Good afternoon, ladies and gentlemen. It is wonderful to be back in beautiful Rio. I think it is my sixth time here. I always cherish to come here. I would like to congratulate IFC for this timely conference on this important issue. We are discussing a very important topic today: how to extend financial services to all people and enterprises in Brazil that need them. And with that, including all Cariocas, actually all Brazilians, old and young, into the fast economic growth of Brazil. I apologize for having missed the first part of this discussion with the private sector. But I just flew in this morning. And I really wanted to be with you today.

In my work as UN Special Advocate, I see what a difference access can make when people have financial services. It is how financial services can help clients improve their lives that really matter. Several years ago, I visited one of the new correspondents with Correios. I saw first-hand how people could finally save in a safe place so that they could buy a house. Financial services can help us finance the water that we drink, the fertilizers in our fields or the school fees of our children.

Financial inclusion is just as much about small and medium-sized enterprises as it is about individuals. And SMEs are essential to an economy. Many people are surprised to learn how important SMEs are in the Netherlands, the country I come from. We have big multinational companies, which you probably know about. But nearly all of our enterprises are micro, small or medium-sized. They employ 68% of our workforce. Most of them are small. Most of them, 90%, have 9 employees or less. So, imagine the huge potential SMEs here in Brazil have.

Around the world, about 400 million enterprises and 2.7 billion people do not have access to any of the financial services that you and I rely on every day. There has been wonderful progress here in Brazil. The number of financial accounts has almost doubled since 2002. As a result, 56% of adults now have a formal account. This has of course contributed to the economic growth and the rise of millions of Brazilians out of poverty. So, this is good news.

The challenge before us is how to extend the same success to the remaining 40% of the population that do not use financial services. And also, to the 12 million SMEs that are informal and do not have access to financial services. Imagine the impact if we could change this situation. In Santa Catarina several years ago, I saw entrepreneurs getting a credit for the first time so that they could invest in their oyster production. This helped to increase their own income and also of the whole community. So, we urgently need to connect people and enterprises with good financial systems.

As discussed this morning I heard, extending access to many more local neighborhoods is necessary and welcome. But access alone is not enough. We know there is strong demand for good financial services in the lower income segments. At the same time, we see that many people use their bank accounts just to withdraw their full salary or Bolsa Familia payment. Why is that? Is it a question of convenience? Of cost? Is there a lack of trust? Is the product right? What is still missing?

We need therefore to understand much better what is it that people need finance for. Only in this way we will tap this enormous market and make a lasting difference. To this end, we can learn so much from good data, and also careful qualitative studies that look at behavior and motivations. I really encourage you to study this very well. Because, once we understand this better, we can then use this knowledge to design and package the right products. And these need to be adequate. This is to say that we need a range of services in addition to credit. Savings being here very important. And, these need to be tailored to specific needs. For example, the owner of a small food store in Morro dos Macacos may benefit from a highly flexible line of credit that he can easily tap. Perhaps even without leaving his store. On the contrary, a small farmer in Minas Gerais may benefit from a 9-month loan for seeds. Even better if repayments of the loan could begin after several months. And, if he could also get weather-indexed crop insurance, this will make him a more eligible loan applicant.
We must also determine how to deliver these products in the most beneficial way. A branch or a correspondent that welcomes lower income clients sounds like a simple thing. But it can sometimes be the most important innovation. It certainly accounts for the success of certain banks in Asia and Africa. It is critical to trust staff too.

In Brazil, this seems to be one reason why people prefer bank branches to correspondents for some transactions. And, needless to say, the price and place must facilitate the small, frequent transactions that lower-income clients and businesses generally prefer. Here, mobile banking, correspondents and other innovations are opening so many low cost possibilities. Only in these ways will we offer the products that people want and be sustainable at the same time.

With the dynamic growth of the financial sector in Brazil, we are seeing more of all kinds of services. Especially personal credit for consumption. As this occurs, we must ensure that all of these products are delivered in a responsible manner. That is, they must be affordable and in no way should they lead to over-indebtedness. And providing financial services that add real value to customers in a transparent and responsible way is at the heart of financial inclusion. This is not only here in Brazil, ladies and gentlemen, but in my home country in the Netherlands.

Marketing and education plays a big role in how clients understand benefits, costs and obligations. Clear and simple language is so important. One bank in Indonesia, for example, provides financial literacy and business training to its enterprise loan clients, even street vendors. This bank realizes that an educated consumer is good for its business, for its client and for the community as a whole. This is a very smart practice and I hope you will replicate it. For these reasons, Brazil's National Strategy on Financial Education is also so welcome. There is a role for everyone to participate with the Government and in community initiatives to strengthen financial literacy and consumer protection.

In closing, Brazil continues to be a regional and global leader in financial inclusion and services. This requires developing the right products, delivering them in the right place and at the right price to meet client needs.

I congratulate all the financial institutions that have opened correspondents and branches in Rocinha, Alemão and other low-income neighborhoods in Rio de Janeiro. I will be visiting some of them this afternoon. So I will see first-hand the progress you have made. But I will also be going there to learn. As Mr. Faustini said today, we should not go there to teach but to learn. And I am looking forward to four full and exciting days in Brazil. I will be going to Brasilia to launch on Wednesday the National Action Plan for Financial Inclusion. I would like to commend the leadership of the Central Bank of Brazil for all their work. But the regulator cannot do this alone. The support and the vision from all of you are greatly needed.

I wish you a successful day today.