Minister Dar, President Kim, Governor Wathra, ladies and gentlemen,

I am honored to join you here in Islamabad. I am honored to join you here in Islamabad. I have been following your footsteps quite some time and looking forward to visiting your country. Pakistan is renowned for its hospitality and vitality. I am delighted to be experiencing them both!

Dr. Kim, it is wonderful to see you here in person. We have been working in close cooperation for years, but we are almost never in the countries we work on at the same time. I am so pleased to be here with you.

Today, Pakistan's commitment to financial inclusion moves to a new level of action. Guided by the recently adopted National Financial Inclusion Strategy, supported by government and private-sector commitments, and with the backing of the World Bank Group, Pakistan is prepared to take flight.

We know that financial inclusion is one of the key drivers of development. When the poor gain access to affordable and effective financial services, they are able to protect themselves against hardship and invest in their futures. Recent research reaffirms that financial inclusion has a positive impact on the broader economy as well, creating jobs, building stability and fostering growth benefiting all.

For Pakistan, financial inclusion can take many forms.

- For a mother in Karachi, it can mean a savings account where she can safely set aside money for school fees rather than borrowing at high rates from a local shopkeeper.
- For a Pakistani construction worker working in Dubai, it can entail digital payment systems, so that he can securely send remittances back home without paying fees of 20% or more.
- For a small textile operator in Lahore, it can mean affordable credit so she can grow her enterprise into a thriving business and employ even more people.
- For a cotton farmer in Punjab, it can mean insurance to protect his crops from weather-related disasters.

Pakistan is aware of the importance of financial inclusion to people's everyday life. The National Strategy has laid out a goal of providing 50% of all adults with access to financial services by 2020. That objective is a fine first step toward full financial inclusion. But greater access is not enough. People need financial services that reflect their needs and that they will use. Otherwise financial inclusion remains an empty promise.

Thanks to the committed work of many, Pakistan has built one of the strongest foundations for financial inclusion in the world. New regulations have supported the emergence of branchless banking, a growing microfinance sector, effective payments systems and a more constructive approach to customer identification.

The country's dynamic businesses have begun to respond! By embracing technology and innovation, the private sector has rapidly expanded branchless banking and partnerships between banks and mobile operators. Microfinance institutions have improved service delivery channels and established a sound credit information bureau.

Yet despite this fertile ground, financial inclusion has not taken root on a large scale. Only a small percentage of Pakistanis have an account at a formal financial institution, and it is proving a challenge to raise this number. Financial inclusion is particularly low among women. And among small and medium-sized enterprises, access to formal financing has even dropped, according to the Development Finance Review of the State Bank of Pakistan.
This reality represents a significant challenge—and a tremendous opportunity. I am confident that Pakistan can achieve its goals for the next five years. The question is how?

The new National Financial Inclusion Strategy provides an excellent platform for bringing together and reenergizing stakeholders. I encourage government, businesses, and international partners to provide vigorous support for Pakistan's strategy, especially the National Financial Inclusion Council and its structures.

Currently Pakistan's economy is still heavily based on cash payments. However, one of the most promising tools for financial inclusion is provided by digital financial services. And I have seen how quickly the digital revolution is changing financial services.

The State Bank of Pakistan plans to grow the number of mobile bank account holders from the current 5 million to more than 50 million by 2020. To reach this goal, government needs to continue to address barriers related to fees, taxes, and unequal access to financial services for women and those living in rural areas. There is also much to be gained from creating a more competitive marketplace and developing interoperable services that will allow customers to send money easily to competing providers.

Government has taken steps to digitize its own payment transactions, including social safety net programs. Already, under the Benazir Income Support Programme, 5.2 million women receive support through technology-enabled payment cards. Expanding these efforts will bring real benefits to individuals and to the entire economy.

As these types of social support programs show, digital financial inclusion holds particular promise for women. When women receive funds directly to digital accounts in the safety and privacy of their own homes, they can avoid traveling to faraway banks and can better control their assets. Since women tend to invest their money back into the welfare of their families, their financial inclusion carries a double benefit that extends to future generations.

The National Strategy pinpoints women's financial inclusion as a critical priority and sets a goal of providing a quarter of all women with financial access by 2020. To reach that, providers will need to think carefully about what products women need and what they will use.

A bank in Nigeria, for example, has been able to reach low-income women by introducing a savings account that can be opened in five minutes, has no minimum balance or fees, and uses a mobile-phone-based application. In Peru, Somalia, and other countries, banks have found that women customers are more likely to sign up if the banking agents they deal with are women.

All sectors will also need to address financial literacy and awareness, without which women in particular—but men as well—will be unable to use financial products effectively and safely.

With so many members of the banking sector here today, I would also like to draw attention to the urgent financing needs of small businesses. In 2013 only 6% of bank credit in Pakistan went to small businesses, less than half the number in 2008. Small enterprises are widely recognized as an important engine of growth, but their lack of access to finance has severely limited their ability to spur employment and economic development.

I hope this trend can be reversed and that financing to SMEs can rise. But such efforts will require innovative policies such as those that can build credit histories and turn movable assets into collateral. In this way, the quality and impact of SMEs can be improved.

These and other opportunities offer a promising set of levers that can raise financial inclusion in Pakistan to the next level. The challenges are significant and the way forward is complex—but it is achievable.

So I congratulate you on the work you have done to prepare Pakistan for this moment. I applaud the commitments you are making today to drive progress further. And I look forward to working with you and seeing the impact of your success on employment, growth, stability, and on the lives of millions of Pakistanis. Thank you.