Good afternoon, Ladies and Gentlemen.

Mr. Polman, I would like to congratulate you for organizing this series of roundtables. The views of the private sector will be valuable to the UN High Level Panel as the private sector has a very important role to play in development.

Ladies and Gentlemen, I have been asked to say a few words about the role of inclusive finance in development. I hope that by the time this round table concludes, you will all share my passion, and my conviction that we all have a role to play in this.

I would like to take a moment to clarify what 'financial inclusion' means. 'Microfinance' is a familiar concept to many people. Financial inclusion goes much further. Financial inclusion recognizes that people and enterprises also need ways to send and receive money, save money, insure themselves against unforeseen risks, lease, lend and more. When I say 'inclusive financial systems' I am talking about the infrastructure that even your companies rely on: the payment systems, lines of credit, long-term finance, current accounts, credit registries, collateral regimes, etc. Real financial inclusion is when all individuals and enterprises have access to a range of services, at a reasonable cost, provided by diverse responsible and sustainable institutions.

Financial inclusion may sound basic. But we cannot take it for granted. Today, 2.5 billion adults do not have access to the kinds of financial services that you and I use every day. That's one out of every three people on this planet. This exclusion is expensive. Informal ways of managing money cost poor families in Uganda, for example, more than 20% of their yearly cash. Twenty percent. This situation is most acute in developing economies — specifically in rural areas where 70% of all poor people live. Imagine the impact on welfare and growth if we reduce a family's costs from 20% to 2 or 3%. Last year I was in Rio de Janeiro. I met a woman who picks glass from the garbage dumps. When a bank branch opened in the neighborhood, the women of her cooperative took medium-term, low-interest loans. They invested first in a glass crusher, then a truck to help with recycling. Productivity improved so much that each woman's income tripled. The woman I met now sets aside money for medical care. And the cooperative has plans to continue to grow. In this way, financial inclusion not only reduces the expensive costs of exclusion, it enables and accelerates growth, job creation, healthcare and development. This is thus urgent to consider when we discuss development planning.

Being excluded from the financial system basically means that people are shut off from the formal economic activity in the country. Combined with lack of roads and electricity, financial exclusions means these people cannot be part of the economic growth seen in many developing countries. What is also important for your companies is that these people cannot be part of the market. And this is all unused potential.

Being excluded from the financial system is an acute problem for businesses too. In emerging markets alone, about 200 million SMEs do not have adequate financing or financial services at all. Business owners use expensive, informal ways to buy expensive equipment, to pay transportation fees, or to cover loss of product after an accident. Or they cut back on growth and productivity potential.

Businesses of all sizes rely on financial systems. It is an essential infrastructure, just like roads. And all these local businesses can help you with your local sourcing. I know this can be a challenge in developing countries. There may not be enough local supply. Or there may not be a big enough enterprise to consolidate supply from individual vendors. So, you need a company that provides finance to producers or a middleman that can get the input you need. I heard this from Heineken in Rwanda, from FieslandCampina in Vietnam, from a company that mills cassava roots in Nigeria, and from many other examples. If there was a good financial infrastructure, local enterprises could more likely expand to meet your demand. And this means more jobs, a
boost to incomes and economic growth as well as securing your inputs locally.

I believe that universal access to financial service is within reach by 2030. And all of us have a role in achieving this.

I realize that you are not social ventures but companies that need to make returns for your shareholders. Having said that, you do have a role to play in economic development, not only because of CSR, but also because you need to secure your sustainability in the countries where you operate, both in terms of markets and in terms of suppliers.

What can you do specifically on financial inclusion?

1. In the case you are a financial institution, you can rethink your business to give access to previously unbanked people or enterprises. This includes working with non-governmental organizations to share risks by lending through guarantee schemes and by sharing the burden of essential business development services to emerging enterprises.

2. You can use your distribution networks more widely. Perhaps your company can partner with financial institutions or telephone companies to provide the financing your clients need, efficiently delivered through your sales force. Or maybe your distribution outlets can become agents for banks. This can also be an additional revenue stream for your agents.

3. You can leverage your market knowledge and data to help financial companies and policy makers understand clients really well, and develop the right policies and financial products for low-income businesses. For example, insurance companies need really good data on crops, weather and prices in local areas in order to design effective insurance policies for farmers.

4. Finally, you can be an advocate yourself. Encourage policy makers, commercial banks and others to take the needed actions to extend services down market and build financial infrastructure. Your voice and actions can carry a lot of weight and make a difference.

While every country is different, we can call for universal access to financial services as part of a new framework for development and as an enabler of equitable growth. We will need the active engagement and partnership of all stakeholders, including the private sector and NGOs, in order to succeed.

I look forward to a rich discussion.

Thank you.