

# Reviewing the G20 Financial Inclusion Agenda

Presenter: Ingrid Goodspeed | Chief Director: Financial Inclusion and Market Conduct, National Treasury 16 May 2011

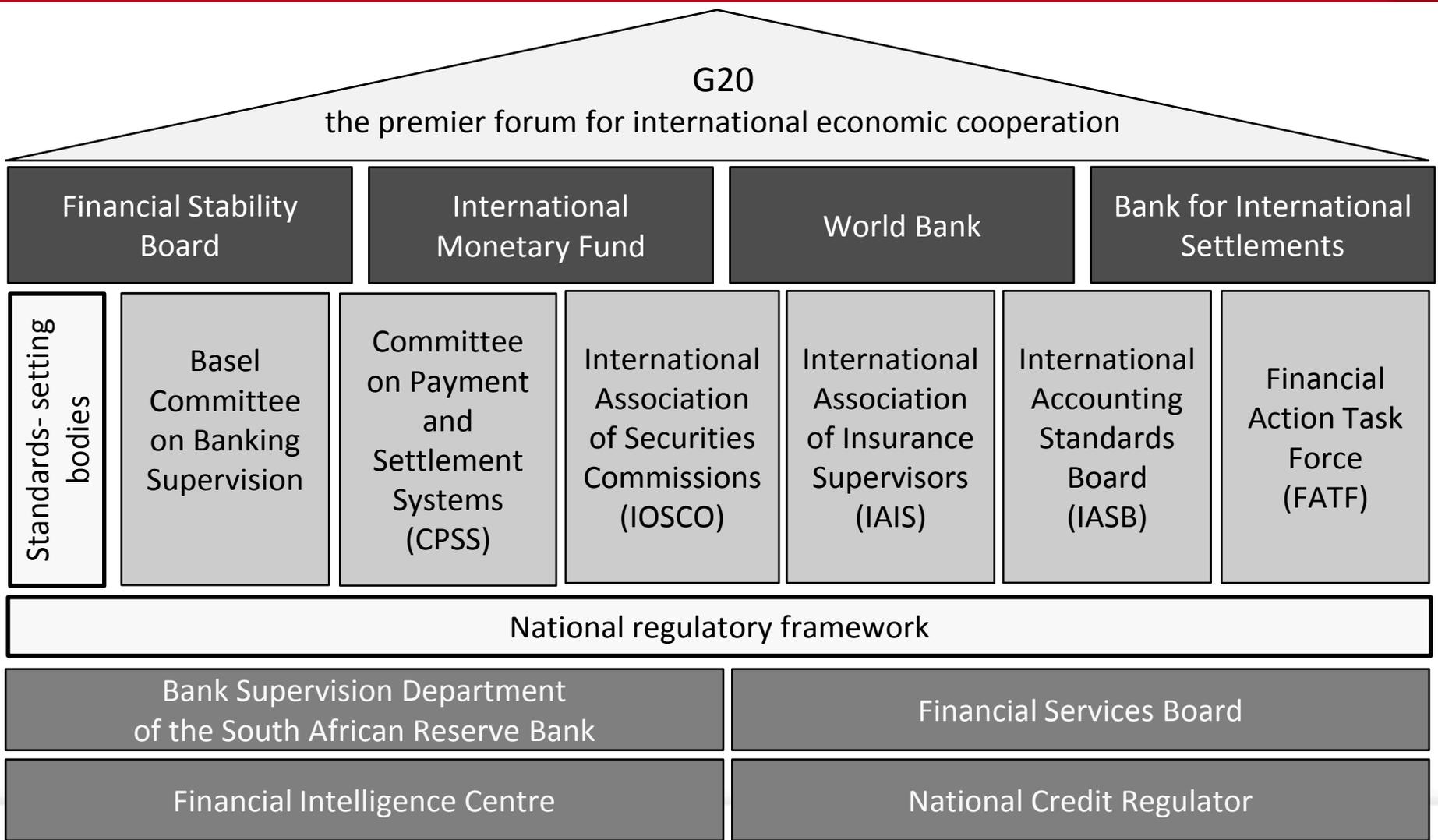


**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

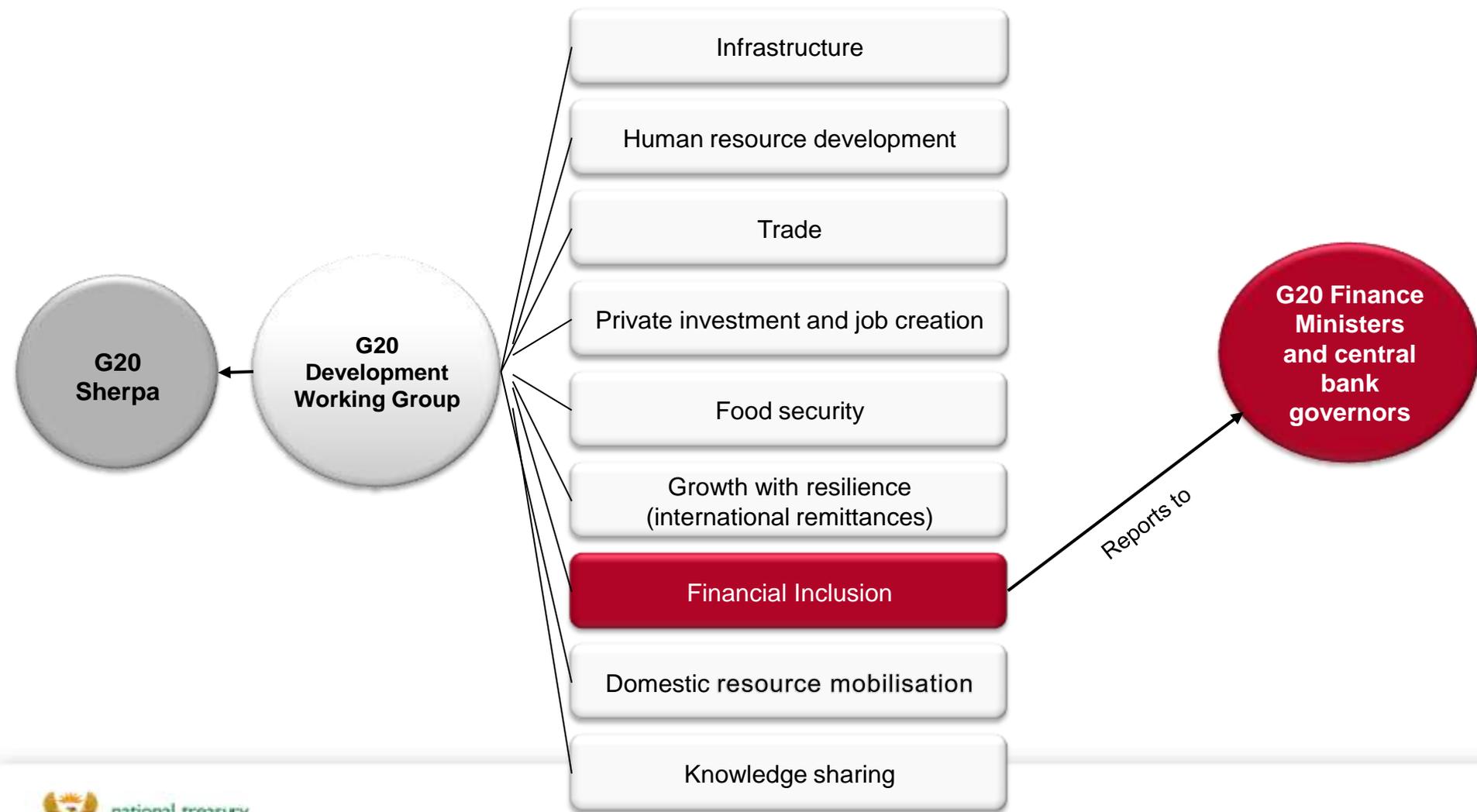
# Background

## International financial architecture : national implementation



# Background

## Financial inclusion within G20 Development Working Group



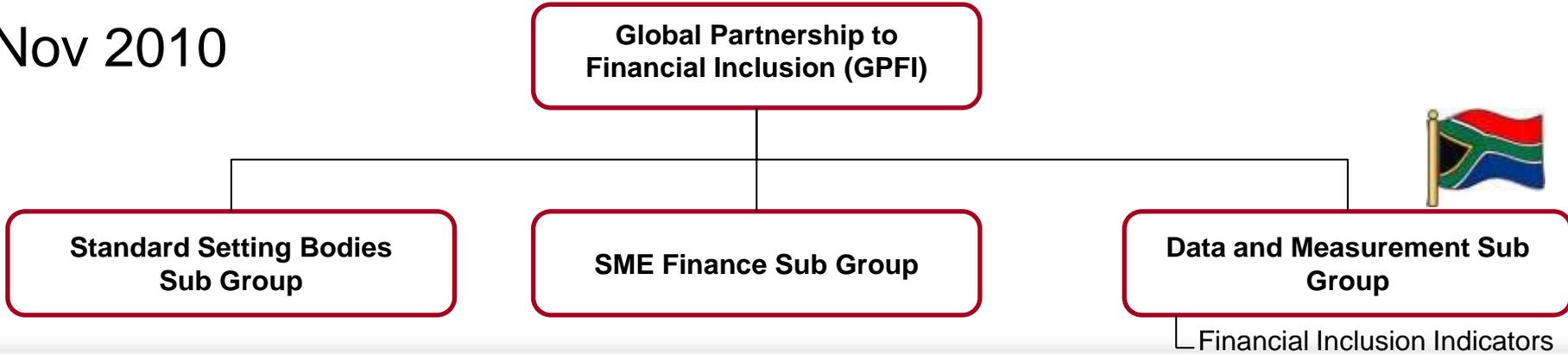
# Background

## Structure for implementing G20 financial inclusion agenda

Sept 2009



Nov 2010



# G20 financial inclusion agenda

## Principles for innovative financial inclusion

**Leadership:** Cultivate a broad-based government commitment to financial inclusion to help alleviate poverty.

**Diversity:** Implement policy approaches that promote competition and provide market-based incentives for delivery of sustainable financial access and usage of a broad range of affordable services (savings, credit, payments and transfers, insurance) as well as a diversity of service providers.

**Innovation:** Promote technological and institutional innovation as a means to expand financial system access and usage, including addressing infrastructure weaknesses.

**Protection:** Encourage a comprehensive approach to consumer protection that recognises the roles of government, providers and the consumers themselves.

**Empowerment:** Develop financial literacy and financial capability.

**Cooperation:** Create an institutional environment with clear lines of accountability and coordination within government; and also encourage partnerships and direct consultation across government, business and other stakeholders.

**Knowledge:** Utilise improved data to make evidence-based policy, measure progress, and consider an incremental “test and learn” approach acceptable to both regulator and service provider.

**Proportionality:** Build a policy and regulatory framework that is proportionate with the risks and benefits involved in such innovative products and services and is based on an understanding of the gaps and barriers in existing regulation.

**Framework:** Consider the regulatory framework, reflecting international standards, national circumstances and support for a competitive landscape.

# G20 financial inclusion agenda

## Proposed financial inclusion indicators

<b>Access</b>	Number of access points per 10 000 adults at a national level and segmented by type and relevant administrative units (e.g., municipality)
	% of administrative units with at least one access point
	% of total population living in administrative units with at least one access point
	% of cellular phone coverage
<b>Usage (Individuals)</b>	% of adults with at least one type of regulated deposit account
	% of adults with at least one type of regulated credit account
	% of adults with at least one type of regulated insurance product
	% of adults with a regulated savings or investment account (including retirement fund)
<b>Usage (SMEs)</b>	% of SMEs with at least one type of regulated deposit account
	% of SMEs with at least one type of regulated credit account

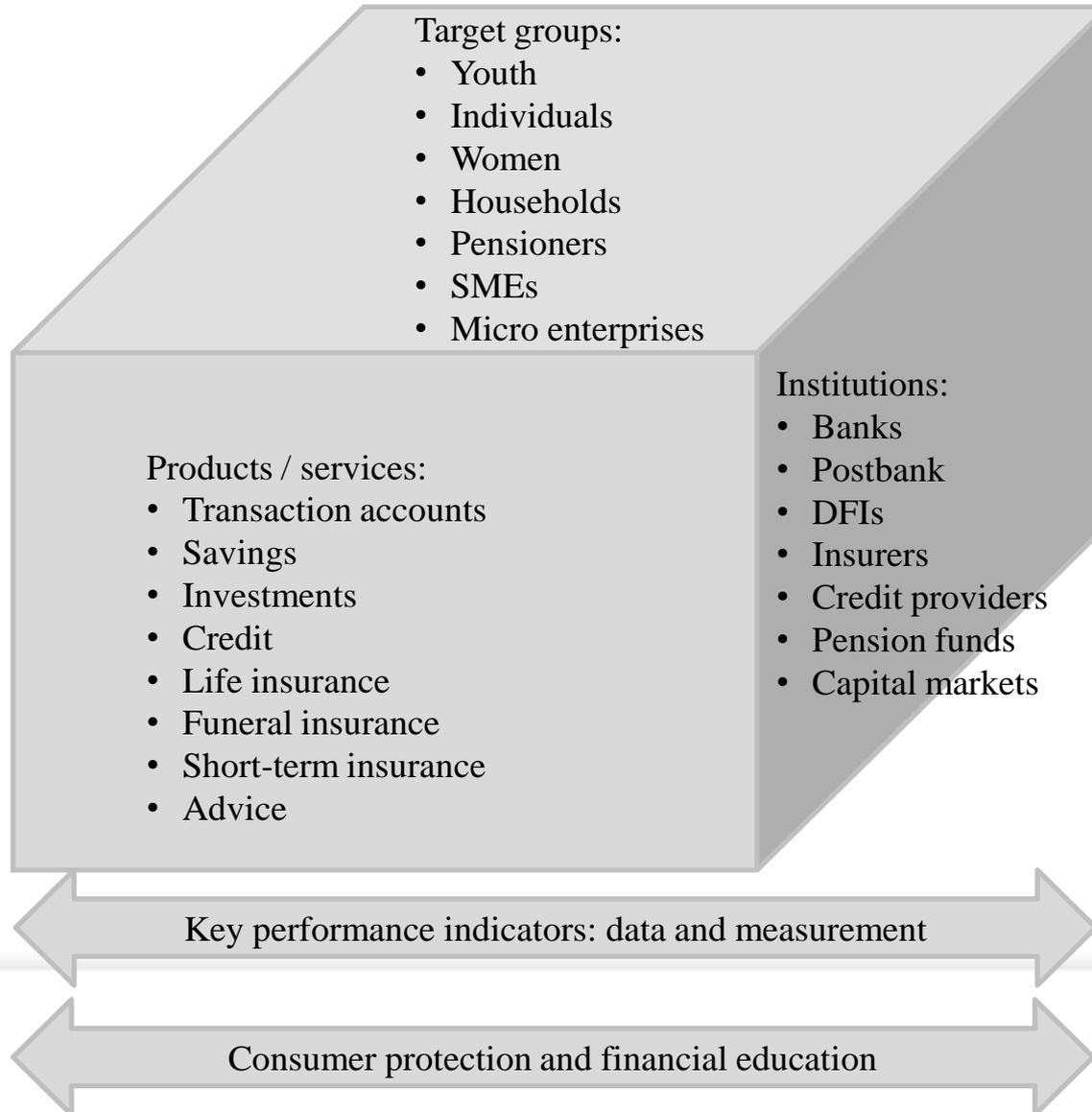
# G20 financial inclusion agenda: national implementation

## Financial inclusion as a policy objective

Financial inclusion is about ensuring that all South Africans have access to financial services that enable them to manage their money, save for the future, obtain credit and insure against unforeseen events.

# G20 financial inclusion agenda: national implementation

## The scope of financial inclusion



# G20 financial inclusion agenda: national implementation

## Financial inclusion scorecard

	Australia	Brazil	India	Mexico	South Africa	United Kingdom	United States
Deposit value (% of GDP)	75.18	35.55	55.03	15.08 <sup>1</sup>	92.92 <sup>2</sup>	61.32	43.91
Loan value (% of GDP)	115.67	78.61	40.93	13.36	95.96	80.64	44.81
Bank branches per 100 000 adults	32	13	10	15	8	21	36
ATMs per 100 000 adults	157	112	7	45	52	123	176
POS per 100 000 adults	4 040	2 247	67	592	1 068	2 331	-
Value of SME loans (% of GDP)	15.33	3.77	4.34	-	10.71	-	4.93

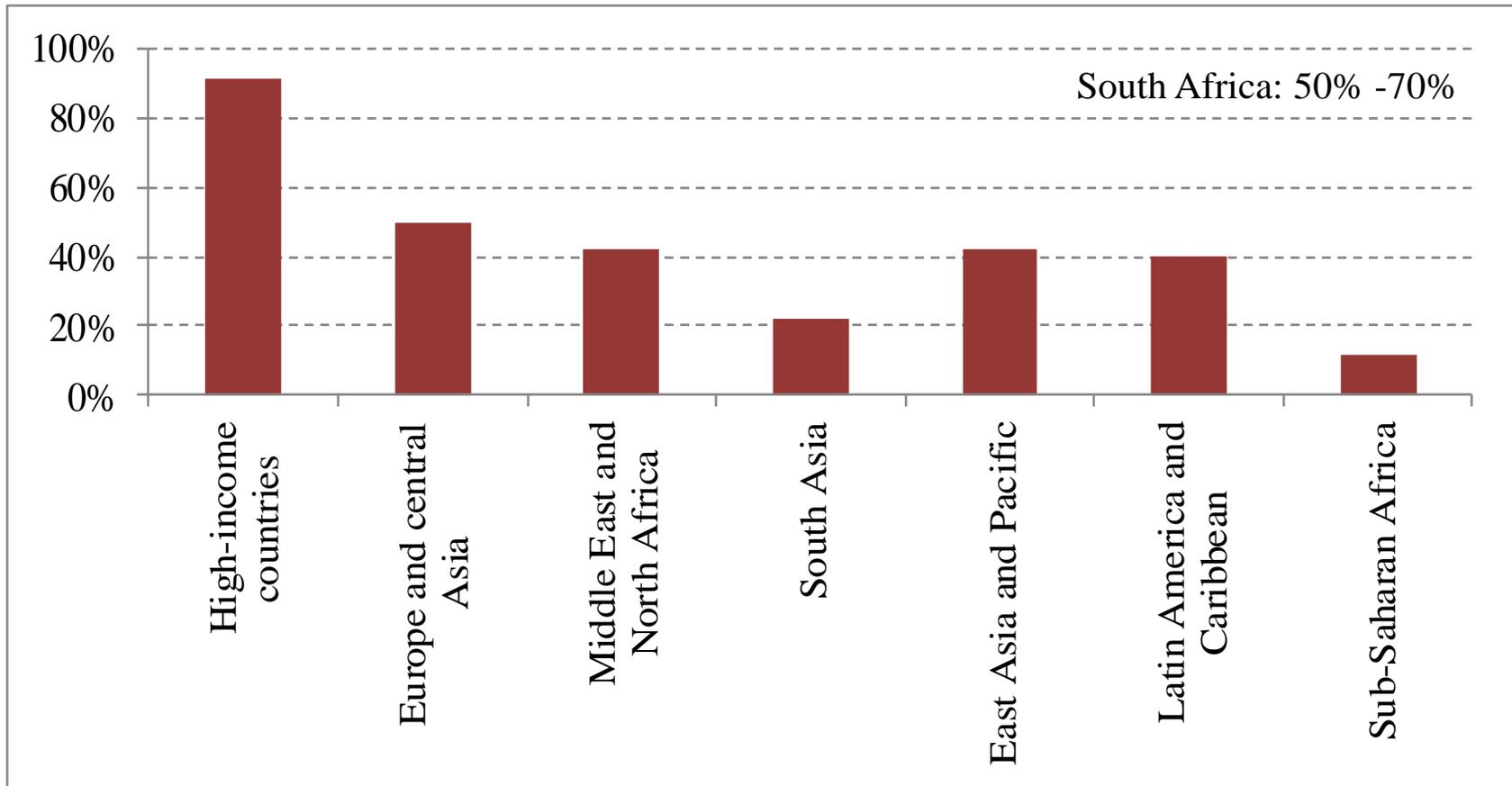
Source: CGap Financial Access 2010 and SARB National Payment System Division

1. Red shading indicates the lowest value
2. Green shading indicates the highest value

# G20 financial inclusion agenda: national implementation

## Financial inclusion scorecard

% banked households

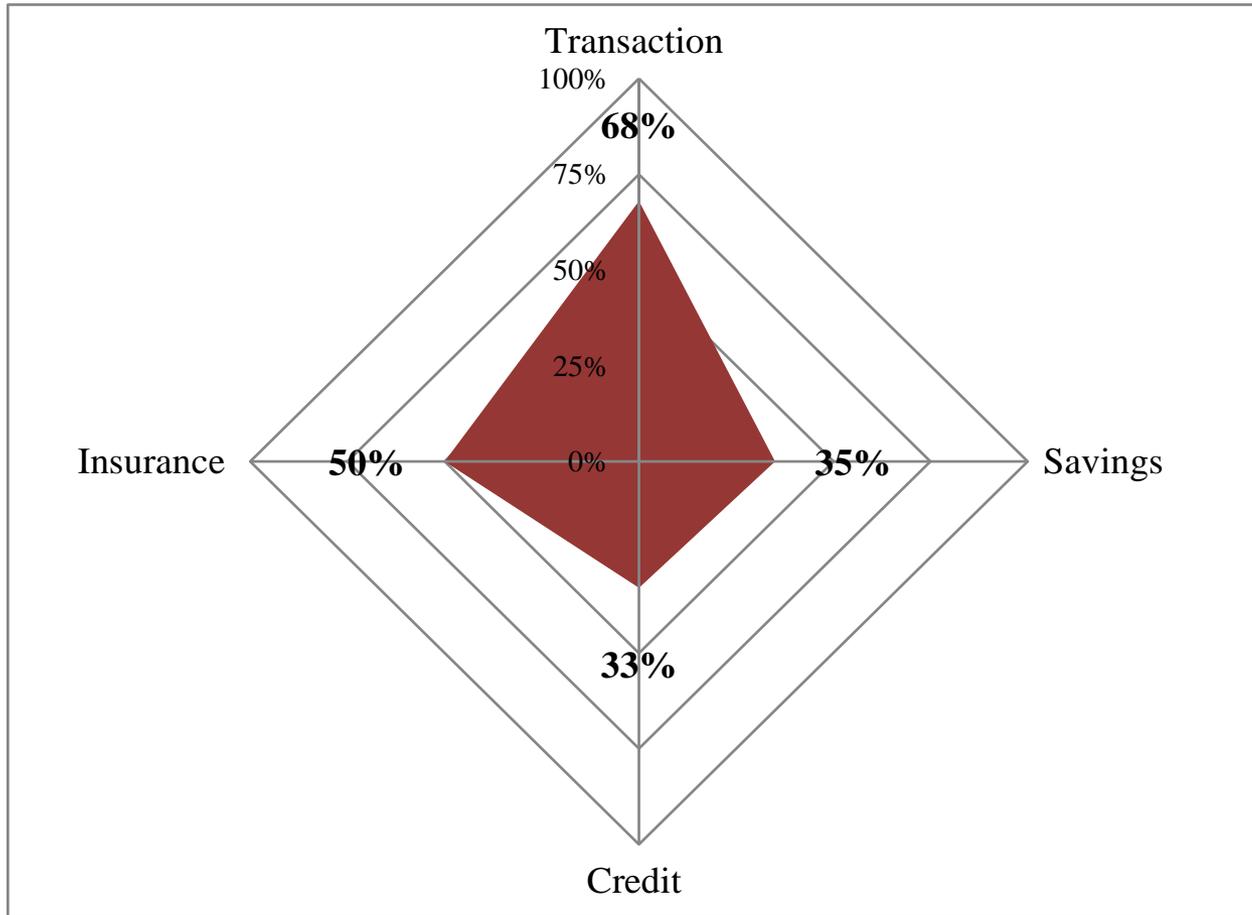


Source: CGap, Financial Access 2009

# G20 financial inclusion agenda: national implementation

## Financial inclusion scorecard

### Usage by individuals 2010

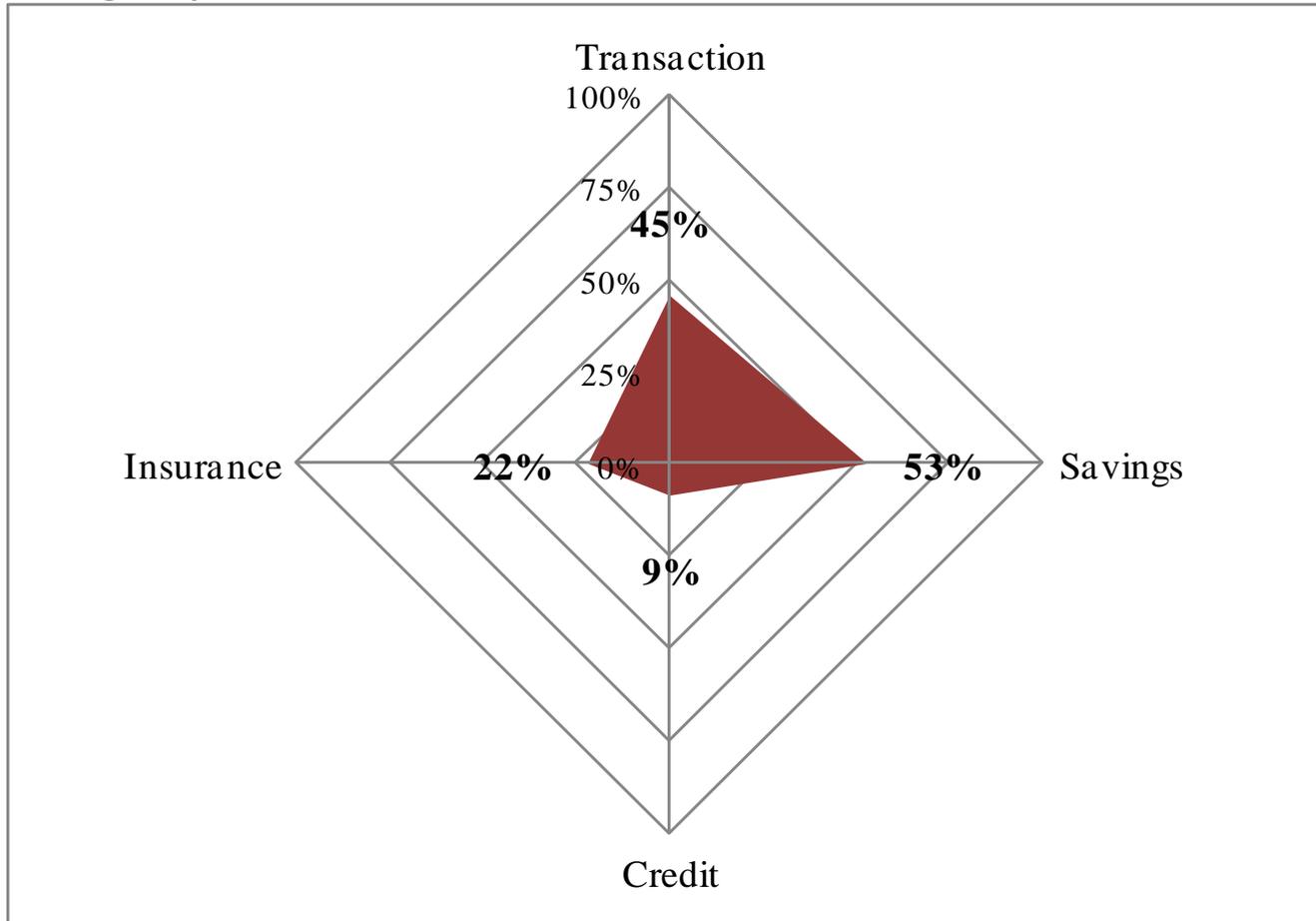


Source: Finscope South Africa 2010

# G20 financial inclusion agenda: national implementation

## Financial inclusion scorecard

### Usage by small business 2010



Source: Finscope South Africa Small Business Survey 2010

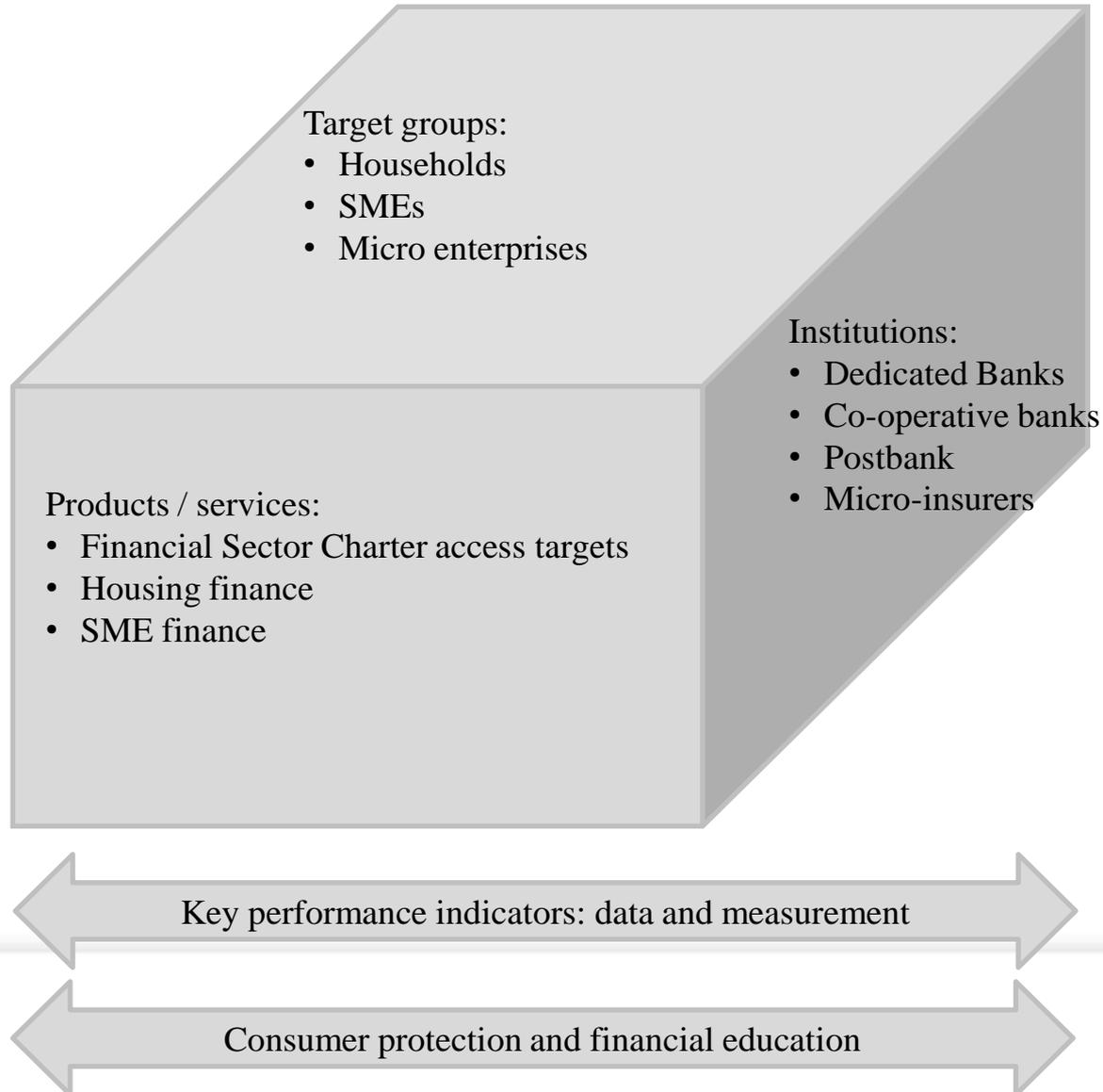
# G20 financial inclusion agenda: national implementation

## Towards a financial inclusion strategy

- To-be diagnostic tool
  - G20 principles for innovative financial inclusion
  - IAIS: Regulation and Supervision of Mutuals, Cooperatives and other Community-based Organisations in increasing access to Insurance Markets
  - Basel Committee: Microfinance activities and the Core Principles for Effective Banking Supervision
  - IMF and World Bank: Financial Sector Assessment Program
- Gap analysis
- Gaps
- Action plans to close the gaps or reasons why gaps will not be closed

# G20 financial inclusion agenda: national implementation

## Financial inclusion initiatives

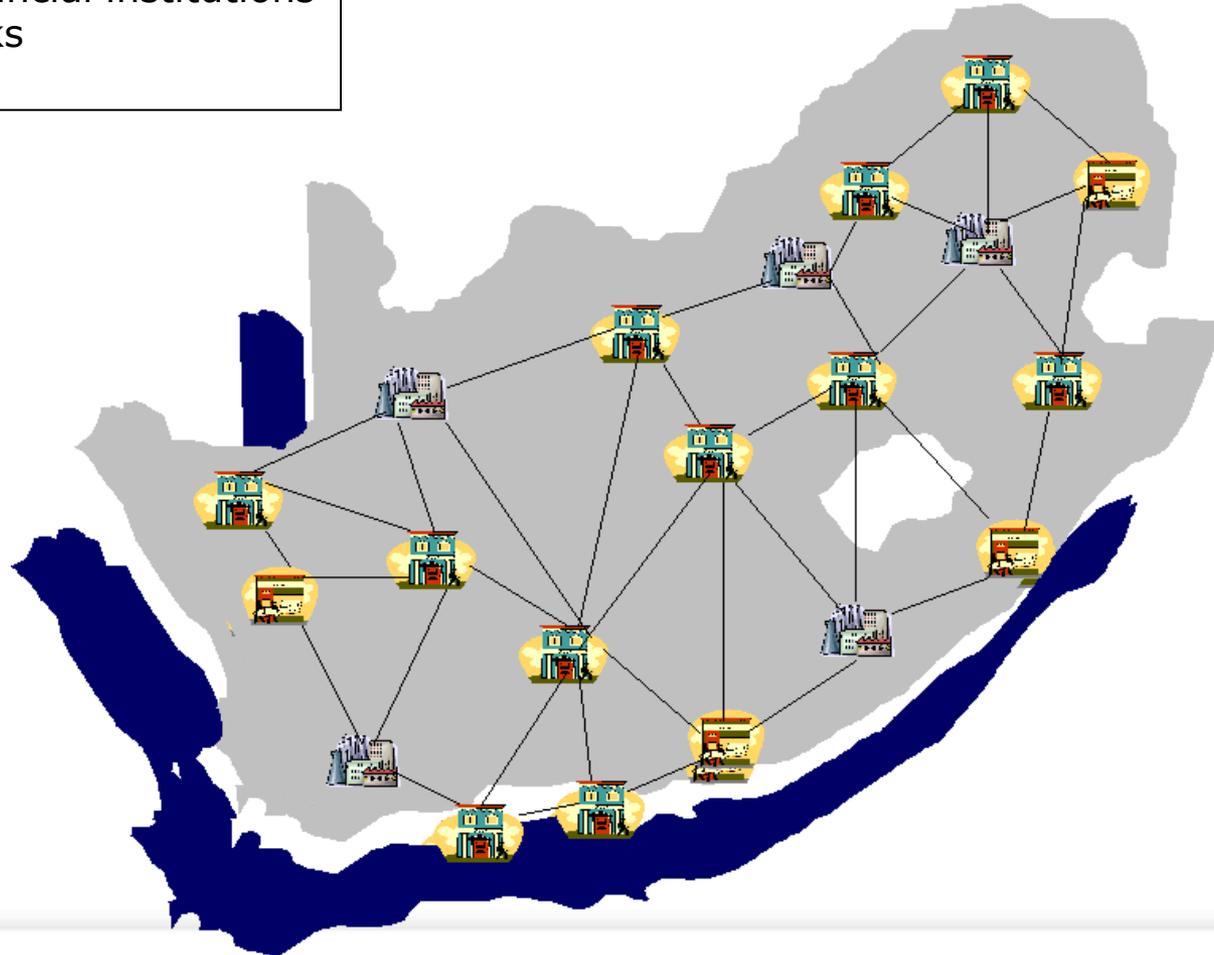


# G20 financial inclusion agenda: national implementation Initiative: small business finance

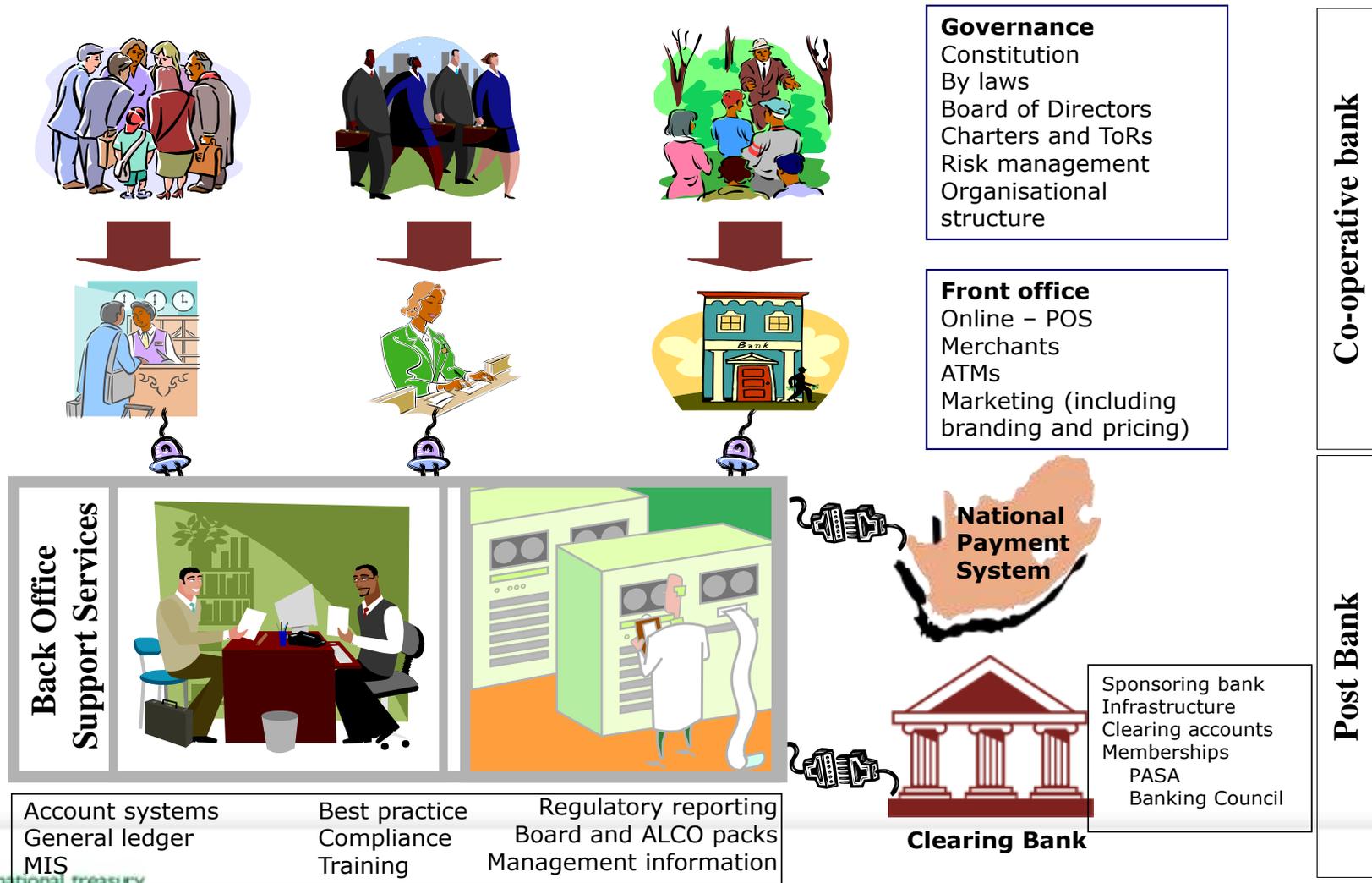
- Economic Development Department
  - Merger of IDC, Khula and samaf
  - Khula guarantee
  - Khula direct lending
- World Bank study into financing of SMEs in South Africa
  - Supply-side: lack of skill set to assess SMEs
  - Demand side: lack of business skills, business plans collateral
  - Khula: cyclical indemnities
- Credit scoring technology (Harvard / Finlab)
- SME Finance Forum

# G20 financial inclusion agenda: national implementation Initiative: Co-operative banks

75 co-operative financial institutions  
2 co-operative banks  
1 million stokvels

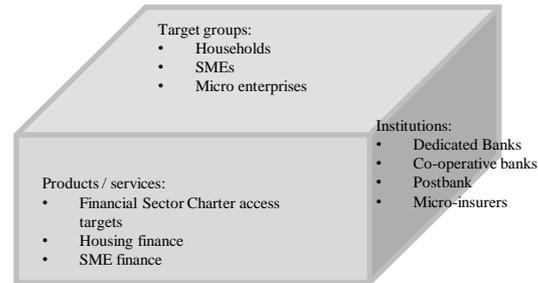


# G20 financial inclusion agenda: national implementation Initiative: Co-operative banks



# G20 financial inclusion agenda: national implementation

## Financial inclusion initiatives



- Dashboard of financial inclusion indicators
- Dashboard of consumer protection and financial literacy indicators
- G20 data and measurement sub group (financial inclusion indicators)

- World Bank consumer protection diagnostic review
- World Bank financial capability baseline study
- Consumer financial education policy
- Member of Financial Stability Board consultative group on consumer financial protection

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