Your highness, Senator, Madame Ladipo, excellencies, ladies and gentlemen, I am pleased to be back in your country to join you in this important discussion regarding the way forward for financial inclusion.

I have to say after the presentation by Madame Ladipo, I don't have much to add. Your diagnosis is very thorough. You have a great asset in that you have a great amount of data. The evidence is there for us to work.

I was last welcomed to Nigeria five years ago for the launch of your financial inclusion strategy. Nigeria was one of the earliest adopters of financial inclusion policymaking—and for excellent reasons. In 2012 only two out of five adults had access to basic financial tools like savings, payments, credit, and insurance services that people need to protect themselves from setbacks and work their way out of poverty. By adopting a strategy to expand financial inclusion, Nigeria embraced a powerful tool to expand opportunity for all.

And you are not alone. Today, your perspective on financial inclusion is shared by governments, economists, business people, and development experts around the whole world. Also, the UN's Sustainable Development Goals are marked by a broad recognition of financial inclusion for combatting poverty, hunger, promoting health, gender equality, economic growth, and more. Even from a macroeconomic viewpoint, a recent IMF study found that financial inclusion contributes to financial stability, to GDP growth, and income inequality reduction.

Nigeria's 2012 financial inclusion strategy set an ambitious target of reaching 80 percent of adults by 2020. Progress has been notable: financial inclusion more than doubled between 2008 and 2016, and today almost half of adults participate in the formal financial sector. But the EFInA report also shows a recent drop in accounts has happened and progress overall has stalled. In addition, women's financial inclusion remains lower than men by 12 percentage points. If you look at the banked population, the gap is 16 percentage points. And regional differences are significant—only a quarter of Nigerians in the north have accounts, compared with three-quarters in the southwest.

Nigeria's leaders are taking strong action to address these gaps. I am particularly pleased that steps are being taken to rethink and re-energize your national financial inclusion strategy.

That is very positive as we know that countries with financial inclusion strategies make faster progress than others that do not have them. But what makes a good strategy?

- It must be flexible and open to new insights, data coming up, and changing needs.
- It has to be based on reliable and transparent data, in particular on the demand side or focusing on client needs.
- The private sector—and not only the financial sector—must be actively involved if solutions are to be sustainable.
- And it has to be able to be implemented! With effective coordination among all partners. With a practical action plan, a sequence of set steps, dedicated staff, and clear responsibilities for all the stakeholders.
- Certainly not least, a national strategy requires very high-level political leadership. This is crucial. Without it, progress will be slow. The most successful strategies I have seen are those that have had the highest leadership backing them.

And I am happy to say with my meetings yesterday with the vice president, he expressed his full support to this endeavor.
As Nigeria begins the process of revising its national strategy, I would like to emphasize the opportunities that new technologies offer to expand access to unserved populations. At the moment, financial access is predominantly available in urban areas but 62 percent of your population is rural—where very little access is available.

Utilizing technology and expanding mobile money is one of the most promising tools to address this gap. It allows users to access their accounts remotely using a mobile phone. Currently Nigeria has 88 million unique mobile phone subscribers—more than half of all adults. This contrasts to 27 million bank customers. Just think of the powerful platform mobile phones offer for advancing financial inclusion!

Mobile money is not just a technology strain, it is about development impact.

- A 2016 MIT study found that mobile money in one country lifted 10 percent of the extreme poor out of poverty. The consequences were particularly positive among low-income women.
- We also know that mobile technology reduces transaction costs, making insurance, for example, more affordable for low-income groups. In Ghana, a million customers have obtained health, accident, and life insurance provided by a mobile operator collaborating with a microinsurance company. This was definitely not possible before.
- Mobile money can also allow smallholder farmers to pay for their seeds and other inputs, to get insurance, and receive credit. Moreover text messages can be sent to the farmers with information on weather, agricultural extension services, market prices, etc., thus improving their farming practices.
- Credit for consumers and small businesses can also become available through mobile financial services, using their data as a tool to assess track records and measure credit-worthiness. Nigeria's strategy calls for 40 percent of the population to have access to credit by 2020, but today the rate is 2 percent. So innovation will be needed.

The second point I'd like to discuss is closely related to mobile money and that is about expanding finance through agent networks. Typically, agents are local shopkeepers who work on behalf of financial service providers mostly using technology such as mobile phones or small card readers to provide basic financial services such as cash-in, cash-out, payments and money transfers. Agents are far cheaper than bank branches or ATMs to operate, especially in rural areas, and they are usually trusted by the local community. They can also be used to deliver government social payments more efficiently.

Today we have about 42,000 active access points in Nigeria but we probably need five times this number to bridge the financial inclusion gap. We are talking about 200,000. Post office location additions would be a small part of it. So it is very important, reaching 200,000 access points.

A large scale deployment of agents is the most cost effective and scalable way for Nigeria to expand access rapidly. Ghana, for example, now has 107,000 agents actively providing financial services to almost 63 percent of a population of 28 million.

In my travels I've seen how agent networks operate in many countries. Success requires several ingredients: conducive regulations; the right business model so agents can be sustainable; customer-centric products designed to encourage active usage; and reliable connectivity.

A number of countries, for example, have found that mobile network operators have the kind of agent networks that enable economies of scale. They can also have valuable expertise in serving low-income customers, understanding their needs and handling very large volumes of small e-payments.

The combination of a strong agent network and mobile money could have a tremendous impact on financial inclusion and on overall economic development of Nigeria.

So from the regulatory angle, what steps can you take?

First, global experience shows that allowing mobile network operators to provide mobile money services can be a
game changer. Currently only 2 percent of Nigerian adults have a mobile money account. At the same time, regulations disallow mobile operators from offering financial services. Looking again at Ghana, one of the key ingredients for their success was the regulatory change made in 2015 that opened up mobile money to mobile operators.

A decade of experience throughout the world has shown us how to develop regulatory frameworks that give a significant role for mobile network operators while respecting the stability and the integrity of the financial sector, and protecting customers and the market structure.

Second, regulators need to take into account how difficult it is for the agent network business to work for all parties. Policymakers set the rules, but it is the private sector that has to make the business work. A test-and-learn approach is needed to promote innovative business models. Not every detail of the relationship between providers and agents needs to be pre-determined in a regulatory framework. Doing so can limit financial viability and scalability, therefore not allowing people to access financial services.

The steps I've just described have the potential to make a world of difference for financial inclusion and overall development in Nigeria.

Especially if you prioritize development of an inclusive retail payment system that can serve as a basis to distribute the rest of the financial services—that means credit, insurance, savings, etc.

From Pakistan, Brazil, Tanzania, and beyond, many countries around the globe have followed a similar path, strengthening strategies, opening up markets to mobile operators, and building strong agent networks. The process is complex but there are many examples of success that can provide you with invaluable guidance. You already know what you have to gain—inclusive growth, greater economic equality, improved lives for millions of households. I really look forward to supporting you as you create your own success story and your path to inclusive growth.