



GPI

Global Partnership
for Financial Inclusion

Saudi Arabia's G20 Presidency 2020 Priorities Paper



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► Background

Financial inclusion of vulnerable and underserved populations, including small and medium-sized enterprises (SMEs), is a prerequisite for unlocking economic opportunities and enabling inclusive and strong development. Fostering financial inclusion has always been the core of the G20 agenda.

The 2017 Financial Inclusion Action Plan (FIAP) called for strengthening the focus on vulnerable and underserved groups and addressing their needs by leveraging digital financial innovation. Despite significant progress over the past 10 years within the G20 to advance financial inclusion worldwide, challenges persist. There are still more than 1.7 billion adults unbanked.¹ Those excluded from financial services are disproportionately youth and women.

To help unleash opportunities for all, achieve inclusive societies and promote economic growth, we must address significant and persistent youth and gender gaps as well as close the SME-financing gap. This will also help us achieve the 2030 Sustainable Development Goals (SDGs).

- Youth in developing and emerging economies are disproportionately financially excluded in comparison to their counterparts in developed economies. Having access to financial services in conjunction with financial education, within the appropriate financial consumer-protection framework, can support youth and young entrepreneurs in developing positive savings behavior, promote asset building and provide sustainable livelihoods. Globally, only 56 percent of youth have a bank account at a formal financial institution compared to 72 percent of adults, with wider youth gap differences for countries in the MENA region and sub-Saharan Africa.²
- Women's financial inclusion is essential for economic growth, development and poverty alleviation. Women's economic empowerment has positive development outcomes, including boosting productivity, increasing economic diversification and promoting income equality.³ Nevertheless, the financial inclusion gender gap has been persistent since 2011, at 7 percent.⁴
- SMEs are important engines of innovation, job creation, investment and economic growth. However, access to finance is frequently cited as an entry and growth barrier for SMEs. Innovative digital financing can contribute further to reducing SME and micro-enterprise financing gaps, which are estimated to be US\$4.5 trillion and US\$718.8 billion, respectively.⁵

¹ The Global Findex Database 2017. (Washington, World Bank Group), Page 35.

² Ibid, Page 29.

³ *Pursuing Women's Economic Empowerment* (International Monetary Fund, 2018).

⁴ The Global Findex Database 2017 (World Bank Group). Page 4.

► Priorities And Expected Outcomes

The theme of the Saudi G20 Presidency is **“Realizing Opportunities of the 21st Century for All”** with the aims of empowering people, safeguarding the planet, and shaping new frontiers. The GPI work will be guided by two of the three aims: (1) **empowering people** by creating conditions in which all people, specially women and youth, can live, work, and thrive and; (2) **shaping new frontiers** by adapting long-term and bold strategies to utilize and share benefits of innovations.

The Global Partnership for Financial Inclusion (GPI) under the Saudi Presidency will hence focus its work in 2020 on **harnessing digital and innovative technologies to boost the financial well-being of youth, women and SMEs.**

The Saudi Presidency will ensure continuity of the legacy work of the GPI by emphasizing the importance of fostering financial well-being through increased access to digitally enabled financial services. Cross-cutting issues surrounding financial consumer protection and financial literacy will also be addressed.

Under the Saudi G20 Presidency, the priority areas for the GPI are:

- Formulating high-level policy guidelines on digital financial Inclusion for youth, women and SMEs and supporting reports.
- Finalizing the Streamlining “GPI Work Program and Structure: A Road Map to 2020.”
- Reviewing and updating the Financial Inclusion Action Plan.

1. High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs:

The GPI will be formulating high-level policy guidelines on digital financial inclusion for youth, women and SMEs. A particular emphasis will be placed on developing countries and the MENA region. The G20 Saudi Presidency will also oversee the development of three supporting reports in collaboration with implementing partners:

- Advancing Youth’s Digital Financial Inclusion:** This report will identify ways to advance youth’s financial literacy and access to and use of quality financial services by leveraging innovative technologies. It will review current levels of youth financial inclusion and provision of financial services to youth and provide an analysis of global and regional trends and challenges that lead to youth financial exclusion. A particular focus will be given to identifying opportunities to bring youth into the formal financial sector in an appropriate and age-sensitive way through digital innovation and technology. The report will explore the links between innovative financial inclusion policies and regulations and technical innovation and product design from the private sector.

- ii) **Empowering Women through Digital Financial Inclusion:** This report will provide both global and regional perspectives on trends in women’s financial inclusion, including an analysis of remaining barriers and promising solutions, with a focus on digital financial services. The paper will conclude with policy guidelines to advance country-level, regional and global commitments to reduce the gender gap in financial inclusion, with a focus on parity in access to and use of digital financial services.
- iii) **Promoting Digital and Innovative SME Financing:** This report will discuss ways to improve access to SME finance. A stocktake of the most promising and innovative financing products and business models for SMEs will be conducted. The report will highlight policy interventions that promote innovative and responsible access to digital financial services to unleash SMEs’ full potential and contribution to GDP in both advanced and emerging markets.

2. Streamlining “GPIFI Work Program and Structure: A Road Map to 2020”

To deliver on the “GPIFI Work Program and Structure: A Roadmap to 2020”,⁶ the G20 Finance Ministers and Central Bank Governors, under the Japanese Presidency, endorsed the proposed GPIFI Work Program that was led by Brazil and China.⁷ The endorsed work program prioritized digital financial inclusion and SME finance as focus areas for the GPIFI’s work.

Following the work undertaken by Argentina and the USA,⁸ the GPIFI has also agreed on a new structure proposal. This proposal offers a more streamlined structure that is sufficiently flexible to be enduring over time.

The GPIFI will build on these proposals to update the terms of reference and governance documents for the GPIFI, which will take effect in 2021.

3. Reviewing and Updating the Financial Inclusion Action Plan

The GPIFI will review and finalize the pending work under the current 2017 FIAP and will report on progress and achievements in a 2017–2020 progress report. The updated 2020 FIAP will be developed, in light of the work program and structure streamlining outcomes and in alignment with the roadmap to 2020, in consultation with GPIFI members.

⁶ “G20 Leaders’ Declaration: Building Consensus for Fair and Sustainable Development.” Buenos Aires, 1 December 2018.

⁷ Global Partnership for Financial Inclusion, “Proposed GPIFI Work Program.” 2019.

⁸ Ibid, “Proposed GPIFI Structure.”

► Key Dates

GPFI and G20 Finance Track Calendar:

- GPFI Meetings
- GPFI Side Events

| MONTH | DATE | EVENT | CITY |
|---------------|-------|--|----------------|
| December 2019 | 6–7 | 1 st Finance and Central Bank Deputies Meeting (FCBD) | Riyadh |
| January 2020 | 22 | 1 st GPFI Seminar | Riyadh |
| | 23–24 | 1 st GPFI Plenary Meeting | Riyadh |
| February 2020 | 20–21 | 2 nd Finance and Central Bank Deputies Meeting (FCBD) | Riyadh |
| | 22–23 | 1 st Finance Ministers and Central Bank Governors (FMCBG) | Riyadh |
| April 2020 | 16 | 3 rd Finance and Central Bank Deputies Meeting (FCBD) | Washington, DC |
| | 16–17 | 2 nd Finance Ministers and Central Bank Governors (FMCBG) | Washington, DC |
| June 2020 | 16 | 2 nd GPFI Plenary Meeting | Jeddah |
| | 17 | 2 nd GPFI Forum | Jeddah |
| July 2020 | 16–17 | 4 th Finance and Central Bank Deputies Meeting (FCBD) | Jeddah |
| | 18–19 | 3 rd Finance Ministers and Central Bank Governors (FMCBG) | Jeddah |
| October 2020 | 13 | 3 rd GPFI Plenary Meeting (informal, to be confirmed) | Washington, DC |
| | 15 | 5 th Finance and Central Bank Deputies Meeting (FCBD) | Washington, DC |
| | 15–16 | 4 th Finance Ministers and Central Bank Governors (FMCBG) | Washington, DC |
| November 2020 | 21–22 | Leaders' Summit | Riyadh |



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