Good afternoon, Excellencies, ladies and gentlemen. Public-private partnership are essential to building robust financial systems that guard against illicit activities and support flourishing economies. I congratulate the organizers for this timely event. I am so pleased to share some observations with you, drawing on my ongoing conversations with FATF, the G20 and visits to countries in your region.

As you carry out this dialogue, it is so important that you also consider financial inclusion. Across Sub-Saharan Africa, only 24% of adults have an account at a formal financial institution. Less than 10% of the population uses an account to receive wages, government payments or remittances.*

In the last several years, we have seen a remarkable shift. We have come from a situation where financial integrity was seen as a barrier to financial inclusion because of rigorous account and reporting requirements. Today, there is a general recognition that financial inclusion, financial integrity and financial stability are not only compatible, but also mutually reinforcing. FATF has time and again recognized this objective in its standards and guidance. This has paved the way for notable actions in many countries. The G8 is giving important attention to these issues. The G20 has continued to encourage FATF’s efforts as well as global and national initiatives on financial inclusion. And in the United Nations, the role of inclusive finance is being discussed as part of the global development agenda that will come into effect after 2015, the target date for the Millennium Development Goals.

This past June I addressed the FATF Plenary and met with leaders of its associated regional bodies. The commitment to elevate financial inclusion in their work agendas is truly heartening. One issue that comes up repeatedly is that FATF’s risk-based recommendations are not being widely applied, especially outside FATF jurisdictions. Many national regulators state that they could use extra support interpreting the guidelines for their own country contexts. They face markets in different stages of development, informality and capacity constraints that make it hard for them to develop and supervise more complex regulations — even though they aspire to do so. In other instances, the guidance is not always widely known or well-understood.

So, sustained outreach is very important. Provision of technical assistance and capacity building support are also important. The Eastern and Southern Africa regional group plays a crucial role in this. There are many partners that can assist as well.

There are also numerous opportunities for public-private partnership, which I am sure you will discuss in coming days. I would like to draw your attention to two. One is working with national authorities to make personal identification widely available in a given country. This could have a big impact, especially when coupled with tiered regulations for accounts and transactions, as we see in Mexico, Pakistan, South Africa and elsewhere. The case is really quite compelling. Law enforcement, regulators, commercial companies, financial service providers and social welfare ministries all have an interest in knowing about the customer. Identification facilitates this. It reduces the cost and time to open accounts and make transactions, and strengthens compliance with due diligence and reporting requirements. And this helps bring people into the financial system.

Another opportunity is working together to understand local risks. This will help authorities design the right proportional regulations. Rigorous customer due diligence standards may make the risk very low for existing accounts. However, total risks for illicit activity may be even further reduced if more people are encouraged to transact through the formal financial system, for example through simplified accounts, value limits and other
measures. As innovation continues and new products emerge, dialogue among financial service providers, mobile phone companies, retail stores and policy makers will be so important to how we look at AML, CFT and exclusion risks.

In closing, I would like to underscore that policies, regulations and coordinated action around AML/CFT can have a big impact. They can enable a generation of social, business and development advances that leverage financial services. This is indeed exciting. I hope that you will bear in mind these ripple effects as you carry out your work.

I wish you good discussions and success to your efforts.

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*For Sub-Saharan Africa as a whole. Year 2011. [WB Global Findex](http://example.com).