Good afternoon Excellencies, Governor Tombini, Mr. dos Santos, Ladies and Gentlemen. First of all, let me thank Mr. dos Santos for hosting us on this very important day for financial inclusion in Brazil. Six years ago I came to Brazil to discuss the issues of microcredit. Nearly four years ago, I joined Banco Central do Brasil and many partners at the first National Forum on Financial Inclusion. Little did I imagine that we would be together again to launch Brazil's first national Action Plan on Financial Inclusion. What wonderful momentum and progress you have created.

In my work, I have the honor of visiting many countries and speaking with many people to understand what kinds of financial services exist, what impact do they make and what more needs to be done. I have to say that worldwide in the last years, the recognition that financial inclusion makes a very big difference for families, businesses and whole communities has grown tremendously—recognizing that poor people need a whole array of financial products and not only credit. And, that this is not only for individuals but also for small and medium-sized enterprises. As you all know, SMEs are the local engines of job creation and economic growth in any country. And this is of course no different in Brazil.

I can also tell you how much Brazil's experiences have inspired other countries and how exciting it is to see that the correspondent model has especially led to further innovation and real progress worldwide. Every country is different, however. Thus the priorities and approaches are also different. In countries like Kenya and the Philippines, it is the mobile phone that has altered how people perform financial transactions. In Peru and Malaysia, there is a very strong emphasis on consumer protection through transparency and strong supervision. In Mexico, careful regulations have overcome long-standing barriers such as lack of identification and also lack of SME finance. In India, initiatives with health insurance and housing finance are showing the benefits of tailoring financial services to specific needs of low-income clients and to local contexts.

At the global level too, we are seeing greater recognition for financial inclusion, in the United Nations, G20, ASEAN and of course the OECD. This last one is now considering financial literacy in the future Pisa assessments. I was happy that Governor Tombini joined me in Basel recently to talk about the Brazil experience in financial inclusion with standard setting bodies. This is yet another sign of the attention given to the issues by standard setting bodies and worldwide organizations. And I am thrilled that the G20 leaders have given financial inclusion such support through their Global Partnership mentioned by Governor Tombini. These all are a testament that financial inclusion matters to whole financial systems and to equitable, sustained growth.

I am also very happy to inform you that the Mexican Presidency of the G20 has set financial inclusion as one of the top three priorities for the G20 Summit this June. It will be giving much more attention to consumer protection and financial literacy, as well as to peer-to-peer learning in which countries will benefit from each others’ experiences, including Brazil but also countries such as Mexico, South Africa, Turkey, Indonesia, Nigeria and Malaysia and many others.

Brazil will of course have a lot to present at this Summit. Not only did Brazil launch in November its National Partnership for Financial Inclusion, but today it is launching this Action Plan. This Plan will set an incredible agenda to accelerate progress. If there is something that is essential to achieve financial inclusion, that is coordination and partnership. This is not only coordination among financial policy makers or with banks. It is also coordination across many parts of government, private sector, academics, non-profits, cooperatives, producers and many more. You know, sometimes a company that has nothing to do with financial services can be the best distributor of a financial product. Or a financial product can be essential to deliver social impact in other areas, such as saving for education or insurance for crops. Engagement of all these sectors will be
essential to give the right product at the right price in a scalable and sustainable manner. Also, the Financial Inclusion Committee to coordinate regulators will be of great value. So, I commend Brazil and especially the Central Bank for these visionary initiatives.

This will be an extraordinary process. And a great example for other countries to follow. But all of these efforts, to what end?

Having a safe, reliable and affordable payment system, having the possibility to save for uncertain days or being able to finance your business ideas, all have tremendous social and economic impact.

Brazil has done an amazing job in having access to financial services in all municipalities. There has been a huge focus on developing microcredit for the poorest. There have been big efforts in creating simplified accounts that are accessible to all. So, what is it that still needs to be done?

Today, according to the latest data from a World Bank global survey, nearly 40% of Brazilians still do not use a formal account. 30% of account holders use their accounts only to receive and withdraw their full salary. The other main use of correspondents is only to pay bills. That same account there is not being used for savings or to access insurance products, for example. So why is that not happening? Also, according to the IFC, as many as 12 million SMEs are still informal, and do not therefore have access to quality financial services. I know that the process of formalization is taking place and quickly. This will certainly help with access to services, but how much?

So access is being addressed. It is now the usage issue in general that we will have to look into in this second step of consolidation of financial inclusion in Brazil. And for that, we need to develop more knowledge of people’s financial lives and specific realities. We know through research that people in Brazil manage a huge number of formal and quasi-formal financial tools to make sure they have their money when they need it. But managing so many tools costs them a lot of money in fees. They even lose cash and precious time. So we will have to innovate if we want to align financial services to poor people’s needs. And in doing this, we will have to consider the suitability of these products.

These products will have to be combined with non-financial services such as technical assistance and coaching to help SMEs have a good business plan, increase their profitability and help them grow. The kind of technical assistance that SEBRAE has been doing so far. Only, we need to do more of this in a scalable and sustainable way. So there, we will have to innovate as well.

It is wonderful that Brazil is putting so much emphasis on financial education through CONEF. It takes financially educated consumers to make the right choices but also to understand what are the benefits of having a savings account, insurance or other services. And also, very important, how to prevent over-indebtedness. A financial system that protects consumers and promotes financial education is at the heart of financial inclusion. Maybe entrepreneurial skills should be added to financial education, as this will not only increase the quality of entrepreneurs, but also increase the likelihood that more people will become entrepreneurs in this country.

And finally, 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. I am extremely happy to acknowledge that data will be one of the spear-points of this Action Plan.

Banco Central do Brasil has been working on this for the last ten years. I really commend this work and trying to get everyone engaged. They have also been a great partner for me and I have learned so much. I would like to thank Governor Tombini and Banco Central do Brasil for their collaboration, and wish them and all of you great success in this partnership and implementation of the Action Plan. You know I will be following your progress very closely because I have the conviction that Brazil will be very successful and will continue to be a great example worldwide.