

# G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs

SAUDI ARABIA G20 PRESIDENCY

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Realizing  
Opportunities  
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for All



Global Partnership  
for Financial Inclusion

# G20 High-Level Policy Guidelines

on Digital Financial Inclusion for Youth,  
Women and SMEs



**GPI**

Global Partnership  
for Financial Inclusion

## Acknowledgements

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This document builds on the supporting reports produced for the G20 GPI under the Saudi Arabia G20 Presidency: "Advancing the Digital Financial Inclusion of Youth" by OECD; "Advancing Women's Digital Financial Inclusion" by the Better Than Cash Alliance, Women's World Banking and the World Bank Group; and "Promoting Digital and Innovative SME Financing" by the World Bank Group.

The G20 GPI Saudi team led by Haitham Al Ghulaiga and comprised of Alia Kabbani, Hamad Aljaad, Hamad Alrushaid, Hettaf AlQattan, Saud AlBarrak, and Sundos Altwaijri would like to thank the authors of the supporting reports that were produced in 2020 for the G20 GPI under the Saudi Arabia G20 Presidency. These reports are as follows:

- "Advancing the Digital Financial Inclusion of Youth" – the team of authors led by Flore-Anne Messy and comprised of Miles Larbey, Adele Atkinson, and Bianca Isaincu from the OECD.
- "Advancing Women's Digital Financial Inclusion" – the team of authors comprised of Ruth Goodwin-Groen, Better Than Cash Alliance – United Nations Capital Development Fund; Leora Klapper, World Bank; Margaret Miller, World Bank; and Andy Woolnough, Women's World Banking.
- "Promoting Digital and Innovative SME Financing" – the team of authors led by Ghada Teima, and comprised of Miguel Soriano, Luis Maldonado, Volha Monfiston; in partnership with Matthew Gamser, the SME Finance Forum.

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## Foreword



### Her Majesty Queen Máxima of the Netherlands

UN Secretary-General's Special Advocate for Inclusive Finance for Development  
Honorary Patron of the G20 GPFI

As the Honorary Patron of the G20 GPFI for almost the last decade, I have witnessed the rapid improvement in financial inclusion. Today, around 70 percent of all adults have a financial account - an increase of 1.2 billion adults in the last eight years alone.

Digital financial inclusion matters because of its power to improve people's lives. It is not an end in itself. Rather, it is a means to create jobs, take part in an increasingly digital economy, support SMEs to thrive, and empower women and youth. However, our work as a global community is not yet finished.

We have 1.7 billion people without any access and many more use products not well designed to meet their needs. Particularly, there is still much to do in serving hard-to-reach segments - women, young people, and SMEs. Globally, there continues to be a persistent 7 percent gender gap in access to financial

service with 1 billion women financial excluded. Almost half of the world's youth are without formal financial services and there is an estimated SME financing gap of USD 5 trillion.

Harnessing digital and innovative technologies presents our best chance to reach them by scaling quickly with enabling policies and pieces of infrastructure to reach the underserved. The G20's 2020 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women, and SMEs provides a robust set of considerations for public and private sector leaders to spur innovation and set targets. Building on the G20's 2016 High Level Principles for Digital Financial Inclusion, the guidelines are based on emerging global best practices.

They promote: (i) building enabling and resilient digital infrastructure that supports innovation; (ii) taking account of the needs of underserved women, youth, and SMEs; (iii) reforming regulations and laws to support a more inclusive digital financial ecosystem; (iv) identifying digital opportunities to advance financial inclusion while mitigating potential risks; and (v) ensuring targeted digital and financial literacy initiatives and appropriate consumer and data protection.

These guidelines are a helpful resource for those of us working to increase financial inclusion. I would congratulate this year's G20 Presidency and the GPFI for their high-quality output. The COVID-19 outbreak makes the next steps of moving from recognizing solid policy guidelines to actions even more important. Especially given the potential for digital financial service to help mitigate economic downturns and aid recovery. I hope governments, businesses, and development champions will utilize the guidelines as we redouble our efforts to deepen financial inclusion and share our insights in this challenging time.



## List of Abbreviations and Acronyms

<b>2030 Agenda</b>	2030 Agenda for Sustainable Development
<b>AFI</b>	Alliance for Financial Inclusion
<b>AML/CFT</b>	Anti-Money Laundering / Combating the Financing of Terrorism
<b>BTCA</b>	Better than Cash Alliance
<b>CGAP</b>	Consultative Group to Assist the Poor
<b>GPI</b>	G20 Global Partnership for Financial Inclusion
<b>FIAP</b>	G20 Financial Inclusion Action Plan
<b>FinTech</b>	Financial Technology
<b>G20</b>	Group of 20
<b>HLPs</b>	G20 High-Level Principles for Digital Financial Inclusion
<b>HLPGs</b>	G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women, and SMEs
<b>IAIS</b>	International Association of Insurance Supervisors
<b>IFAD</b>	International Fund for Agricultural Development
<b>IFC</b>	International Finance Corporation
<b>IMF</b>	International Monetary Fund
<b>INFE</b>	International Network on Financial Education
<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>INFE</b>	International Network on Financial Education
<b>SDGs</b>	Sustainable Development Goals
<b>SME</b>	Small and Medium Enterprises
<b>SSBs</b>	Standard-Setting Bodies
<b>UNSGSA</b>	United Nations Secretary General's Special Advocate
<b>WBG</b>	World Bank Group



# **G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs**

## Executive Summary

**The Global Partnership for Financial Inclusion (GPI) under the Saudi Arabia G20 Presidency focuses on “harnessing digital and innovative technologies to boost the financial well-being of youth, women and SMEs.”** This focus is guided by the G20 Presidency theme “Realizing Opportunities of the 21st Century for All” and its aims of ‘Empowering People’ and ‘Shaping New Frontiers.’ The “G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs” (HLPGs) provides sets of featured policy options targeting financial inclusion gaps for Youth (subject to child protection frameworks where relevant), Women, and SMEs through digital financial services in order to reach conditions in which all people can live, work, and thrive; as well as utilize and share benefits of innovations and digitalization. The G20 High-Level Policy Guidelines are supported by three reports; (1) Advancing the Digital Financial Inclusion of Youth; (2) Advancing Women’s Digital Financial Inclusion; and (3) Promoting Digital and Innovative SME Financing. The supporting reports emphasize the importance of fostering responsible finance through increased access to digitally enabled financial services, and as well as addressing relevant cross-cutting issues, including financial consumer protection and financial literacy.

**The G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs provide indicative and non-binding policy guidance for national-level authorities,** building on the G20 High-Level Principles for Digital Financial Inclusion (2016). These high-level policy guidelines are relevant to public- and private-sector entities seeking to take full advantage of the opportunities from digital technologies to advance financial inclusion. An enabling and resilient digital infrastructure that provides affordable access to financial products and services is essential. Policymakers and other stakeholders should consider the particular needs of underserved youth, women, and SMEs, assisted by access to disaggregated data and consultation with relevant stakeholders for the most effective policy design. Where relevant, regulatory and legal reforms could be considered, to support a more inclusive digital financial ecosystem that promotes responsible innovation whilst also addressing disparities in access due to socioeconomic and cultural inequalities, as well as barriers to economic empowerment. Whilst identifying the opportunities of digital financial services to advance financial inclusion, it is also important to address and mitigate the potential risks, particularly for those who are in vulnerable groups. It is essential to ensure that appropriate financial consumer and data protection and privacy are balanced along with digital financial and digital literacy initiatives.

**The COVID-19 outbreak has amplified the critical need for digital access to affordable financial products and services for individuals and for access to essential financial resources by SMEs experiencing challenging economic conditions.** As governments around the world have responded to the health, social, and economic effects of the COVID-19 pandemic, digitalization is important to ensure continuity of access to financial services and sustaining remittance flows in order to minimize economic disruption and mitigate the social and economic impacts of the pandemic, both in terms of the immediate response and long-term implications. The G20 High-Level Policy Guidelines can encourage national authorities to further promote digital financial inclusion and consumer protection even under the current challenging environment.



# G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women, and SMEs (At a Glance)



## Promoting an Enabling, Resilient and Responsible Digital Financial Infrastructure and Ecosystem

### HPLG1

Promote a competitive environment for banks and non-banks and support the development of a widely accessible, secure and responsible digital infrastructure and interoperable payment systems.

### HPLG2

Encourage the availability and affordability of tailored digital financial products, while addressing the need for AML/CFT safeguards and the necessary customer due-diligence measures and digital-identity systems



## Promoting Responsible and Inclusive Policy Making

### HPLG3

Improve the availability and accuracy of disaggregated data with regards to access to and the use of financial products and services.

### HPLG4

Support the adoption of targeted policies and initiatives in national strategies.



## Promoting Inclusive Growth through an Enabling Regulatory Framework for Responsible Digital Financial Services

### HPLG5

Support regulatory and legal reforms that reduce unequal access to responsible digital financial services, which results from social, economic, and cultural inequalities.

### HPLG6

Consider developing a regulatory framework that supports responsible innovation in private and public sectors.



## Promoting Digital and Financial Literacy and Capability, and Supporting Financial Consumer and Data Protection against Potential Risks

### HPLG7

Enhance financial, business and digital literacy and capabilities through targeted interventions and by leveraging technology.

### HPLG8

Support financial consumer protection measures, including data protection, that address the needs of youth, women and SMEs.



## G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs

The G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs provide sets of indicative and non-binding policy guidelines for consideration by national authorities. While identifying the opportunities of digital financial services that support financial inclusion, it is also important to address and mitigate related potential risks (e.g., AML/CFT, cybersecurity, and financial stability). Assessing these risks and putting forward related mitigating measures are the remit of national and international regulators, standard-setting bodies and other working groups (e.g., FSB, FATF). These guidelines herein are not binding, and do not supersede and/or otherwise impact the work of the standard-setting bodies and/or national authorities.

**The G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women, and SMEs are centered around four key policy areas:**

- I. Promoting an enabling, resilient and responsible digital financial infrastructure and ecosystem;
- II. Promoting responsible and inclusive policy making;
- III. Promoting inclusive growth through an enabling regulatory framework for responsible digital financial services; and
- IV. Promoting digital and financial literacy and capability, and supporting financial consumer and data protection against potential risks.

The High-Level Policy Guidelines have been informed by the supporting reports, that are specific to addressing the needs of youth, women and SMEs. These reports provide a range of featured policy options that are specific for each group, and are used as examples to showcase the relevance of the High-Level Policy Guidelines in addressing the needs of youth, women and SMEs.

## I. PROMOTING AN ENABLING, RESILIENT AND RESPONSIBLE DIGITAL FINANCIAL INFRASTRUCTURE AND ECOSYSTEM

### **HLPG1: Promote a competitive environment for banks and non-banks and support the development of a widely accessible, secure and responsible digital infrastructure and interoperable payment systems.**

Affordable and responsible digital financial services, provided in the context of a robust infrastructure, can create a widely accessible digital financial infrastructure to promote financial inclusion for youth, women and SMEs. Innovation can be promoted through a competitive environment to enable the widening of access to digital financial services and the development of a resilient and reliable digital financial infrastructure. A digital financial services infrastructure can include the use of mobile phone and internet enabled devices, as well as new technologies provided by public and private sectors, digital products and services, and digital distribution channels. As part of building a digital financial services infrastructure, it is also important to develop resilient and interoperable payment systems, since electronic payments are in many cases the entry point for using digital financial services. Key to building an inclusive digital payments system is interoperability – the ability to send money to or receive it from another person even if the other party uses a different payment service provider.

### **Featured Policy Options:**



#### **Youth**

- Support an enabling and resilient environment for responsible digital financial services, including trustworthy and secure digital identity system, to facilitate youth financial inclusion. (Policy Option 1.4)



#### **Women**

- Facilitate women’s universal ownership of mobile phones. (Policy Option 2.2)



#### **SMEs**

- Support robust, safe, efficient, and widely accessible digital payment systems and create incentives for merchants and SMEs to accept and for consumers to use them. (Policy Option 3.8)
- Create the conditions that encourage bank-Fintech partnerships that may lower costs, strengthen financial inclusion, and/or improve the quality of financial products and services for SMEs. (Policy Option 3.9)

**HPLPG2: Encourage the availability and affordability of tailored digital financial products, while addressing the need for AML/CFT safeguards and the necessary customer due-diligence measures and digital-identity systems.**

The development of secure and robust digital identity systems and digital ID credentials can promote financial inclusion and improve access to digital financial services. Trustworthy digital ID - which is technically reliable and subject to appropriate and effective governance, privacy, protections, and inclusiveness safeguards - is a critical driver for obtaining digital financial services. There is a need for digital identity solutions in a digital financial services context where traditional customer verification tools cannot be applied for identifications and verifications to perform customer due diligence. A secure digital identity system may help allow youth, women and SMEs to fully participate in the digital economy, while protecting the financial system from the threats of money laundering and the financing of terrorism. Access to digital financial services can also be a powerful enabler for financial inclusion, through improving the availability and affordability of tailored digital financial products.

**Featured Policy Options:**



**Youth**

- Support and promote youth-friendly design of digital financial products. (Policy Option 1.5)



**Women**

- Support making official identity systems and documents universally accessible to all women and girls. (Policy Option 2.1)



**SMEs**

- Encourage a trustworthy, robust, and secure digital identity system for individuals and SMEs. (Policy Option 3.3)

## II. PROMOTING RESPONSIBLE AND INCLUSIVE POLICY MAKING

### **HLPG3: Improve the availability and accuracy of disaggregated data with regards to access to and the use of financial products and services.**

The increased use of technology in digital financial services and digitized transactions may drive improvements in responsible data-collection processes, availability, and quality of data from both financial services providers and from a wider variety of alternative data sources. Responsible use of these data may lead to innovative approaches in providing digital financial services that meet the specific needs of youth, women and SMEs, through product design and marketing. Digital footprints and alternative data may also be used to improve the availability and accuracy of credit information to support the assessment of the credit worthiness of youth, women and SMEs to improve access to responsible digital financial services for new customers with a limited financial history. Such innovations should be consistent with applicable laws and good practices related to consumer and data protection. This will allow policymakers and financial service providers to collect and use disaggregated financial inclusion data, which can inform evidence-based policymaking.

### **Featured Policy Options:**



#### **Youth**

- Consider the collection and use of anonymized youth-specific financial inclusion data. (Policy Option 1.2)



#### **Women**

- Support work towards financial institutions providing anonymized sex-disaggregated data as part of reporting requirements, make these data available publicly, and use these data to address the needs of women in product design and/or marketing. (Policy Option 2.10)



#### **SMEs**

- Improve the availability and accuracy of SMEs information, expand credit information sharing, and enable responsible cross-border data exchanges. (Policy Option 3.4)



#### **HLPG 4: Support the adoption of targeted policies and initiatives in national strategies.**

Policymakers can adopt policies explicitly aimed at increasing financial inclusion for youth, women and SMEs as part of national strategies. This will help in expanding inclusive access to financial services through national initiatives and commitments. Policies can be designed to improve access to and use of digital finance, by taking a comprehensive, inclusive approach that involves all relevant stakeholders, including representation from targeted groups, the public sector, and the private sector. Through promoting the participation of youth, women and SMEs in policy-making and reducing social, economic and institutional barriers to their participation, a more diverse range of views can be represented in policy design to meet the needs of youth, women and SMEs. National strategies may also include government initiatives such as providing government payments through digital financial channels.

#### **Featured Policy Options:**



##### **Youth**

- Integrate youth voices in policymaking and program design related to youth digital financial inclusion, whenever possible. (Policy Option 1.1)
- Support coordination of strategic efforts across stakeholders and encourage cooperation between public and private sectors where appropriate, aimed at advancing youth digital financial inclusion. (Policy Option 1.6)



##### **Women**

- Support mechanisms for enabling government payments to women to be directly deposited into digital accounts that are easily accessible and under the women's control, allowing a range of digital financial transactions including payments to governments as well as firms. (Policy Option 2.4)
- Encourage and provide appropriate incentives for financial service providers that may increase the representation of women working in financial institutions and financial access points and in decision-making positions. (Policy Option 2.8)
- Support national financial inclusion strategies that address both women's and men's experiences and needs in all aspects. (Policy Option 2.9)



##### **SMEs**

- Ensure that the necessary technology infrastructure/technology stack, digital hardware and digital products and services are accessible to SMEs through a national digital transformation strategy. (Policy Option 3.1)

### III. PROMOTING INCLUSIVE GROWTH THROUGH AN ENABLING REGULATORY FRAMEWORK FOR RESPONSIBLE DIGITAL FINANCIAL SERVICES

#### **HPLPG5: Support regulatory and legal reforms that reduce unequal access to responsible digital financial services, which results from social, economic and cultural inequalities.**

Regulatory and legal reforms can support more inclusive digital financial services and promote responsible innovation. Creating a level regulatory playing field will also ensure a healthy competitive environment. Promoting financial inclusion is linked to reducing access disparities due to socioeconomic and cultural inequalities. Specific regulatory or legal reforms could be considered in country specific contexts to target specific inequalities. However, it is also important to ensure that appropriate access restrictions are considered to protect vulnerable people such as young people from financial harm.

#### **Featured Policy Options:**



##### **Youth**

- Consider economic, social, cultural, gender and religious factors that may affect availability and accessibility of financial products for youth. (Policy Option 1.3)
- Review blanket regulatory requirements relating to age to ensure they remain appropriate. (Policy Option 1.8)



##### **Women**

- Reform discriminatory laws and take actions to promote women's full economic and financial participation. (Policy Option 2.7)



##### **SMEs**

- Promote a level playing field to ensure that the benefits of e-commerce and the sharing economy result in an inclusive growth for SMEs. (Policy Option 3.10)

#### **HPLPG6: Consider developing a regulatory framework that supports responsible innovation in private and public sectors.**

In order to achieve the benefits of digital financial services and mitigate the associated risks, appropriate regulatory framework should be in place. The regulatory framework should be designed to encourage responsible digital financial services and innovation and, to widen access for youth, women and SMEs who are financially excluded, as well as to maintain financial stability, resilience and competition. A compatible regulatory framework that reflects the innovation in digital financial services and promotes interoperability of payments systems should be in place. Regulators should consider taking appropriate, risk-based regulatory approaches that support responsible innovation in the financial sector, taking into account such standards as those noted in the FSB Compendium.

## Featured Policy Options:



### **Youth**

- Support an enabling and resilient environment for responsible digital financial services, including trustworthy and secured digital-identity systems, to facilitate youth financial inclusion. (Policy Option 1.4)



### **Women**

- Promote efforts for deploying infrastructure and protocols for government digital payments to women that are competitive and interoperable with private-sector payment systems. (Policy Option 2.3)

### **SMEs**



- Define a risk-based regulatory framework that encourages responsible innovation and aligns with the core mandate of maintaining financial stability, financial sector integrity and market competition. (Policy Option 3.2)

## IV. PROMOTING DIGITAL AND FINANCIAL LITERACY AND CAPABILITY, AND SUPPORTING FINANCIAL CONSUMER AND DATA PROTECTION AGAINST POTENTIAL RISKS

### **HPLPG7: Enhance financial, business and digital literacy and capabilities through targeted interventions and by leveraging technology.**

Financial literacy can empower youth, women and SMEs by providing them with an understanding of the benefits and risks of using financial services; ensure they are aware of their rights and responsibilities as financial consumers; and build digital capabilities. Financial literacy is a combination of the awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and achieve individual financial well-being. Strategies to enhance financial, business and digital literacy and capabilities should leverage technology and be targeted to address specific challenges and issues for youth, women and SMEs.

### **Featured Policy Options:**



#### **Youth**

- Leverage technology to promote financial and digital literacy of young people. (Policy Option 1.9)



#### **Women**

- Leverage technology and behavioral insights to strengthen women's digital skills and financial capability. (Policy Option 2.5)



#### **SMEs**

- Support strategies to promote the financial, business and digital capability of SMEs. (Policy Option 3.5)

### **HPLPG8: Support financial consumer protection measures, including data protection, that address the needs of youth, women and SMEs.**

Financial consumer protection including data protection, and privacy measures are essential to minimize the risks associated with accessing digital financial services particularly for individuals with limited financial experience. Effective financial consumer protection policies should be in place, adapted to the digital environment, as necessary. Comprehensive financial consumer protection considerations could include requirements to disclose product prices and terms in clear language and appropriate measures to ensure cybersecurity and data privacy.



## Featured Policy Options:



### **Youth**

- Consider the needs, risks and vulnerabilities of youth in the digital environment in the context of financial consumer and data protection approaches. (Policy Option 1.7)



### **Women**

- Support comprehensive consumer protections that address women's needs, including requirements to disclose product prices and terms in clear language and appropriate measures to ensure data privacy and security. (Policy Option 2.6)



### **SMEs**

- Minimize the risks associated with the digitalization of SMEs, particularly by ensuring data protection and privacy rights and adequately managing cybersecurity risks. (Policy Option 3.6)
- Ensure the responsible use of alternative data, consistent with applicable laws and good practices related to consumer protection, and remain vigilant to potential financial stability risks. (Policy Option 3.7)




## G20 Policy Options on Digital Financial Inclusion for Youth, Women and SMEs

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The G20 High-Level Policy Guidelines (HLPGs) are focused on three main segments: youth, women and SMEs. In order for the HLPGs to capture the specific areas that need to be addressed by policy makers, extensive desk-based research was conducted as well as data and information gathered through stocktake exercises and surveys.

The supporting reports emphasized the importance of fostering responsible finance through increased access to digitally enabled financial services as well as addressing relevant cross-cutting issues, including financial consumer protection and financial literacy.

**The three reports concluded with a set of policy options, featured in this G20 High-Level Policy Guidelines document under the following sections:**

-  **1. Advancing the Digital Financial Inclusion of Youth**
-  **2. Advancing Women's Digital Financial Inclusion**
-  **3. Promoting Digital and Innovative SME Financing**



# 1

## G20 Policy Options for Advancing the Digital Financial Inclusion of Youth

## 1. G20 Policy Options for Advancing the Digital Financial Inclusion of Youth

Young people are one of the key groups identified in the 2017 FIAP for financial inclusion support to ensure that economic growth serves the needs of all. There are 1.2 billion young people (aged 15-24 years) around the world. Digital developments offer a significant opportunity to advance the financial inclusion of young people in particular. Young people adopt new technologies quickly, when given the opportunity to do so. Globally, 71% of young people use the Internet and one in three internet users around the world is under the age of 18; children have access to mobile phones, sometimes from as young as seven. Basic mobile phones enable access to simple digital financial services, such as mobile money and accounts, mobile payments, mobile savings, or digital credit. Smartphones can offer access to more sophisticated financial services and products. Concurrently, a persistent gender divide in the use of technologies make girls and young females less likely to reap the benefits of such technologies.

Factors such as these may be leveraged in a number of ways to promote accessible and appropriate digital financial products and services for young people. Of the 1.2 billion young people in the world, almost half of them are currently financially excluded, and so the opportunities are significant. While digitalization itself cannot solve all the underlying causes of financial exclusion, access to digital financial services, can be a powerful enabler for young people's financial inclusion. At the same time, such access needs to be considered within the broader context of child protection frameworks, and be accompanied by financial and digital literacy as well as appropriate financial consumer protection, to manage risks and ensure meaningful wellbeing and empowerment of young people.

Affordable digital financial services, provided in the context of a robust infrastructure, play a critical role in overall financial resilience. This has been amply demonstrated, for example, within the current context, as governments around the world respond to the health, social and economic effects of the COVID-19 pandemic, digital access to financial products and services is important.

There are nine policy options for advancing youth financial inclusion through digitalization. Advancing digital financial inclusion of young people requires concerted efforts and a multi-stakeholder approach. Depending on country context and other factors, a range of multi-pronged solutions may be implemented by public and private stakeholders to advance the digital financial inclusion of youth.

### A. Support an inclusive and evidence-based approach to advancing youth digital financial inclusion

**Featured Policy Option 1.1: Integrate youth voices in policymaking and program design related to youth digital financial inclusion, whenever possible.**

It is important to ensure that youth voices are informed and heard in policy development relating to supporting youth digital financial inclusion, and that young people are appropriately engaged in program design.



There are several levels of youth participation, ranging from provision of information, youth consultations, collaboration, and involvement in decision-making<sup>1</sup>. Information is typically limited to communication strategies, while different forms of consultation and collaboration demonstrate that policy makers recognize and value the opinions of young people. Policy makers should encourage participation from a range of youth voices (including gender), consider the interests of marginalized groups, and encourage participation of advocacy or interest organizations representing these groups (for example youth from low-income communities). Youth-centred participation should be “transparent, informative, voluntary, respectful, relevant, inclusive and accountable.”<sup>2</sup>

**Featured Policy Option 1.2: Consider the collection and use of anonymized youth-specific financial inclusion data.**

Collecting, using, and making publicly available data on the supply and demand of financial products and product-use by youth would be beneficial to inform evidence-based policymaking. At the same time, such data collection should not include personal data of youth (except where appropriate consent has been obtained). The Global Findex produced by the World Bank is the primary international database on financial inclusion and provides useful insights on demand side data for youth. Policy makers should consider whether digital financial inclusion data collected at a national level may be disaggregated by age to include youth (15-24 years) and adults (25+) and sex (male/female). Where possible, data disaggregated by income level should be collected as well, as it could provide useful information on the composition of digital divide or insights on how to reach low-income youth/youth from low-income households. Specific examples may include the percentage of the youth population with mobile/digital accounts; the percentage of active youth users of mobile/digital accounts; the types of transaction performed with mobile/digital account; and financial product ownership and use. In addition to financial inclusion, financial literacy levels of youth should be assessed, when possible by using international comparable measurement instruments such as the optional financial literacy assessment conducted by the OECD as part of the program for International Student Assessment (PISA).

**Featured Policy Option 1.3: Consider economic, social, cultural, gender and religious factors that may affect availability and accessibility of financial products for youth.**

Economic, social, cultural, and religious factors, gender and young people’s personal situations may influence their attitudes and behaviors towards money matters, as well as their access to formal financial services and their propensity to use them. Policy makers should take these factors into account in implementing efforts to support financial inclusion for all young people. Both public and private sectors should consider designing policies, programs, and products for the most marginalised youth (such as those young people living with disabilities) as this may reveal gaps and solutions that might otherwise be over-looked.

Specific interventions could address the needs and risks faced by sub-segments of youth population, in vulnerable or particularly disadvantaged environments, such as rural youth, youth without access to digital means, unemployed youth, young females, youth with lower access to education, youth working in the informal sector, youth with disabilities, or youth refugees. When possible, financial inclusion and financial literacy consideration should be integrated into broader youth empowerment, youth entrepreneurship and youth employment training programs.

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17. G20 HPLG on Digital Financial Inclusion for Youth, Women and SMEs



## **B. Enable inclusive, resilient, interoperable digital financial ecosystems that support youth financial inclusion**

### **Featured Policy Option 1.4: Support an enabling and resilient environment for responsible digital financial services, including trustworthy and secure digital identity systems, to facilitate youth financial inclusion.**

An enabling and resilient environment for digital financial inclusion will benefit access to financial services by the entire population and may have positive effects on youth financial inclusion in particular. Examples of possible actions may include: the development of robust and resilient digital infrastructure that allows for easier access and affordable usage of the internet and mobile devices, including in remote locations; digital identification registration that is accessible to all children and youth; interoperable digital payments infrastructure for government payments for young people (for example, government allowances, student loans, scholarships, social support benefits); risk-based KYC for youth; or the use of alternative data sources to enhance the evaluation of creditworthiness of youth entrepreneurs.

### **Featured Policy Option 1.5: Support and promote youth-friendly design of digital financial products.**

Policy makers could work with financial services providers to encourage the development of products and services that cater to the needs and preferences of young people. These could include further innovation in relation to savings products; payment products; student loans; credit for young entrepreneurs; insurance and retirement products. Youth-friendly products may be designed in consultation with youth, be based on thorough market research and on the principle of customer centricity, and include simple and attractive user interfaces, behaviorally-informed functionalities (such as nudges to encourage responsible financial behavior and savings) and considerations in relation to youth preferences, youth working patterns including participation in the gig economy and religious beliefs (e.g. Sharia compliant products).

### **Featured Policy Option 1.6: Support coordination of strategic efforts across stakeholders and encourage cooperation between public and private sectors where appropriate, aimed at advancing youth digital financial inclusion.**

Advancing digital financial inclusion of young people is more effective when efforts from a diverse range of stakeholders are coordinated, such as government agencies, financial regulatory authorities, financial services providers, Fintech companies, educational institutions as well as young people themselves and their parents. Youth may be identified as one of the main target groups in national strategies for financial inclusion, financial education, entrepreneurship, or other relevant national strategies (such as financial sector development, etc.), depending on countries' national contexts and priorities.

## **C. Support appropriate protections for financial and digital youth empowerment**

### **Featured Policy Option 1.7: Consider the needs, risks and vulnerabilities of youth in the digital environment in the context of financial consumer and data protection approaches.**

Appropriate levels of financial consumer and data protection are essential for safe interaction of young people with digital financial services, especially given the risks to which they may be exposed online and given their

limited financial experience. Young people are vulnerable to risks such as misleading advertising and mis-selling, scams such as identity theft, or over-indebtedness, amongst others. Policy makers should consider the needs and vulnerabilities of youth in the digital environment in the broader context of financial consumer and data protection approaches (including data privacy). Similarly, issues relating to the collection and use of data of young people, especially those below the legal age of maturity, should be considered within the context of data protection frameworks, either existing or to be developed in the context of national circumstances.

**Featured Policy Option 1.8: Review blanket regulatory requirements relating to age to ensure they remain appropriate**

Access restrictions based on age perform an important role in protecting young people from financial harm. For example, it is important to ensure that appropriate age limits apply and are enforced with regards to things such as buying lottery tickets or gambling through mobile apps or accessing credit.

Depending on specific local circumstances, it may be appropriate to review from time to time, blanket age-related regulatory requirements, where they exist, that restrict young people's access to all financial products and consider whether particular exemptions may be appropriate, for example in situations where young people are already in the labor force. Basic savings accounts or payment products may be useful for some young people for example and could support the formation of positive financial behavior. Many digital payment and savings products include functionalities that allow parents to set spending limits, monitor their child's spending and saving behavior, select merchants and so on. Any review of age-based requirements should be undertaken extremely carefully ensuring that young people are not exposed to inappropriate risks and that the role of parents and guardians is properly considered. Additionally, any changes to age-based requirements should be accompanied by appropriate financial consumer protection, to ensure mismatches between rights and liabilities are addressed.

**Featured Policy Option 1.9: Leverage technology to promote financial and digital literacy of young people**

Financial literacy is defined as "a combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing". Low levels of financial literacy are closely correlated to financial exclusion of young people. As such, financial education, can empower young people, provide them with an understanding of the benefits and risks of using financial services, and ensure they are aware of their rights and responsibilities as financial consumers.

It is important for children and young people to have access to high quality education in their early (primary) years, to gain literacy, numeracy, and social-emotional skills. These are foundational skills that underscore future learning as well as the possibility of understanding and applying financial concepts. Alongside, and where possible, financial education should be integrated in school curricula from a young age, which is recognised as one of the most efficient ways to reach a whole generation and reduce digital divides and inequalities related to socio-economic backgrounds.<sup>4</sup> Online learning is an increasing component of school life, regardless of the underlying subject and digital education may reduce digital divides. In order to reap the benefits of online learning, accessibility to digital tools should be secured.

Financial and digital education may also be provided through other delivery methods, such as extra-curricular activities, online, through peer education and counselling, using social media platforms, games and others. Financial education programs should be built considering youth's developmental stages and life cycle events, gender, and the multitude of factors that may influence youth's financial skills development, such as social environment, parental and peers influence or direct experience<sup>5</sup>.



## 2 G20 Policy Options for Advancing Women's Digital Financial Inclusion



## 2. G20 Policy Options for Advancing Women's Digital Financial Inclusion

Digital financial services have expanded opportunities for millions of women across the globe. Over 240 million more women now have an account with a financial institution or mobile money service, compared to 2014<sup>6</sup>. Through this increased engagement in the formal economy, women's resilience to financial, economic and health shocks, is improving<sup>7</sup>. However, there remains much work to do to achieve gender equality<sup>8</sup> in financial services. Approximately 1 billion women do not have formal financial services, due to persistent barriers in access to identification documents, mobile phones, inappropriate products, digital skills, financial capability and more<sup>9</sup>.

These challenges are compounded by laws and norms that can undermine a woman's right to participate in the labor force, control assets, establish and access funding to grow formal businesses and, ultimately, make her own economic decisions. Compared to men, women are more likely to be poor, and less likely to have a job, and more likely to work in the informal economy.

Women's economic participation is still unequal in both advanced and emerging economies, and they are found to be disproportionately affected by the COVID-19 crisis. Thus, prioritization for women should be reflected in policy and programmatic responses. This includes efforts to support women's financial resilience as they are impacted by and recover from COVID-19 and the associated economic challenges.

The ten policy options summarized here, are all based on empirical evidence and experience across countries. They address the three main categories of barriers to accessing financial services for women and girls – lack of access to the basic requirements for financial inclusion, limited digital financial infrastructure, and unequal laws and regulations. The featured policy options to advance women's digital financial inclusion provide guidance for national, regional, and global stakeholders that can help close the gender gap in financial inclusion, empower women and strengthen economies.

### A. Strengthen access to DFS and mobile money accounts.

**Featured Policy Option 2.1: Support making official identity systems and documents universally accessible to all women and girls.**

Having an official and valid identification (ID) (either documentary or digital) is often a requirement for obtaining regulated financial and mobile services. Globally, one in five unbanked women say a lack of ID is one of the reasons they do not have an account. Countries should work toward removing barriers to women's access to official ID and eliminate policies that impose extraneous conditions on adult women using ID to access financial services, such as requirements to provide identity documentation for a related male (husband or guardian) as well as their own. Trustworthy digital ID—i.e., digital ID that is both technically reliable and subject to appropriate and effective governance, privacy, civil rights, and inclusiveness safeguards—is a critical driver for obtaining DFS and can prove easier too.

**Featured Policy Option 2.2: Facilitate women’s universal ownership of mobile phones.**

Financial services increasingly depend on access to technology, such as mobile phones, tablets, computers, and other devices to access DFS, and a reliable electricity grid. Mobile phones provide a channel for rapid expansion of digital financial inclusion, since many of those who lack access to formal finance have a phone. However, a gender gap in mobile phone ownership exists in many countries. Public policies can be instrumental in closing the gender gap in access to mobile phones and in driving phone device and internet affordability for women. For example, official digital ID data should be made readily available to women and allowed to be used to verify the information required for SIM card registrations, so that obtaining an official ID also provides the means to owning a mobile phone.

**B. Enable inclusive, interoperable digital financial payments services that contribute to gender equality and help build a trustworthy, robust digital financial system.**

**Featured Policy Option 2.3: Promote efforts for deploying infrastructure and protocols for government digital payments to women that are competitive and interoperable with private-sector payment systems.**

Keys to building an inclusive digital payments ecosystem are competition and interoperability – the ability to send money to or receive it from another person even if they use a different financial service provider. Interoperability is good for all users of financial services but might be especially advantageous for women, since they are typically less likely than men to have multiple phones and SIM cards that would support sending/receiving funds via separate payment systems that are not interoperable. Interoperability between mobile money and bank accounts could also make savings accounts more accessible to women. Governments should also promote competition for digital financial products and services and implement global good practices to support competition and consumer choice. When financial service providers—whether banks, mobile network operators (MNOs), microfinance institutions or financial technology companies—face meaningful competition, they have greater incentive to tailor financial products for women and girls and provide better customer service<sup>10</sup>.

**Featured Policy Option 2.4: Support mechanisms for enabling government payments to women to be directly deposited into digital accounts that are easily accessible and under the women’s control, allowing a range of digital financial transactions including payments to governments as well as firms.**

Millions of unbanked women globally receive regular cash payments from their governments—and digitizing of these payments is a proven way to help boost financial inclusion. For example, 140 million women globally opened a first account specifically to receive government payments, including public sector wages, pensions, and social benefits. Shifting to direct digital deposits of government payments, delivered responsibly<sup>11</sup>, offers women greater privacy and control over their money, i.e. not by their husbands or other male family members, contributing to her and her family’s financial security. Accounts should be designed for women to use for savings and digital payments. Governments should also encourage the private sector to pay digital wages to workers. Digital transaction history can be used as an alternative source of data to prove creditworthiness, which could be especially relevant for women,<sup>12</sup> who are less likely than men to have physical assets they can use as loan collateral.



### **Featured Policy Option 2.5: Leverage technology and behavioral insights to strengthen women's digital skills and financial capability.**

There are many potential benefits for women from access to, and use of, DFS; At the same time, there are also risks which need to be managed. Women consumers of DFS need the digital skills and confidence to engage with technology and make financial decisions that will promote their welfare and help them avoid financial fraud, in the context of their local community and socio-economic conditions. Technology can create opportunities to reduce costs with targeted and timely interventions that can improve decision-making and financial behaviors. For example, text messages, social media, and entertainment (games, videos, and broadcast programs) can deliver useful, targeted information cost-effectively, using a range of technology from mobile phones and tablets, to radio, TV and the Internet. Financial capability interventions should focus on teachable moments, such as when women are receiving government payments, making financial management decisions or purchasing financial products and services.

### **Featured Policy Option 2.6: Support comprehensive consumer protections that address women's needs, including requirements to disclose product prices and terms in clear language and appropriate measures to ensure data privacy and security.**

Financial consumer protections reduce the risks from digital finance by making it easier to identify whether a given product/service is fit for its intended use, appropriate for the particular consumer's needs, fairly priced, and secure, as well as to compare options, seek redress and ensure women's financial privacy and safety. Global best practice policies can be as simple as requiring providers to clearly state the terms of their products. Clear and easy-to-understand product terms may be especially important for low-income women, given their relatively limited financial experience and capability<sup>13</sup>. It's especially important to ensure that women control any money borrowed in their own name. Effective consumer protection and enforcement on disclosure/ transparency of product pricing can also address the risk of fraud.

## **C. Support efforts to overcome barriers to equal treatment of women embedded in laws, regulations, and institutional norms.**

### **Featured Policy Option 2.7: Reform discriminatory laws and take actions to promote women's full economic and financial participation.**

Studies have consistently found that legal barriers to gender equality correlate with low levels of women's financial inclusion and labor force participation<sup>14 15 16</sup>. Increasing women's economic participation starts with abolishing legal discrimination against women. Removing or amending the laws which give rise to inequalities, and ensuring the reforms are implemented such as those erecting extraneous barriers to opening financial accounts or starting a business, is a straightforward way to support women's financial inclusion.

**Featured Policy Option 2.8: Encourage and provide appropriate incentives for financial service providers that may increase the representation of women working in financial institutions and financial access points and in decision-making positions.**

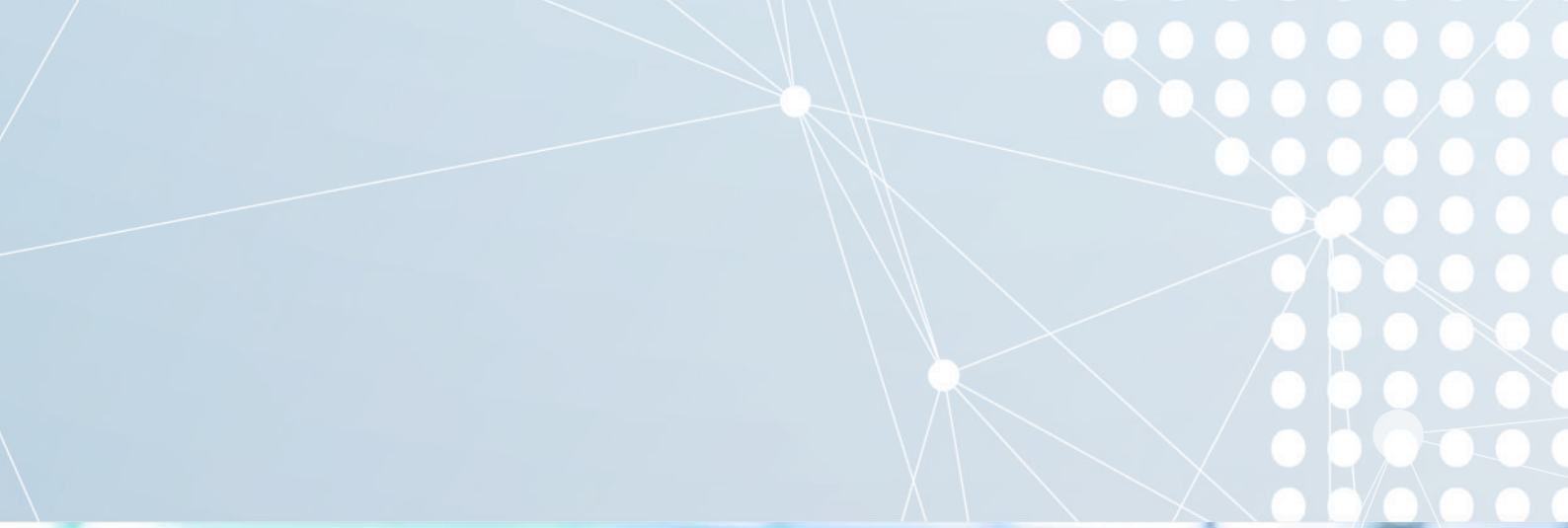
Findings from research in developed and developing countries show the importance of women in client-facing roles in financial services. Evidence from a variety of financial institutions and products suggests that women use financial services more often and effectively when they are served by female bank employees<sup>17 18 19 20</sup>. Research also finds a positive relationship between a higher percentage of female employees and a firm's innovation level, which is critical to design and develop new products for women<sup>21 22</sup>. More women working in client-facing and leadership positions at financial institutions are necessary to attract and retain women customers.

**Featured Policy Option 2.9: Support national financial inclusion strategies that address both women's and men's experiences and needs in all aspects.**

Many governments have adopted policies explicitly aimed at increasing financial inclusion, often referred to as national financial inclusion strategies. These policies can improve access to and use of digital finance, including by women, by taking a comprehensive, inclusive approach that involves all relevant stakeholders in the public sector, the private sector and technology solutions.

**Featured Policy Option 2.10: Support work towards financial institutions providing anonymized sex-disaggregated data as part of reporting requirements, make these data available publicly, and use these data to address the needs of women in product design and/or marketing.**

To improve women's financial inclusion, such as holding an account, accessing credit, or increasing savings, sex-disaggregated data may be needed to create a baseline, establish targets, and monitor progress. Data can also provide insights into which policies are having the greatest impact, or which markets, providers or localities are accelerating progress or lagging behind and need additional support. Data should also be collected on gender diversity in senior management and staff at financial institutions and their access points, such as the number of women loan officers at bank branches and branchless banking agents.



# 3 G20 Policy Options for Promoting Digital and Innovative SME Financing

### 3. G20 Policy Options for Promoting Digital and Innovative SME Financing

SMEs are a major driver of job creation and economic activity in most developing and developed economies. However, lack of access to finance is a critical barrier to growth for SMEs globally. Among the reasons for the estimated USD 5 trillion SME financing gap in emerging economies are higher cost to serve SMEs, information asymmetries, the lack of collateral, and onerous documentation requirements. Recent advances in digital technologies and innovative business models represent a gamechanger that can help close the SME finance gap. Digitalization enables the introduction of new products and services, as well as a wider incorporation of SMEs into the formal economy, which can lead to further opportunities for funding<sup>23</sup>. Digital financial services players are transforming the traditional lending process by automating the underwriting, due diligence, loan servicing and regulatory compliance tasks, making it significantly cheaper, faster, and easier to provide financing to SMEs. New digital technologies can help to close the SME finance gap by enabling smaller firms to tap into alternative sources of funding thanks to the data generated by their digital footprint. SMEs' own digital transformation can reduce their operational costs and increase their productivity. The increasing access to markets and new business models offered to SMEs by e-commerce and the sharing economy, together with data-driven business opportunities derived from data sharing in open banking frameworks, represent key enablers for digitalization.

The finance gap experienced by SMEs makes the economic and social impacts of economic crises more severe and long-lasting. While traditional bank financing will continue to be crucial for the SME sector across all economies, there is a pressing need, through digital financial services, to develop a more diversified set of options for SME financing that can reduce their vulnerability to changes in credit market conditions, strengthen their capital structure, allow them to seize growth opportunities, and boost long-term investment. There are challenges that constrain the full potential that existing technologies could bring to increase SMEs access to finance. The main challenges identified are: low levels of financial, business, and digital literacy; limited internet connectivity and usage; limitations of current regulatory frameworks; lack of adequate data protection; financial and gender exclusion; non-reliable identity frameworks; cybersecurity risks; AML and CFT risks; and obstacles to collaboration between Fintechs and banks. Many of these types of challenges and issues have been assessed in work programs conducted by the Financial Stability Board, standard setting bodies and national authorities. These policy options do not supersede or otherwise impact the work of these authorities and entities.

The COVID-19 outbreak has made access to financial resources by SMEs critical, as SMEs face both a sharp drop in demand and a sudden temporary lockdown of business activity. The emergency is particularly dire for smaller firms, which are typically characterized by limited or small cash reserves and by greater difficulties in accessing finance. As the impact of Covid-19 unfolds, providers of digital financial services can step up to accommodate the increased demand for rapid and innovative solutions that can help small businesses navigate the crisis.

The ten policy options summarized here have been defined to address these challenges and risks of the digitalization of SMEs and to promote a more conducive environment for facilitating SME access to finance through digital technologies<sup>24</sup>. These policy options are general to all types of SMEs, including micro, informal and women-owned firms. The featured policy options identified to promote digital and innovative SME Financing are divided into three core areas: Develop a strong base digital infrastructure; Promote a literate, informed public and provide privacy protection and cyber risk management; and Build open and competitive markets, in which partnerships are encouraged, to accelerate responsible innovation.

24. G20 HPLG on Digital Financial Inclusion for Youth, Women and SMEs



## A. Develop a Strong Base Digital Infrastructure

**Featured Policy Option 3.1: Ensure that the necessary technology infrastructure/technology stack, digital hardware and digital products and services are accessible to SMEs through a national digital transformation strategy.<sup>25</sup>**

SMEs can substantially benefit from digital transformation in terms of greater access to market and customers, lower operational costs and higher productivity, better collaboration with other SMEs, improved communication with their customers, and improved access to financing. Infrastructure and reliable IT equipment, hardware and software are primary requirements for SMEs digitalization. A national plan could also ensure wide SME access to digital infrastructure and basic hardware and software at reasonable prices. Government-initiated efforts occur in the context of market-led economies that rely on private sector-investment, which can be integrated into larger, government-initiated efforts to ease the digital transformation of SMEs. As such infrastructure is not always designed with SMEs in mind (as has been noted for both youth and women earlier), involving SME representatives in the design of digital transformation strategies is recommended.

**Featured Policy Option 3.2: Define a risk-based regulatory framework that encourages responsible innovation and aligns with the core mandate of maintaining financial stability, financial sector integrity and market competition.**

The challenge for policymakers is to take an appropriate, risk-based regulatory approach that supports responsible innovation in the financial sector while serving their core mandate of preserving financial system integrity, protecting consumers, and maintaining financial stability.

**Featured Policy Option 3.3: Encourage a trustworthy, robust, and secure digital identity system for individuals and SMEs.**

A unique official identity may facilitate allowing SMEs to fully participate in the digital economy<sup>30</sup> and to protect the financial system from money laundering and terrorist financing, and other illicit financing abuse. Trustworthy (accurate, reliable, and independent) digital official identity, whether for individuals or entities, enables identity service providers to facilitate SME registration and licensing; facilitates financial institutions' compliance with customer identification/verification and other AML/CFT requirements; and helps mitigate fraud<sup>26</sup>.

**Featured Policy Option 3.4: Improve the availability and accuracy of SME information, expand credit information sharing, and enable responsible cross-border data exchanges.**

One of the reasons for the SME financing gap is the lack of enough financial data to perform traditional credit assessments of SMEs by financial institutions. SMEs are generating a massive digital footprint and data trails in payment platforms, social networks, mobile apps, and other platforms, that could serve as data points for credit decision-making for traditional and non-traditional lenders.

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25. G20 HPLG on Digital Financial Inclusion for Youth, Women and SMEs



## **B. Promote a Literate, Informed Public with Privacy Protection and Cyber Risk Management**

### **Featured Policy Option 3.5: Support strategies to promote the financial, business and digital capability of SMEs.**

The digitalization of SMEs remains low and unequally distributed, mainly due to limited knowledge, reluctance to change processes, and shortage of skilled talent<sup>27</sup>. In certain countries, where women tend to have lower education levels, the lower degree of digital, business, and financial literacy of women-owned SMEs represents an additional challenge.

### **Featured Policy Option 3.6: Minimize the risks associated with the digitalization of SMEs, particularly by ensuring data protection and privacy rights and adequately managing cybersecurity risks.**

The increasing digitalization of SMEs is deepening the digital footprint that they leave behind. SMEs are often willing to share those data if they perceive a value in exchange, and the use of alternative models and advanced analytics provide increasing opportunities for SMEs in gaining access to finance. However, access to SMEs data also brings important challenges in terms of ensuring the responsible use of those data, preserving SMEs' privacy rights, and facing potential threats of cyber incidents<sup>28</sup>.

### **Featured Policy Option 3.7: Ensure the responsible use of alternative data, consistent with applicable laws and good practices related to consumer protection, and remain vigilant to potential financial stability risks.**

FinTech and InsurTech companies have developed, with a mix of traditional financial data and alternative data<sup>29</sup><sup>30</sup>, highly sophisticated credit assessment models to evaluate risk. While some of these models have proved to be highly accurate, concerns arise on their explicability and potential biases<sup>31</sup><sup>32</sup>. Additionally, given that most of these innovative solutions using alternative data to provide financing for SMEs have only emerged during the upside of the economic cycle after 2008, consideration should be given to the fact that they have not yet been stress-tested during recessionary times. This could lead to potential financial stability risks. Such innovations should be consistent with applicable laws and good practices related to consumer protection.

## **C. Build Open and Competitive Markets, in which Partnerships are Encouraged, to Accelerate Responsible Innovation**

### **Featured Policy Option 3.8: Support robust, safe, efficient, and widely accessible digital payment systems and create incentives for merchants and SMEs to accept and for consumers to use them.**

Electronic payments are in many cases the entry point for digital financial services. They have the potential to reduce delivery and transaction costs, increase formality, and generate massive amounts of data that could serve to create a digital footprint. The latter is instrumental for creditworthiness assessment of SMEs through innovative models used by banks, Fintechs, and other players. In order to scale the use of electronic payments on the part of merchants and/or other SMEs, the pricing model needs to be viable, with acceptance fees low enough to incentivize its use.

**Featured Policy Option 3.9: Create the conditions that encourage bank-Fintech partnerships that may lower costs, strengthen financial inclusion, and/or improve the quality of financial products and services for SMEs.**

Banks and Fintechs have globally moved towards a much more collaborative approach. That collaboration is allowing for new business models and innovative financial services, based on the use of SMEs' transactional data. Driven by concerns over data security and privacy, and the reliability of the outcomes provided, some regulators are moving from certain unregulated and unconstrained data collection and use of certain practices, such as screen scrapping, to the mandatory or voluntary use of APIs that allow third parties, upon informed consent, to connect to banks and access customer data via standardized protocols. One of the main challenges of regulated open API frameworks is how to encourage the creation of business models that maintain a level playing field between FinTechs and banks, and other financial service providers, including insurance companies.

**Featured Policy Option 3.10: Promote a level playing field to ensure that the benefits of e-commerce and the sharing economy result in inclusive growth for SMEs.**

SMEs globally are benefiting from the collaborative economy in several ways, especially thanks to their collaboration with digital platforms. Adequate competition rules should ensure a level playing field that allows that especially smaller enterprises benefit from the sharing economy in a fair manner. Additionally, e-commerce flows of goods and services are increasingly international, with cross-border trade bringing additional challenges to domestic ones.

## Table of the G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs & G20 High-Level Principles for Digital Financial Inclusion

The G20 High-Level Principles for Digital Financial Inclusion was developed during the 2016 Chinese G20 Presidency, it provided principles addressing how to leverage the increasing advancement in technological development and digitalization to enhance financial inclusion globally. The Principles build on, and complement, the 2010 G20 Principles for Innovative Financial Inclusion. This document is an extension of the valuable and cumulative GPI work during the previous decade, which naturally has an ample overlap between them. The table below demonstrates the overlaps and linkages between the G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs and the G20 High-Level Principles for Digital Financial Inclusion.

G20 High Level Principles for Digital Financial Inclusion	G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs
<b>PRINCIPLE 1:</b> Promote a Digital Approach to Financial Inclusion	<b>HLPG4:</b> Support the adoption of targeted policies and initiatives in national strategies.
<b>PRINCIPLE 2:</b> Balance Innovation and Risk to Achieve Digital Financial Inclusion	<b>HLPG6:</b> Consider developing a regulatory framework that supports responsible innovation in private and public sectors.
<b>PRINCIPLE 3:</b> Provide an Enabling and Proportionate Legal and Regulatory Framework for Digital Financial Inclusion	<b>HLPG5:</b> Support regulatory and legal reforms that reduce unequal access to responsible digital financial services, which results from social, economic, and cultural inequalities.
<b>PRINCIPLE 4:</b> Expand the Digital Financial Services Infrastructure Ecosystem	<b>HLPG1:</b> Promote a competitive environment for banks and non-banks and support the development of a widely accessible, secure and responsible digital infrastructure and interoperable payment systems.
<b>PRINCIPLE 5:</b> Establish Responsible Digital Financial Practices to Protect Consumers	<b>HLPG8:</b> Support financial consumer protection measures, including data protection, that address the needs of youth, women and SMEs.
<b>PRINCIPLE 6:</b> Strengthen Digital and Financial Literacy and Awareness	<b>HLPG7:</b> Enhance financial, business and digital literacy and capabilities through targeted interventions and by leveraging technology.
<b>PRINCIPLE 7:</b> Facilitate Customer Identification for Digital Financial Services	<b>HLPG2:</b> Encourage the availability and affordability of tailored digital financial products while addressing the need for AML/CFT safeguards and the necessary customer due-diligence measures and digital-identity systems.
<b>PRINCIPLE 8:</b> Track Digital Financial Inclusion Progress	<b>HLPG3:</b> Improve the availability and accuracy of disaggregated data with regards to access to and the use of financial products and services.

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<sup>24</sup> This HPLG build on previous G20, GPI, World Bank and other institutions' work:

- G20 Principles for Innovative Financial Inclusion (2010)
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