Mr. President Enrique Peña Nieto, Secretary Meade, Secretary Nuño, Governor Carstens, other members of the cabinet, senators and deputies, ladies and gentlemen.

Last summer I was here for the presentation of the National Policy for Financial Inclusion. I am here again because Mexico's progress in this area is very important to me and my work. Many of those gathered here have been my allies ... They are my financial inclusion family! And like any family, we gather in good times and bad times to make our common dream come true.

Clearly, financial inclusion is already beginning to open up an increasingly deep-rooted space in Mexico, and I really hope that we can move forward in the coming months. Mexico has already taken many of the most important steps to ensure progress. But the fruits of those efforts still have to materialize, since today, only 44 percent of adults have a savings account.

It is clear that the **highest priority includes the significant extension of the agent network** that will enable the provision of basic financial services at a national level. The creation of a strong agent network will be essential to reach rural areas, where poverty is greater and bank branches are non-existent. The proximity of services is paramount for all people, but especially for low-income women, who make 75% of their transactions no more than half an hour away from their homes. Likewise, proximity is also essential for the disbursement of payments from various government social programs. Without a strong agent network and digital payment infrastructure, it will be difficult to digitize payments for the seven million women, mostly rural, who depend on the Prospera program as well as many other programs.

At present, Mexico has about 40,000 agents, a smaller number than Colombia, which has less than half the population. If we really want to have financial access at the national level, in every region of the country, we are likely to need **five times** that amount, that is, more than 200,000 agents.

I understand of course that the creation and effective management of an agent network is a highly complex goal: countless countries around the world, with whom I work jointly, greatly strive to have one, but the result is worth the effort. Until the unbanked have access to digital services and cash disappears, we will need have physical contact points that are less expensive to maintain than bank branches.

In the case of Mexico, some of the most important challenges facing the agent concept are poor rural connectivity, a high level of informality among merchants, and the cost and complexity of the agent authorization process, as well as the needs of the consumer, that is, understanding the demand.

The implementation of the Shared Network will be a great step to solve the problem of national connectivity on which we depend so much.

In line with these efforts, I take this opportunity to encourage regulators to collaborate in finding a viable model that allows independent and informal merchants, even in remote areas, to become banking agents. Regrettably, I do not think we can hope to solve the problem of widespread informality before we advance access to financial services, so perhaps the solutions involve collaboration between agent administrators and payment aggregators with informal businesses. Of course, risk should be managed in an acceptable manner and the formalization process should remain very important in the long term.
This point about informality leads us to the **second priority for Mexico: the financing of micro-, small- and medium-sized enterprises**. There are 4.2 million MSMEs in the country, which account for 71 percent of employment. However, almost three-quarters of these enterprises are informal, which severely limits their ability to obtain credit and other financial services they need to develop and increase employment.

Among all the ongoing reforms that govern MSMEs, given the need for reliable information to grant credits, the relevant authorities should prioritize the centralization and improvement of the credit information database. In this same sense, making the moveable collateral registry completely operational could give us more immediate results.

**The third priority I would like to mention involves the fintech industry.** Perhaps I should've mentioned the fintech industry first, as it represents a possible solution to all the other challenges we have discussed. The fintech industry seems to be the natural direction for a country like Mexico, which has the largest fintech startups market in Latin America and the second-largest mobile phone market.

New technology innovation companies are already offering a wide range of financial services, such as credit and person-to-person payments, crowdfunding, and financial management tools.

By reducing transaction costs and bridging the distance gap, digital finance has been widely regarded as the key factor for financial inclusion. Big data, in turn, could provide new ways of assessing the solvency of underserved MSMEs, including those owned by women. They could even allow financial service providers to determine which informal firms would be eligible to become agents.

It is essential to open up the space for the development and solid growth of the fintech sector. Mexico is well on the way to establishing the necessary foundations for this to happen with its new fintech law that will soon be studied in Congress.

Fintech companies are very promising for financial inclusion in Mexico, especially if we can create the right ecosystem of agents that allow low-income people to benefit from them. This can happen through electronic wallets, digital remittances and even with blockchain technology. However, all of this entails new risks: in particular, low-income clients cannot afford to over-borrow or be victims of financial or digital fraud.

As we move into the future of financial technology, this new landscape must incorporate new consumer protection regimes. Regulators and supervisors should be well prepared for this.

A few months ago I convened a debate with the main regulators and companies of the fintech industry worldwide, including Mexican entities. At the end of our conversation, we agreed on a list of nine key requirements for fintech to develop financially, sustainably, responsibly and equitably.

Some of these requirements are particularly relevant to the Mexican environment, such as mobile connectivity, identity (digital and national), interoperability of digital services and fair competition between banks, mobile operators and the fintech industry.

Also included in this list is **financial literacy**, which brings us to the importance of launching the National Financial Education Strategy today. This is really another fact that highlights that financial inclusion is truly a priority in Mexico and that makes me very happy!

Once again, I am honored to congratulate you on your hard work, and you know, as a sister in this family of financial inclusion, you have all my support.

I would like to join the other participants in thanking Mr. Agustín Carstens for all his support for financial inclusion. I have counted on him a lot and hope to continue doing so in Basel, where we already have many projects, and continue collaborating to achieve the financial inclusion that all Mexicans deserve.