A 3D maze with a green path leading to an exit arrow. The maze is constructed from grey, block-like walls. A bright green line traces a path through the maze, starting from the top left and ending in a large green arrow pointing towards the bottom right. The background is white, and the maze is set on a light grey surface.

AFI JLP IN-COUNTRY IMPLEMENTATION AND MEASURING PROGRESS OF FINANCIAL INCLUSION STRATEGIES

**Presenter:
Dr. Mohbonu Nakatova**

NBT, November 10. 2018

KEY COVERAGE

❑ Introduction

- scope of the Forum
- forum purpose
- background information

Procedure

- Key terms
- analysis of the problem
- high level debate

❑ Findings

- what happened

❑ Concluding Remarks

- from the success and from the failures
- how to avoid problems

❑ Results implications

- takeaways
- what are the next steps

❑ Acknowledgments

Purpose of the Session

Financial inclusion is an agenda with a purpose and clear focus...

❖ Let's start by the following famous quotations:

"A person without a purpose is like a ship without a radar."

- Thomas Carly

"If you don't know where you're going, any road will get you there."

- Lewis Carroll



Scope of the JLP

Event Details...

Organizations:



BOT- Bank of Tanzania

AFI-Alliance for Financial Inclusion

Date/Venue:

**BOT, Dar es Salaam, Tanzania
8-12 October/2018**

Participants:

**From the Central Banks of Bangladesh, Brasil, Haiti, Malaysia,
Sri Lanka, Tunisia, Tajikistan,**

Main Goal of the JLP

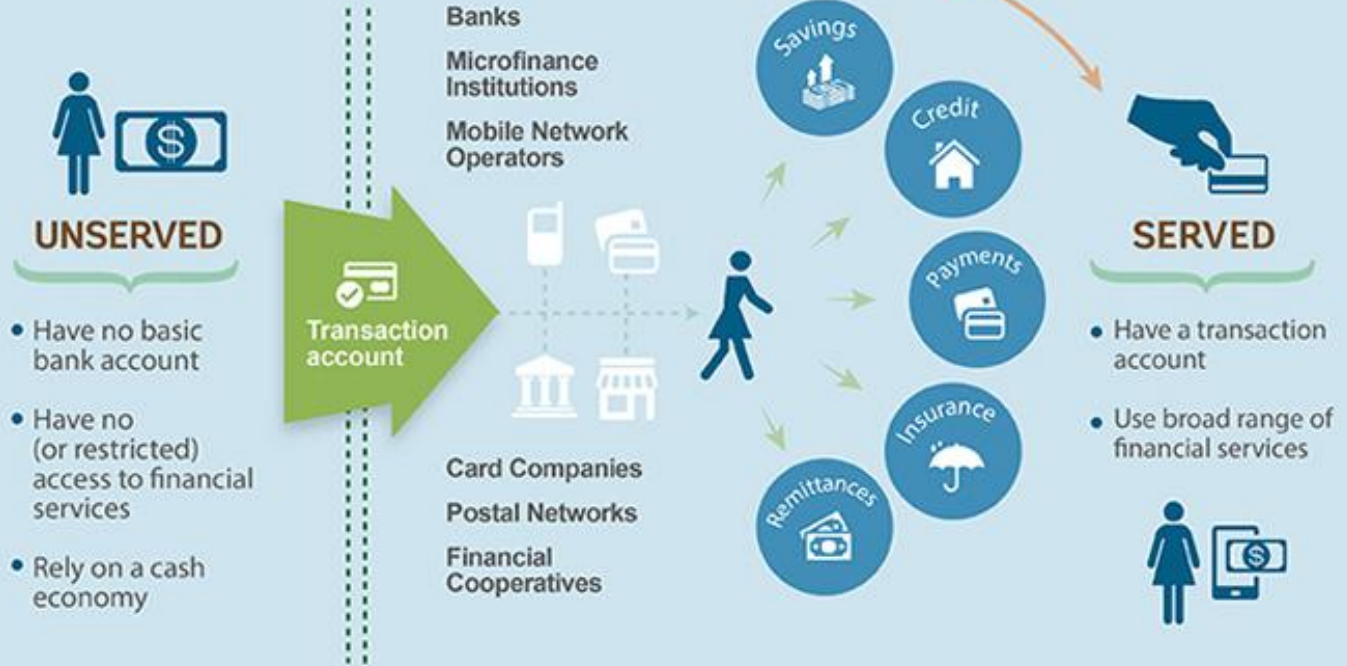
State of Global Practice: In-Country Implementation and Measuring Progress of NFIS

Access to finance is....

the ability of individuals or enterprises to obtain financial services, including credit, deposit, payment, insurance, and other risk management services



How to get there?



Maya declaration

- ✓ The **Maya Declaration in 2011**) in Riveria **Maya, Mexico**. is an initiative to unlock the economic and social potential of the **2 billion unbanked population** through greater financial inclusion.

- ✓ <http://www.afi-global.org/maya-declaration>



STATE OF GLOBAL PRACTICE: FI

What is the Financial Inclusion ?



Financial Inclusion is....

timely and adequate process of ensuring access to appropriate and affordable financial services such as:

- ✓ saving
- ✓ payments
- ✓ remittances
- ✓ credit
- ✓ insurance, and
- ✓ investment



where needed by vulnerable groups at an affordable cost.”

Classification.....

Financial Inclusion Classifications

FORMAL	Banked	Commercial banks Postbank
	Non-bank formal	Insurance SACCOs MFIs Remittance companies Mobile Money
	Informal only (external)	Savings/credit groups Shops/supply chain credit Money lenders
	Excluded	Friends/family Save at home/in kind

Definition of National Financial inclusion Strategy (NFIS)

NFIS is a comprehensive public document developed through a broad consultative process involving private and public sector stakeholders involved in financial sector development to systematically accelerate the level of financial inclusion in a country.



Source: AFI's "Financial Inclusion Strategy Peer Learning Group (FISPLG)"

The NFIS is anchored on four pillars, namely.....

The ultimate goal is welfare: improved livelihood, more resilient households and expanded job creation.



It's not an end by itself but it is a means to an end (improved livelihood and welfare).

Why we need NFIS

- ✓ Industrialization
- ✓ Competitive tourism sector
- ✓ Vibrant private sector
- ✓ Improved social protection schemes
- ✓ Promoting Human Capital Development
- ✓ Improve business environment
- ✓ Skills development
- ✓ Inclusive economic growth and poverty reduction
- ✓ Jobs creation
- ✓ Improve quality of life and human wellbeing



Financial Inclusion Strategy Stages

(a) Data Collection and Diagnostic

Activities:

- Collection of supply-side data
- Collection of demand-side data
- Data Analysis

(b) Strategy Formulation

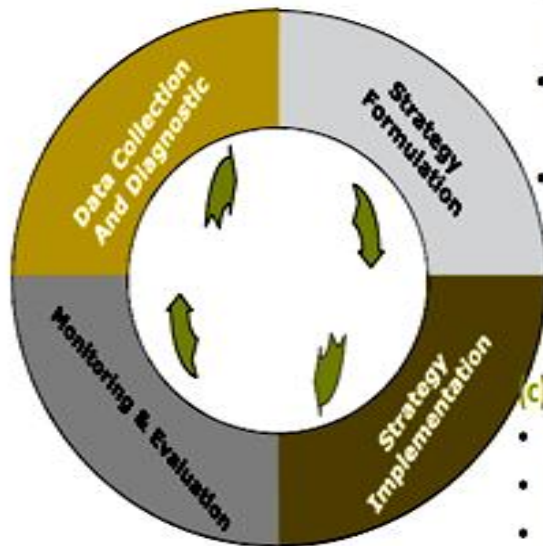
- Agreement of definition and vision for financial inclusion
- Consultation with public & private sector stakeholders
- Development of action plan and targets

(d) Monitoring & Evaluation

- Tracking progress against core indicators
- Identifying if strategy is on track and any responses needed

(c) Strategy Implementation

- Policy Reforms
- Private Sector Response
- Establishment of architecture for implementation (e.g. National Council or Taskforce)



Effective strategy formulation & implementation involves a continuous feedback cycle

Focus Areas in National Strategies (Examples)

Key Strategy Focus

Key Details

Greater Access

Appropriate Legislation and Regulation

- ✓ Policy
- ✓ DFS regulations
- ✓ Supervision frameworks

Increase supply of services & access points

- Digital financing services
- Mobile and internet banking
- Agent Networks

Key Strategy Focus

Initiatives to increase demand ✓

Financial literacy

Improved infrastructure

- Better systems & Internet connectivity
- National ID
- Credit data/ Bureau

Focus Areas in National Strategies (2)

Key Strategy Focus

Key Details

Greater Usage	→	Targeted financial education	<ul style="list-style-type: none">• Students and youth• Young adults• MSME
Greater Quality	→	Creation of more tailored & innovative products	<ul style="list-style-type: none">• Regulation• Competitive pressure/moral suasion
Great Efficiency	→	Increased usage of e-platforms	<ul style="list-style-type: none">• Fintech• Other innovations

NFIS-Experiences 1



Pre-Formulation Phase -Main Activities

- Establishment of an **institutional structure** to carry out the needed tasks (FI Unit, FI Committee, Making Access Possible)
- Assessment of **availability of data** and key information (Finscope, World Bank, IPRSP, UN Women)
- Summarization of the data and information into a succinct **concept paper**

Evolution of Tanzania NFIF Pre-Formulation

Within BOT

- Identify all directorates that are relevant (DNPS, DBS, DFM, DERP, SB, DSPR)
- Formed a working Group & Coordination Committee
- Review; in comprehend Financial Inclusion Objective

Outside BOT

- Identified stakeholders and formed
 - National Technical Committee
 - National Steering Committee
 - National Council
- Concept note forming the basis for developing FIF -Final NFIF

NFIS-Experiences 2

Coordinated Strategic Approach to Financial Inclusion

Strategy launched by the Minister of Finance.

RBZ is taking a leading role in coordinating stakeholder.

Constituted a Financial Inclusion Committee and a Financial Inclusion Unit.

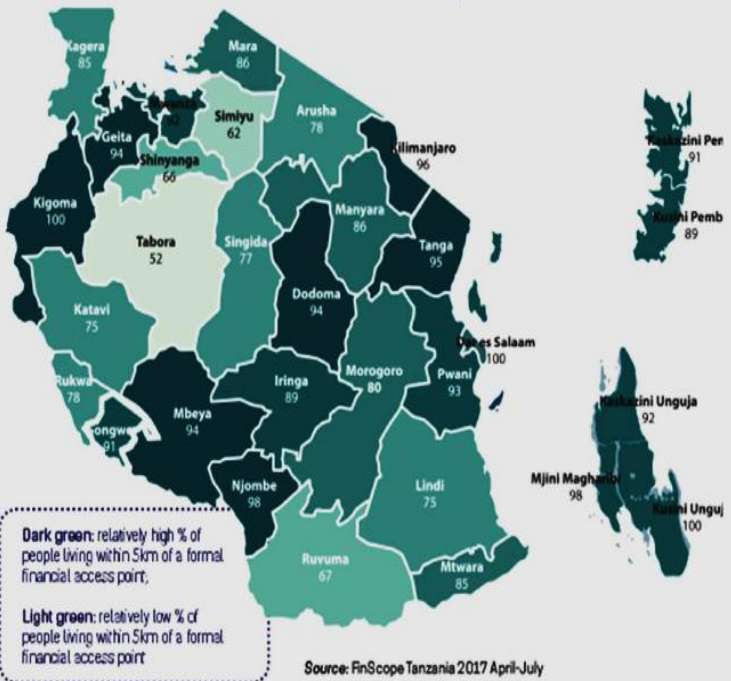


9 Thematic Areas (co-chaired):

- i. Women;
- ii. MSMEs;
- iii. Youth;
- iv. Rural and Agriculture;
- v. Digital Finance;
- vi. Financial Literacy & Consumer Protection;
- vii. Microfinance; and
- viii. Insurance & Capital Markets.
- ix. PWDs

NFIS-Experiences 3

About 78% of rural adult Tanzanians live within 5km radius of a formal financial access point



Access: from 45% in 2014 to 86% in 2017

Usage: from 58% in 2013 to 65% in 2017

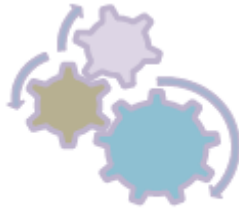
What Are the Success Factors?



Leadership: Reputable organization; Capable -Technical and Financial);



Commitment among implementers – to implement the identified actions



Buy in and Ownership – of the NFIF by implementers – from Public and Private Sector

Strong Secretariat Dedicated Unit



Collaboration with other stakeholders: - Cutting across Financial Sector and beyond



Key Challenges and Learning

1. Pre formulation

- Lack of capacity (skills and Fund)
- Collaborate with other development partners



2. Design & formulation

- ✓ Lack of information and data for baseline
 - Diagnostic study
 - Organize Re-thinking workshop
- ✓ Number of stakeholders with different vision, priorities with actions in Uncoordinated mechanism
 - Importance of data – to inform strategy;
 - Stakeholder Buy-in is key during the whole process.

Key Challenges and Learning



3. Implementation

- ✓ Managing Stakeholder Tension
 - *National Council platform*
- ✓ Managing coordination structure
 - *Identify members to join committees according to the initiative*
- ✓ Supporting tools
 - *Develop Communication Strategy*
 - *Guideline for development partners*
- ✓ Lack of Fund to implement activities
 - *Collaborate with donors*

4. Evaluation approach

- ✓ Self evaluation Vs Independent Consultant
- ✓ Compare with other countries...reason why we are here.

Concluding Remarks



- ❑ The financial inclusion agenda isn't just an *“advocacy”*; it is a strategic objective.
- ❑ Success or failure of financial inclusion strategies has implication on success or failure of **global/national goals achievement**.
- ❑ Our country developing in terms of access to finance but is very much behind in terms of usage of financial products and technologies
- ❑ Financial inclusion players have a bigger role than they might think.

More efforts are needed in pushing the agenda....

TAKE AWAYS



Idea to be remembered....

- ✓ To realize great results , engagement between public and private sector as well as civil society is crucial;
- ✓ Diagnostic survey and data are crucial when formulating; implementing and Monitoring the Strategy;
- ✓ Commitment of stakeholders/ Implementers;
- ✓ Strong Leadership (Reputable organization; Capable -technical and Financial);
- ✓ Effective coordination structure.

Ба рӯзи неки касон ғам махур зинҳор,
Басо-касо, ки ба рӯзи ту орзуманд аст....



Acknowledgments

Thank you all for being awake))):

Questions...

