Good afternoon Excellencies, Governor Giau, Madame Hoa, ladies and gentlemen.

I am so pleased to be in Vietnam, and to experience first-hand the vibrancy of your country and the warmth of your people. I am also inspired by your incredible progress in alleviating poverty in the last two decades, as just eloquently described by Governor Giau. Really an example and an inspiration by all means.

In addition to being Princess of the Netherlands, I am also the UN Secretary-General's Special Advocate for Inclusive Finance for Development. In this area too, there has been real changes in Vietnam. I am honored to be part of a conversation about how financial services can help Vietnam go even farther and faster down this development path. And I am thankful to the Governor for his leadership in this area, for being with us, and his thought-provoking words.

As we see changes here in Vietnam, we are also seeing changes globally. We began with microcredit, and soon moved to microfinance, understanding that savings, insurance, payments, etc. are needed in addition to credits. Then the conversation became one of access to financial services, and now it is about financial inclusion.

What is financial inclusion? Financial inclusion means universal access, at a reasonable cost, to a wide range of financial services to everyone needing them, provided by a diversity of sound and sustainable institutions.

When we say "universal access," we talk about men and women, youth, rural and urban people. We talk both about households, individual micro-entrepreneurs and small and medium sized enterprises. When we speak of a "wide range of products," we talk about savings, credits, insurance, payments, pensions, remittances, etc. And in talking about "everyone needing them," the need element is very important. In this way, a credit facility for a rural farmer will be different from one for an urban merchant. And sometimes, a savings product will be more suitable than a credit product.

Likewise, when we say, "provided by a diversity of sound and sustainable institutions," we mean that a variety of institutions are required to meet the needs. Like commercial banks, microfinance institutions, village saving schemes, People's Credit Funds, or even maybe phone companies. We also mean institutions that are financially sustainable so we can count on them in the long term.

One of the critical aspects of financial inclusion is the recognition that financial services are a means to an end, not an end in itself. How finance can contribute to poverty alleviation is well-recognized in Vietnam, and I commend you for it. I am so pleased that the draft national strategy for microfinance continues in this direction.

You know, financial inclusion is the food we can buy, the school for our children, the investments to start a business, the safety net in case of sickness, literally the roof above our heads. So I therefore encourage you to look at financial services by looking at the underlying needs. Needs such as housing, healthcare, water, agriculture, enterprise and women's empowerment.

To meet the needs of even more Vietnamese, with more impact, we should ask if the financial product has the right design and price. And is it being delivered in the right place, at the right time?

I believe it is also important to call out that a well-developed, inclusive financial sector is like a well-developed road system. It is basic infrastructure in a country that everyone, government, individuals and the private sector - micro, small, medium or large - depends on. And this, we know, is so important to job creation, vibrant local economies and development. In The Netherlands, for example, 60% of employment is created by SMEs. And 92% of these SMEs have 8 employees or less. After all, a job is the best poverty alleviation tool there is.
I believe therefore that we all agree on why financial services matter. The real question is 'how can we do this better'? How can we reach more poor households with the right product and in the right way?

I believe that Vietnam has great opportunity. Several recent decrees and laws have strengthened the policy environment. And now you are discussing a draft national strategy for microfinance. This is so encouraging. I would now like to highlight several issues that might be useful to concentrate on in the near future.

I cannot underscore enough the importance of providing diverse financial services, in addition to credit. Especially savings. Savings is a debt-free way to make investments and take advantage of opportunities, whether starting a business or sending a child to school. Savings is what will help you in time of sickness and old age. Savings is what will help you smooth your cash flow and consumption. It is also the simplest form of insurance. It is what can prevent you from having to sell off your livelihoods when sickness of floods happen.

And savings makes a huge difference on welfare and poverty alleviation. I think any mother or father knows this instinctively. A recent study in Nepal illustrates the strong demand for savings accounts among poor women. Those women who gained access to savings accounts increased their monetary assets in just four months by as much as 40%, and bought more livestock too. So we need to make safe, reliable places to save available.

Another opportunity is to break down the silos between micro and enterprise finance and create a continuum of access across entire value chains. You know, in reality, the borders between micro, small and medium enterprises are blurry. Not every entrepreneur starts by being a mid-sized company, but often as a micro-business. Finding finance at these initial stages, especially for women, can be very difficult. Also, the success of any enterprise depends on those business around it. What is available to each of them? Some may be serviced by banks reaching down. And others by MFIs beginning to grow with their best clients. Tools like credit reporting that are available to all credit providers be it small and individual loans and enterprise loans, is essential. We also need to make easy and affordable payment services much more widely available, for paying bills or purchases, and also to aid domestic and international remittances.

I believe Vietnam is very well situated to take advantage of innovations such as mobile and agent banking. They can greatly reduce costs and make financial services available at affordable prices. And in a way that providers cover all their costs. This is of special importance in the rural areas where access to finance as well as other services is more difficult and expensive. The mobile-phone based systems like SMART and G-Cash in the Philippines are good examples of the potential. Vietnam has far-reaching national infrastructure and institutions that it can leverage. This includes the extensive national post system and mobile phone networks, as well as the Women's Union, present here today, and People's Credit Funds.

More and better data about the supply and demand of services would be very helpful. I've worked so much on data, together with the IMF, the World Bank and the G20. And I know how challenging good, comparable data can be. The effort is so worthwhile. Good data helps determine if programs and policies are having the desired impact. It supports the development of effective regulation, and the selection of investment priorities.

For example, the Mexican banking and securities regulator has released major analytic and statistical reports. This data helped to clarify the strategies of state-owned banks. But also the private sector benefitted from this, developing financial products that people were demanding.

Finally, in my travels I have learned that the countries that have been able to advance financial inclusion successfully have shown strong coordination and leadership. I have been told of the consultative processes already underway around the new draft strategy. This is wonderful. I hope that you all will take on this challenge of working together even more closely for this worthy goal. This means involving Government stakeholders and donors, the financial private sector, and also agriculture companies, retailers, mobile phone companies. And then hugely importantly, one has to develop resulting regulation that is consistent and transparent, that is clear to all and that also permits a level playing field in the sector.

With these last remarks, I would like to again thank the Governor and the Government of Vietnam for this warm
welcome. In our discussion, I would like particularly to hear your thoughts on some other issues:

1. Consumer protection and financial literacy are two reinforcing aspects of responsible finance. What measures can each of us take to strengthen these? What are roles for Government, donors, aid agencies, private sector suppliers of financial services? What is the priority?
2. What kind of data would you find helpful to provide better quality of services, and more kinds of services that meet needs? How can we each contribute to collecting and sharing more data?
3. Finally, what are the priority steps to going to scale, sustainably? What are the reforms needed to permit the right incentives in the whole financial system?

I look forward to a dynamic conversation.

Thank you very much.