Thank you very much Governor Rajan for your welcome and remarks. Good afternoon, Directors of the Board, Ladies and Gentlemen. I am so pleased to visit your lovely country again. Like we said this morning, I brought the rain. I hope this is a good omen for Financial Inclusion as well. I made one of my first trips as Special Advocate to India, nearly five years ago. Then as now, the world is really fascinated by India’s dynamism, above all on the issue of Financial Inclusion, which has resulted in an important increase in access.

Throughout, the Reserve Bank has shown extraordinary commitment and extraordinary leadership. Most recently, the independent Committee has drawn valuable attention to financial inclusion. I think the process itself was very positive, as it was an excellent way to foster discussion, evaluate progress and build consensus on the issue and on the details. I congratulate all involved.

With all of the work already done, India now has all the elements in place to achieve full financial inclusion. So, I am happy to be in India to see the continuation of this progress first hand, and to potentially share it with all the people around the world. But I am also here to see how we can support India as implementation develops further. This, not only myself, but also with international partners present here today: the World Bank, IFC, CGAP, the Bill & Melinda Gates Foundation, the United Nations and much more.

The priority now is to reach the many households and businesses that are still too far from accessing financial services or cannot afford the products offered. India has many opportunities that can be leveraged: extensive bank infrastructure, great communications technology, and of course very progressive regulations from the Reserve Bank. The recent change to a single proof of residence is a very good example. This should allow access to bank services for millions of people, especially for the migrant Indians who live in temporary residences. A group for whom a convenient way to send money home, a safe place to save, and some insurance will really make a world of difference. So, I really commend the RBI for continuing to revise regulations, to help the market evolve as India grows and the realities of financial inclusion change along time.

In all my travels, I have observed that countries that have allowed new kinds of financial service providers have seen dramatic expansions in access and usage. This does create opportunities for better business models. And when combined with proportionate regulation and good oversight, it will increase healthy competition and innovation. But even in favorable conditions, getting to scale is very hard for new businesses. Staying in the game long enough to build a client base and recover start-up expenses is a real challenge. In countries where this thrives, each participant in the chain of providers has to have a sustainable business model.

Looking at these lessons, I think India is at a pivotal moment. There are already significant pilots moving government social and welfare payments from cash to electronic means, in part facilitated by this unique ID. These payments link financial services with so many of India’s priorities—health care, agriculture, rural development, poverty alleviation, jobs and equitable economic growth. Considering the numbers of beneficiaries and volumes involved, further broadening this process could give a huge boost to payment infrastructure and agent networks. With the right incentives in place, financial service providers will allow these payments to be done with less leakage, more cost efficiency for the state and the client, and better real time monitoring. And this, Ladies and Gentlemen, is the first step for low-income people in India to get access to the financial services they all need.

One of the most valuable global lessons is the importance of usage. Only when financial products meet the client needs will they be taken up and actually used.

This requires constant attention to local demand. A few years ago, in Rio de Janeiro in Brazil, I met the CEO of an insurance company. He couldn’t understand why a new home insurance for low-income neighborhoods was stalling. I would like to explain that many of the houses are on steep hills, and when there are floods, mud
destroys the homes. So insurance should be obvious. He knew that this population had worked hard for their homes, and wanted to protect their only real asset. So he spoke to clients. A lot. Eventually, he realized that while an extended family lived in one physical house, each small family unit had their own “home” within that house. Each family wanted to have an insurance for their individual “home”. When he adapted the policy to this reality his product took off. This was a very important lesson for me. That the realities for low income are very different, and we need to adapt to those realities.

Of course, it is up to companies and providers to develop these products. But policies can also encourage a focus on clients. And research institutions, consumer groups, international partners and many others including the private sector can assist with better measurement and understanding demand as well. For example, India might consider identifying national targets and indicators on usage. Targets and clear reporting also facilitate productive dialogue across sectors. For example, in Mexico the results of the national surveys on demand together with detailed supply information prompted a number of private banks to increase their presence and offerings in underserved areas, with specific products.

Another vital issue that will aid usage is financial education. Consumers who have more financial capabilities use more financial products and to their better advantage. And it is absolutely critical for effective consumer protection. India's rising lower and middle-income groups represent a huge market - but many of these consumers have very little experience in formal finance. So, financial education is key as access grows. Experiences from many places, including my own country, the Netherlands, demonstrate that this requires a multi-faceted approach. Formal education in schools. Adult training in vocational programs. Informing consumers when they actually take a financial product. Also, do not forget digital money education—maybe through mobile phones, given that this may be the reality in the future. We also have to look at the moments when people make big financial decisions. These are generally coupled with major life events—marriage, birth, education, buying a house, or even death. So, financial capability is something that requires a coordinated effort from all parties. And for this, I would really like to commend India for its National Financial Education Strategy, and the importance so many stakeholders are giving to this issue.

Before I close I would like to share a few words on financial inclusion globally. There has been a tremendous increase in awareness and commitment in organizations such as the FATF, in the Basel Committee, in the G20 and in the United Nations post-2015 agenda and among many leaders around the world. It is so exciting that this has been driven by innovation and progress, particularly by emerging markets. So, I hereby would like to ask for your continued support and involvement in global processes. I have to say that India's voice carries significant weight. We need India's example and we need India's views on these issues. And it is very important that this exchange of knowledge continues. I thought this was very interesting in the conversations just now, how the peer learning is so important to sharing what has worked, and what hasn’t so other countries can have this inclusion with fewer challenges.

As we talk this morning, on the other side of India a group of survey workers are going house to house in Kolkata, interviewing women and men about their financial habits. The results of this survey will be part of the second Global Findex, to be released next spring. I think we can expect to see positive results in India. I really look forward to using this survey, together with India's own studies and reports, to show partners around the world the continued exemplary progress that has been happening in your country with your tremendous efforts.

I have had extraordinary conversations with the RBI and stakeholders in New Delhi and Mumbai. We are very inspired by your innovation and leadership. We would like to go with you to the last mile to give Indians the financial services they deserve.

Thank you.