Good morning, ladies and gentlemen. I am happy to be here. In the last years, we have seen remarkable progress in financial inclusion initiatives that reach the poor, and that are helping to transform developing countries. We know that savings, remittances, insurance and loans can help people generate income, build assets, manage cash flow, invest in opportunities and strengthen resilience to setbacks.

Yet, nearly half of the world's population is still unbanked. Exclusion is greatest in poorer countries, where nearly 70% of the population has no access to financial services. The figures are just as concerning for small and medium sized enterprises, which are the engines of growth and job creation. In low-income countries, only 30% of small businesses have a bank loan or credit line. As a result, many enterprises have to use informal financial tools or cut back on their growth and efficiency potential.

So, even though we are making progress, there is still a lot to be done to achieve financial inclusion. And what is financial inclusion? I always attempt to give a definition. Financial inclusion is universal access, at reasonable cost, to a wide range of financial services, provided by a diversity of sound and sustainable institutions.

When we talk about universal access, we talk about men and women, youth, rural and urban people. We also talk about individuals, microentrepreneurs and SMEs. We speak also about the whole array of financial services. And very importantly, these services must be provided in a competitive environment where scale and sustainability will assure that we will be able to count on them in the long run.

And when we talk about universal access, we should not forget about consumer rights and protections, including availability of systems like credit reporting.

I am encouraged to see how financial inclusion has gained so much momentum during the last year. For example, financial policymakers from 51 developing countries have joined the new Alliance for Finance Inclusion, AFI, in order to share experiences and learn from each other. That the United Nations Secretary-General designated me his Special Advocate for Inclusive Finance for Development is another indication of this global momentum. And of course, the G20 began to address financial inclusion issues last September.

In the context of this growing momentum, how do we achieve financial inclusion? And then what is the role for each of us here today? I would like to call your attention to five areas for action.

First of all, is coordination. We talked about it this morning. I would like to mention three levels.

The second level is strong involvement and coordination of standard setting bodies. Recognizing the triple complementarity of financial inclusion, financial stability and financial integrity is paramount here. And developing and identifying practical solutions to reap the full benefits of this complementarity is crucial. A good example is the work being done by FATF, which is preparing an inventory of national financial inclusion policies that not only do not hamper financial integrity, but actually strengthen it. I am really looking forward to further our conversations in this respect. Also with the G20.

The third level is leadership and coordination within a given country. At the end of the day, it is in the countries themselves where authorities translate global and national conversations into action. In my travels, I have found that the countries that have been most successful in advancing financial inclusion have been those that have strong leadership and subsequently good coordination. A national platform can bring all stakeholders together
and build the strategic partnerships that are required to deliver the right financial product at the right place and at the right price. So, the first issue for action is coordination.

The second is to avoid building silos. In all our work, we need to create a continuum of access to finance from individuals to micro, small and medium sized enterprises. Separating services, with microfinance here, and enterprise finance there, will not help micro-entrepreneurs to grow their business into a small enterprise where productivity increases and where more employment is created. What should happen is that MFIs will grow with their best clients and start providing SME finance services. At the same time, commercial banks should start scaling down to reach this market. This all points to the necessity of looking at financial inclusion as part of the overall financial sector strategy.

Third, when we plan making all financial services more accessible for everybody in a given country, we should have a strategy. We should prioritize the service that can be introduced quickly and can lead to the provision of other services. Should this be a savings account, transaction account, credit, etc.? Access to savings is extremely important, as we all know, as it has real developmental impact. But experience shows that starting with savings accounts can be slow to roll out, and carries risks of sustainability.

Starting with a transaction account, in contrast, helps to create big volumes that support low prices. M-Pesa, in Kenya, is a leading example of this. Today, nearly 12 million clients use M-Pesa for everything from sending money home to paying electricity bills. In the process, this simple electronic wallet has created a backbone for other services. This summer, Safaricom and Equity Bank launched M-Kesho, which offers savings and other banking services.

So, ladies and gentlemen, this tells us that a widespread national payment system is critical infrastructure to a given country. It should be used as a stepping-stone to the provision of all other important financial services.

Fourth, and Rachel Kyte touched upon this, we need to pilot more innovative partnerships. This is certainly true for SME finance, but also beyond that. Financial services are a means to an end and not an end in itself. They are only as good as the food they can help buy, the potable water that they can help drink, the doctor and the medicine that they can help afford and the lamps that they can help start glowing.

So more partnerships need to be forged so that we can combine the provision of basic needs with the provision of financial services. This way, we can find scalable practices and the sustainable developmental outcomes we are looking for.

Fifth and finally, we need better, comparable data on access, use and impact of financial services. The good news is that we already have a strong base for collecting data, for example in the Financial Access and Enterprise Surveys, and the Mix's database. But, there are many gaps in information, especially in the SMEs finance. As Honorary Chair of the G20 SME Finance Data Working Group, I worked with a number of organizations to identify priorities. There are a lot of promising developments in this front and I hope we will achieve the following:

Harmonize data gathering and create more information sharing systems, including national regulators. Create a framework where there are no silos between micro and SME finance data, or any other financial service provision. Be able to collect data that is useful for tracking progress and determine policies but also to better explain the relationship between financial inclusion and financial stability, the social impact of financial inclusion, determine product gaps in the market, etc.

In closing, I have outlined five priorities for action:

1. coordination, especially within countries and with standard setting bodies;
2. creation of a continuum of access to finance;
3. use of widespread national payment systems as a stepping stone for other financial services;
4. more piloting on partnerships to combine finance with basic services provision; and
5. gathering of more and better data, especially on SMEs.
This is definitely not a small agenda. But having seen the momentum and the people that are gathered here, and our excellent progress to date tell us that now is the time.

I look forward to hearing of our collective progress. Thank you.