Good afternoon, Mr. Caruana, Dr. Ingves, Dr. Tombini, Dr. Babatz, ladies and gentlemen. I am really pleased that we are gathered for our second meeting on how we can strengthen financial inclusion, financial integrity and financial stability. A big word of thanks goes to Mr. Caruana and the Bank for International Settlements for its generous hosting of this meeting to Dr. Ingves my co-chair and to all of you for your participation today and definitely for your efforts in the last year.

We first met 14 months ago to exchange views on financial inclusion and to consider opportunities to advance related policy goals. I am enthused by all that I have seen since then. There is so much more much awareness and action at many levels.

In the past year, as the UN Secretary-General’s Special Advocate for Inclusive Finance for Development and as Honorary Patron of the G20 Global Partnership for Financial Inclusion, I have visited a number of countries around the world. I met with dozens of central bankers, finance ministers, CEOs and donors. I have also met with many people and enterprises in small towns, rural dwellings and city centers, all needing quality financial services. Until now, they have used mostly informal financial services. Innovative financial products are changing that. And leaders see how more inclusive financial systems support vibrant economies and equitable growth. Some countries have created national platforms and are preparing comprehensive strategies. Sometimes the priority is including the 50 or even 70% of the population that is outside the formal system. In countries where access is more widespread, the issues are quality of use, including financial literacy and consumer protection.

One lesson I have learned is that we cannot ignore this unmet demand. Even if it is not a topic that easily fits into the daily work of a central bank or standard setting body. Financial inclusion should concern all of us. There are many challenges of course. But there are also innovative solutions, such as tiered KYC-requirements for bank accounts. Approaches like this promote the expansion of traditional bank finance that reaches poor people and small enterprises. They encourage low-cost, sustainable and convenient financial products. And they maintain stability, integrity and a good environment for growth. I look forward to hearing from Governor Tombini and Dr. Babatz later this afternoon about their countries’ experiences. I think it will be very good for us to see the country perspective and local context. Thank you very much for coming from so far away to be with us today.

There is clearly more attention to financial inclusion globally. Private companies, donors, angel investors and multilateral organizations are much more engaged. The OECD, the World Bank and the IMF have expanded initiatives to measure financial services for households and enterprises. I mention these data initiatives specifically because better measurement will help us understand the macro-level effects of financial inclusion on development and also on stability even better. And this hopefully will lead to effective policy formulation.

Also, at the intergovernmental level there has been exciting momentum. For example, in November 2011, ASEAN leaders tasked their Ministers to explore new initiatives that will boost access to finance throughout Asia and therefore help enhance economic activities.

In Cannes, G20 leaders reaffirmed the importance of closing gaps in access to finance. They also commended the work of the G20 Global Partnership for Financial Inclusion. I would like to add that during previous summits, the G20 leaders specifically asked for references to financial inclusion in international guidance. I am pleased that Ms. Zelentsova and Mr. Valle are with us today on behalf of the G20 Partnership.

One of our responsibilities is to translate global momentum into practical actions to support national priorities.
As President of the G20, Mexico has proposed a financial inclusion agenda for the Summit in Los Cabos this June. I have been working closely with Mexico on this. In particular, we are building support for the commitment of about a dozen G20 and non-G20 countries to create national platforms for financial inclusion. These are to be backed by action plans and good data. This kind of high-level political commitment and coordination is crucial to accelerated progress.

Another part of the progress is the dialogue with standard setting bodies and your work on this front. Less than two years ago I addressed the FATF plenary about how financial inclusion and integrity are complementary and mutually reinforcing. FATF’s 2011 Guidance Paper, its outreach with associated regional bodies and continued efforts have facilitated a change in perspective on financial inclusion. There are other welcome outcomes, such as in the draft Core Principles of the Basel Committee for Banking Supervision, new working groups and studies, agenda points that Mr. Caruana mentioned today, seminars and upcoming workshops. I could mention an example from every policy standard setter here today.

This is remarkable and important. I look forward to hearing more about them during our discussions.

We are here today because there is even more we want to achieve.

For several years, the prevailing global context has been economic fluctuations and uncertainty. Policymakers are rightly concerned with financial stability and soundness. But evidence indicates that the development of an inclusive financial sector can go hand in hand with greater financial and social stability. Of course, it must be managed properly. Strong supervision, consumer protection and integrity measures can all help to ensure that broader financial inclusion also enforces stability.

That said, I think many of us would like to understand this relationship more precisely. And know what regulatory tools are effective. For example, when might failure of a financial product be enough to cause a loss of public confidence in the financial system? What about the impact of financial exclusion on stability? We know that exclusion causes very large opportunity costs. Especially for low-income households and small enterprises. And certainly, as FATF acknowledges, exclusion presents law enforcement risks. It would be so useful for your organizations to conduct more in-depth research on how financial inclusion and exclusion affects stability and your core mandates. Perhaps this can be done together with member countries and partner organizations here today.

Also, there is some analysis needed on policies in highly developed countries vis-à-vis underdeveloped ones, where strict rules are being applied regardless of levels of inclusion. Financial inclusion is often a significant concern in less developed countries. Yet, these countries often have less of a voice in international discussions.

When we met last January, we agreed that a number of issues merit further discussion. In response, the Alliance for Financial Inclusion prepared country case studies on challenges and regulatory solutions. CGAP also recommended priority areas for action. All of these papers were published under the G20 Partnership. They all reinforce what I have heard from national regulators.

I believe that one of our top priorities should be how global standards can be carried out in practice. National contexts vary. Many policy makers remark that they could use help interpreting standards and adapting guidelines for their own situation. For example, some regulators manage a dual market that is at once well-developed and under-developed, often with informal players. Others face significant capacity constraints that make it hard for them to develop, implement and supervise more complex regulations—though they might actually like to.

Two themes come up especially often: proportionality and risk-based approaches. These are so important for enabling access. To the standard setters here, I ask that you reconsider these themes if you are not already doing so. I very much hope that Basel Committee will adopt the revised Core Principles with the references to proportionality in tact, and with appropriate mention of financial inclusion in the preamble.

Finally, I would like to ask that you make your good progress on standards and principles even more concrete for
national regulators. In particular, countries are seeking clarity on definitions and more detailed guidance to help them interpret the standards. They are also looking for good practices.

I think there is a tremendous opportunity. I am excited that we are here for a second time. I hope we will go even more in depth to make financial inclusion a reality. And I also hope that when we next gather we will be looking back on many actions taken against this agenda.

I look forward to hearing from you about your work and your priorities for your work ahead.

Thank you.