Excellencies, Ladies and Gentlemen, It is a great pleasure for me to be back in Russia and to once again take part in this important Conference.

In the two years since my last visit, much has happened to promote access to financial services in Russia. This is something of which you should all be very proud.

I therefore have many reasons to thank my hosts, the Russian Government, the Russian Microfinance Center and the National Partnership of Microfinance Market Stakeholders, for inviting me to share some thoughts with you, in my capacity as the United Nations Secretary-General's Special Advocate for Inclusive Finance.

My mandate as Special Advocate is to inform, advise and guide governments, legislators, supervisors and international institutions on key issues in the development of inclusive financial sectors. Inclusive finance means universal access, at a reasonable cost, to a range of financial services for everyone needing them, provided by a variety of sound and sustainable financial institutions.

Access to a wide range of financial services - such as loans, savings, insurance, and remittances - helps to generate income, build assets and shelter people from the unexpected. A strong and inclusive financial sector not only promotes growth, it promotes growth that is "pro-poor", and therefore reduces income inequalities.

I am glad to know that expanding access to finance is an active interest of the federal government here. National strategies and visions need the engagement of governments, the country's regulators and supervisors, financial institutions (including NGOs) and even telecom providers or retailers. All of these should work together to increase access to financial services.

Innovation in the field of financial inclusion is enormous. Technologies like smart cards, ATMs, and mobile banking hold the promise of both greatly expanding financial access, and slashing costs for providers. This will make it possible to reach communities once thought unreachable.

Despite efforts to make financial inclusion a reality world financial systems are still far from inclusive. Recent findings show that 2.5 billion adults - just over half the world's adult population - do not have a savings or credit account with either a traditional financial services provider, such as a regulated bank, or an alternative provider, such as a microfinance institution.

In the case of Russia, I understand that before the recent financial crisis, the World Bank estimated that bank lending to households in Russia had been growing at an annual rate of over 80% for five years. This was one of the highest increases in consumer lending in the region and among the strongest internationally. It is now estimated that 60% of Russians have access to basic financial services.

At the same time, however, only 20% of people in Russia have bank deposits and less than 1% of the population invests in securities, investment funds or insurance. So progress has been uneven, and much remains to be done. Now, as I've just mentioned, inclusive finance implies a variety of different products. And I would like to highlight one that is particularly important but often overlooked: savings.

Savings provide a debt-free way to buffer against life's risks, build assets and provide opportunities for the next generation. For a variety of reasons - despite being a service for which there is obvious demand - savings has not received the same level of attention or resources as other financial products.

Yet research shows that when savings products are accessible, they are widely used. In many countries, when
low-income people have access to both deposit and credit services, customer deposits far exceed customer loans. This is the case also here in Russia, at least for those MFIs reporting to the MIX Market. This demonstrates yet again the importance of low income people having access to savings.

I am hopeful that Russia and other countries will further develop enabling legal frameworks for savings systems. These legal frameworks should satisfy the government's concerns about the prudential management of savings, while enabling widespread availability of deposit services to micro-savers, both through the banking system and through strong MFIs.

In this respect, the recent adoption of the law on credit cooperation in Russia is an important step towards strengthening the financial cooperative sector that could provide people with opportunities to save in places where banks cannot reach them.

In general, the geographical proximity of financial institutions is one of the pre-conditions for broader use of savings options - as it is for other financial services. Technological innovations can nowadays compensate for insufficient outreach of formal financial providers. As I mentioned a moment ago, innovation in the field of financial inclusion is enormous. The technologies that make branchless banking possible -- smart cards, ATMs, and mobile phones -- can greatly expand financial access while simultaneously slashing costs for providers. This is a clear win-win that should substantially and sustainably increase financial inclusion.

Russia's advances in the area of technological innovation for financial service provision have been quite remarkable. There are currently a wide range of non-bank institutions such as mobile phone companies, payment service providers and internet-based financial service companies operating in this country. The physical infrastructure, technology and accessibility of these institutions make them well-positioned to provide a broad range of financial services, either as agents or providers. According to some estimates, the unique Russian technology used in branchless banking - automated payment terminals - alone have more than 50 million regular users across the country. This is quite an accomplishment.

However, the use of technology also raises a series of concerns, including those related to regulation of these new solutions, as well as their safety for clients. This leads me to the last, but certainly not least important topic that I'd like to cover today - the topic of consumer protection.

We tend to assume that access to finance always benefits people. And while this must remain the driving assumption, we must not forget that strong financial institutions are necessary so that people do not lose their hard-earned savings, and so that they are offered secure options for conducting financial transactions.

Likewise, the management systems of financial institutions should be robust enough to deliver credit to clients that have the ability to repay and who are properly informed about the obligations they are taking on, both in terms of costs and conditions of repayment. This is essential given that, in trying to reach the underserved, even with best intentions by all involved, clients can end up becoming over-indebted. And that is something that should be avoided.

In this arena, campaigns for Client Protection in Microfinance have recently been launched, like the "Smart Campaign". These provide a pathway to the development of norms, knowledge and tools for both MFIs and regulators. I urge you all to participate in this enormously important area, and to strengthen it with your invaluable knowledge.

Ladies and gentlemen, I believe that the issues we have mentioned today, and that you will discuss during the remainder of this important conference - including the notion of truly inclusive finance, the role of savings, the potential of technology, and the need for appropriate consumer protection - will help us stay focused on their importance for improving people's lives via improved access to finance.

Thank you very much and I wish you a very fruitful two days of discussion.