Excellencies, ladies and gentlemen, I cannot tell you how honoured I am to be speaking to this very special group of people here today. The entire world is fascinated by India's dynamism, and I am very excited at the opportunity to visit your country yet again.

India is a country where inclusion has been a priority. We see this very strongly reflected in the extraordinary efforts to include more and more people in the financial sector.

Having been a pioneer in the microfinance sector with the famous Self Help Groups, India, overall, has had the fastest growth in financial inclusion of all the major developing countries in the world. Microfinance portfolios have grown 98% per annum over the past 5 years and outreach to micro-borrowers has grown 75% per annum during the same time. That means that close to 20 million Indians now have access to micro-credit, compared to less than one million 5 years ago. This is impressive growth by any standard.

In addition, India has proven to be very innovative in terms of micro-insurance, and also -- something very dear to my husband's heart as well as my own - in combining water and sanitation with microfinance.

It is thus very clear that the vision of the Indian government to improve access, combined with the dynamism of the microfinance sector, is bearing tremendous fruit.

It is in this spirit that I would like to thank ACCESS Development Services for organizing this year's event, and for inviting me to address all of you as the UN Secretary-General's Special Advocate for Inclusive Finance for Development. A rather long title, but one that serves the purpose of making people ask themselves: what is "Inclusive Finance"?

Financial inclusion 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 variety 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.

Despite efforts to make inclusive finance a reality, world financial systems are still far from inclusive. Globally today, over 2 billion people do not have access to financial services. In the case of India, I understand that roughly 40% of the population does have access to banking institutions. This certainly goes in the right direction.

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 are 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 an obvious service - savings has not received the same level of attention or resources for development as other financial products.

Yet research shows that when savings products are accessible, they are widely used. For example, in countries like Kenya and Uganda, when appropriate products are available, savings levels have tripled, as have the number of savers. Experience from Bangladesh, Indonesia and India's Sewa Bank shows that when the poor have access to both deposit and credit services, customers' deposits far exceed their loans.

Microfinance Institutions in India have made significant headway in offering insurance services for micro-clients. The expansion of life insurance and the many experiments in health and asset insurance are likely to lead to very positive results in the future. On deposit services, however, there is still much work to be done.
I am hopeful that with so many other successes underway, India and other countries will 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 the absence of these frameworks and therefore saving mechanisms, people will hide their money in mattresses and jars; or they will make insecure investments, such as crops or livestock, that can easily be wiped out by bad weather or disease. In these situations there is less money in circulation, so communities as well as individuals lose out.

Let me now turn to the issue of client protection. Sometimes, in trying to reach the underserved, even with best intentions by all involved, clients can end up becoming over-indebted. We must therefore be careful to ensure that the management systems of MFIs are 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.

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 MFI and regulators. I urge you all to participate in this enormously important area, and to strengthen it with your invaluable knowledge.

This brings me to another issue: how can we use microfinance to bring to people the products that they really need? In 2007 my mother-in-law visited India, and my husband and I were very lucky to accompany her. During this visit, we decided to combine my husband's specialty -- water & sanitation -- and mine -- access to finance. The result was a seminar on Water and Microfinance that has led to numerous projects that bring water and sanitation closer to people through affordable financial schemes.

I strongly believe we need to think outside of the box and combine provision of finance with the provision of housing, energy, health, food, and so on. Credit for water purifiers, improved cooking stoves, solar panels, safer housing, mobile phones, connections to water systems and preventative doctor visits will improve health, and save money and time -- time that can be used to generate income, go to school and pursue other new opportunities.

I would like to conclude by sharing with you an observation that one of your wise and distinguished countrymen shared with me. He noted that there are two schools of thinking on the issue of microfinance in India. One school of thinking emphasizes that interest rates are high but still lower than those charged by money lenders. This school therefore considers microfinance a good thing. In contrast, the other school notes that microfinance rates are higher than those of commercial banks. This school holds that microfinance is therefore too expensive.

The difference between these two schools is actually a near-universal debate - it follows the growth of microfinance in almost everywhere. I believe, however, that the issues we have discussed today, including the notion of truly inclusive finance; the importance of savings; the need for appropriate rules and regulations; transparency; consumer protection; and the enormous potential of linking finance with other products that will improve people's lives; will help the various schools of thought for the benefit of all.

I thank you for your attention but foremost I congratulate you on your successes and I wish you wisdom in the challenges laying ahead.