEETINGS
Annual Meetings of the IMF and World Bank | Washington, D.C., USA, 23–25 September 2011
In bilateral meetings with the Central Bank governors of Tanzania, Egypt, Democratic Republic of Congo, Liberia, and Mali, the UNSGSA explored opportunities to advance financial inclusion as a follow-up to her country visits. She also met with the Financial Counselor and Director of the Monetary and Capital Markets Department of the IMF.

SPEECH
Opening of the G20 Global Partnership for Financial Inclusion (GPFI) | Riviera Maya, Mexico, 30 September 2011
Princess Máxima addressed a joint audience at the closing of the AFI Global Policy Forum and the opening of the GPFI Forum, noting that the back-to-back events were evidence of greater political awareness at national and global levels. She called for further attention to key issues such as infrastructure support, national coordination on financial inclusion, and harnessing opportunities with technology and e-money. She closed with a reminder that financial services are a means to a brighter and more inclusive future for those living in poverty.

BILATERAL MEETINGS
G20 Global Partnership for Financial Inclusion Forum (GPFI) Forum | Riviera Maya, Mexico, 30 September–1 October 2011
As UNSGSA and Honorary Patron of the G20 GPFI, Princess Máxima met with H.E. Felipe Calderón Hinojosa, President of Mexico, and the president of Mexico’s Comisión Nacional Bancaria y de Valores (CNBV) to discuss Mexico’s progress on financial inclusion and its upcoming presidency of the G20 in 2012. She also met with

In Ankara, Turkey, the UNSGSA spoke with women entrepreneurs, including a potter, artisanal soap maker, and members of a rural cooperative who make crafts for export from their homes. The women said that they needed access to a variety of financial services to help their business grow. Business training, marketing and strategy are equally important. (Turkey, February 2012)
the GPFI co-chairs, the Director of Bankable Frontier Associates, Senior Advisors from the Bill & Melinda Gates Foundation’s Financial Services for the Poor program, and the Head of Economic Policy (Financial Sector Division) of the German Federal Ministry for Economic Cooperation and Development (BMZ).

**PANEl IST “Financial Inclusion: From Principles to Action”**

Event hosted by the World Bank and the Ministry of Finance of Mexico, Spring Meetings of the International Monetary Fund (IMF) and World Bank | Washington, D.C., USA, 20–22 April 2012

The UNSGSA commented that to achieve financial inclusion requires political commitment at the highest level, coordination across diverse sectors, innovative business models and comprehensive national strategies. She also underscored the value of twinning financial services with social and economic programs in order to advance specific development goals.

**BILATERAL MEETINGS**

Spring Meetings of the International Monetary Fund (IMF) and World Bank | Washington, D.C., USA, 20–22 April 2012

In the lead-up to the June 2012 G20 Summit in Mexico, the UNSGSA held bilateral meetings to build support for national financial inclusion processes and commitment to participate in G20 financial inclusion initiatives. She met with the Minister of Finance, Mexico; Co-Chairs of the G20 Global Partnership for Financial Inclusion (GPFI); Chief Executive Officer of the Consultative Group to Assist the Poor (CGAP); Managing Director of the World Bank Group; Governor of the Central Bank of Nigeria; Minister of State and Deputy Prime Minister in charge of Finance and Economy, Turkey; Deputy Governor of the Central Bank of Malaysia; Minister of Finance, Russia; Deputy Managing Director of the IMF; and the Deputy General for International Cooperation, Ministry of Foreign Affairs, the Netherlands.

**SPEECH during the launch of the G20 Financial Inclusion Peer Learning Program**

G20 Financial Inclusion Event, G20 Summit | Los Cabos, Mexico, 17 June 2012

Reflecting on the pace at which financial inclusion knowledge and commitments have grown, the UNSGSA commended the 17 countries that committed to developing national strategies and coordinating mechanisms under the G20 Financial Inclusion Peer Learning Program, and pledged her continued support. She congratulated President Calderón on his leadership at the international level to elevate financial inclusion as a political priority, and at home with the formation of the National Council.

**Diverse Financial Services**


In the foreword, Princess Máxima calls attention to this groundbreaking and revealing research that provides insights into the daily lives and decision-making of the poor. It confirms that when poor people do not have access to formal financial services, they often rely on informal, costly, and unreliable financial instruments. These financial diaries unveil the needs, abilities, and desires of the poor, which help financial service providers and policymakers to better understand what financial products would make a real difference in their lives.
SPEECH
Research Conference on Microinsurance | Twente University, Enschede, the Netherlands, 11 April 2012
In this gathering of researchers, practitioners, and donors, Princess Máxima pointed out that the first step in designing financial products with more impact is understanding why a poor client needs insurance. She suggested broadening the scope of research to understand the potential impact of microinsurance on community welfare as well as households and individuals. She also urged the audience to consider microinsurance in combination with other financial products to help the poor protect themselves from unforeseen risks.

SPEECH
Insurance Europe, 4th International Insurance Conference | Amsterdam, the Netherlands, 1 June 2012
At the largest convening of insurance and re-insurance companies globally, Princess Máxima said that unexpected events such as floods or the death of an income earner can cause poor families to suffer long-term financial setbacks. They often have to sell productive assets, take children out of school, or take out expensive loans. She challenged the audience to help create an insurance market that is inclusive, sustainable, and protects people against these eventualities.

SPEECH
Access to Health Insurance Seminar | Rotterdam, the Netherlands, 5 June 2012
Princess Máxima helped to convene this diverse global gathering of policymakers, academics, insurance companies, practitioners, and students to examine how access to health could be improved globally. She reported that 100 million people a year fall into poverty due to health expenses, but that promising new pilot programs and health insurance products for low-income people in developing communities are emerging. Health insurance only works if it is a part of a well-functioning health care system and infrastructure, including education and access to health services. The event was organized by the Prince Claus Curatorium, the International Institute of Social Studies, the Institute of Health Policy and Management of Erasmus University, the Dutch Ministry of Foreign Affairs, PharmAccess and the Rotterdam Global Health Initiative in consultation with the UNSGSA. Princess Máxima spoke in a dual capacity as chair of the Curatorium of the Prince Claus Chair and UNSGSA.

Bridging Household and Small Enterprise Finance

SPEECH
The UNSGSA explained that a continuum of finance is needed at all stages of an enterprise, from start-up to expansion to long-term maturity. She compared the experiences of entrepreneurs in the Netherlands and elsewhere in the world, pointing to the need for business advisory services and coaching together with finance. She recognized the Scoreboard and Forum as important tools for advancing knowledge on SME finance and as platforms for engaging stakeholders.
Complementarity of Financial Inclusion, Integrity, and Stability

Speech

AFI 2011 Global Policy Forum (GPF) | Riviera Maya, Mexico, 30 September 2011

In her address to policymakers from 60 developing countries, the UNSGSA reflected that access to basic financial services reinforces sound and stable financial systems. It also requires new financial products and services that meet the needs of both poor individuals and SMEs. She recognized that regulators are taking the lead in creating an enabling environment for innovative business models to thrive.

Bilateral Meetings during the Annual Meetings of the International Monetary Fund (IMF) and World Bank

Washington, D.C., USA, 23–25 September 2011

In a series of bilateral meetings, Princess Máxima discussed the complementarity between financial inclusion, financial stability, and financial integrity, and encouraged countries to voice their support and share their experiences with financial Standard Setting Bodies. She met with the Chair of the Basel Committee on Banking Supervision (BCBS); President of the Central Bank of the Netherlands; Central Bank governors of Korea, Turkey, Brazil, and Mexico; Ministers of Finance from South Africa and Mexico; and Turkey’s Minister of State and Deputy Prime Minister in charge of Finance and Economy.

Annual Meeting of Global Financial Standard Setting Bodies (SSBs) on Financial Inclusion

Bank for International Settlements | Basel, Switzerland, 19 March 2012

Princess Máxima and Dr. Stefan Ingves, Chair of the Basel Committee on Banking Supervision (BCBS) co-chaired a second meeting with leaders of seven global financial Standard Setting Bodies (SSBs) to build a common understanding of financial inclusion and the ways in which it affects their work. They reflected on the progress made so far and explored how increased cooperation among SSBs could advance financial inclusion, global standards, and implementation, especially in developing and emerging market countries.

Participants included the Basel Committee on Banking Supervision (BCBS); Committee on Payment and Settlement Systems; Financial Action Task Force (FATF); Financial Stability Institute; International Association of Deposit Insurers; The Irving Fischer Committee; and the International Association of Insurance Supervisors. Key partners in attendance included the Alliance for Financial Inclusion, the Bill & Melinda Gates Foundation, Consultative Group to Assist the Poor, co-chairs of the G20 GPFI, the International Finance Corporation, and the World Bank.

Opening Remarks

The UNSGSA reflected on the significant progress and momentum that has gathered over the past 14 months since the first-ever convening of SSBs on financial inclusion. Responding to the unmet demand for financial services for the poor will help to maintain financial stability, integrity, and a healthy environment for growth. She recognized recent progress by SSBs, such as FATF’s embrace of a proportionate, risk-based approach in its recent revision of the Recommendations. Princess Máxima maintained that the development of an inclusive financial sector goes hand in hand with greater financial and social stability.
Responsible Finance and Financial Literacy

SPEECH “Advancing Principles for Investors in Inclusive Finance”
Principles for Responsible Investment (PRI) Annual Meeting | Paris, France, 15 September 2011
Princess Máxima explored the complexity that investors face in managing risks and financial returns, and balancing these efforts with environmental, social, and governance issues that financial markets do not traditionally address. The UNSGSA considered how tools such as the Principles for Investors in Inclusive Finance, which she helped to launch in January 2011, can help to foster greater shared responsibility and investment that benefit the environment, people, and profits.

SPEECH “People, Planet and Profit Together: The roles of inclusive finance, business and knowledge in sustainable development”
Utrecht Sustainable Development Summit | Utrecht, the Netherlands, 5 October 2011
In this speech, Princess Máxima considered the link between green and socially responsible innovation and technology and responsible investment. Ingenuity and social commitments of businesses and public-private partnerships have brought about solutions such as solar cells and creating energy from biomass. But these innovations in sustainable technology also require innovations in finance for both the company and the potential client. The evolution of financial products and arrangements must keep pace with key developments that support a more sustainable future.

SPEECH “People, Planet and Profits Together: Financial Inclusion as a Path to Sustainable Development”
Nyenrode Business University conference, “Sustainability in the Financial Sector: Are We Ready?” | Breukelen, the Netherlands, 24 November 2011
The UNSGSA emphasized that transparent and responsible financial services that add real value to customers are at the core of financial inclusion. It is critical to balance economic development and responsible investment because, ultimately, responsible finance encourages stability in the financial sector, advances sustainable development, and fosters equitable economic growth.

Financial Inclusion Data

MEETINGS
Annual Meetings of the International Monetary Fund (IMF) and World Bank | Washington, D.C., USA, 23–25 September 2011
The UNSGSA held a series of bilateral meetings and then convened a larger meeting of the IMF Statistical Division and several divisions of the World Bank Group, including CGAP, International Finance Corporation (IFC), and the World Bank, to discuss overlap among data collection efforts and ways to build synergies. It resulted in agreement by these partners to consolidate the collection of supply-side financial inclusion data, including SME finance, in the IMF Financial Access Survey (FAS).

MEETINGS
Spring Meetings of the International Monetary Fund (IMF) and World Bank | Washington, D.C., USA, 20–22 April 2012
Princess Maxima brought together the Chair of the Irving Fisher Committee, co-chairs of the GPFI Sub-Group on Data and Measurement, and implementing partners CGAP and IFC to discuss opportunities to harmonize approaches to financial inclusion data.
Many of the initiatives and relationships Princess Máxima initiated during her first two years as UNSGSA yielded positive outcomes in 2012. In her first years as UNSGSA, Princess Máxima focused on Africa, where financial inclusion poses particularly difficult challenges. Her visits included Egypt, Liberia, Rwanda, Senegal and Tanzania. She also visited Vietnam and Mexico—the latter launching a long-term collaboration that culminated in a major milestone at the 2012 G20 Summit: the G20 Financial Inclusion Peer Learning Program.

The UNSGSA’s first interactions with FATF in 2010 helped to build momentum toward the first ever convening of Standard Setting Bodies in 2011. She began her association with the G20 in 2010 as Honorary Chair of the G20 Financial Inclusion Experts Sub-Group on SME Finance Data, which expanded into her role as Honorary Patron of the G20 GPFI in 2011. She organized a side event on financial inclusion during the United Nations MDG Summit in 2010, and launched the Principles for Inclusive Finance in Development in 2011. She regularly attends the annual and spring meetings of the IMF and World Bank, and participates in ongoing dialogue with the key institutions involved in financial inclusion data.

For more information and annual reports from previous years, visit www.unsgsa.org.
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Mohammad Rakibul Hasan; Page 29: Amina Tirana; Page 34: Courtesy of OECD/Benjamin Renout; Inside back cover:
Ngo Quang Phuc
If we are successful in achieving responsible finance, we will also achieve stability in the financial sector. And that will accelerate what financial intermediation is supposed to do in the first place—create employment, advance sustainable development and foster equitable economic growth.

— PRINCESS MÁXIMA, NYENRODE BUSINESS UNIVERSITY
THE NETHERLANDS, NOVEMBER 2011
Putting clients at the center of financial inclusion is the only way we will get to what really matters: impact on lives, livelihoods and welfare.

— HER ROYAL HIGHNESS PRINCESS MÁXIMA OF THE NETHERLANDS
UNITED NATIONS SECRETARY-GENERAL’S SPECIAL ADVOCATE FOR INCLUSIVE FINANCE FOR DEVELOPMENT