Permanent Mission of Indonesia
to the United Nations

Permanent Mission of Peru
to the United Nations

Permanent Mission of the
United Republic of Tanzania
to the United Nations

New York, 12 February 2015

Your Excellencies,

As Co-Chairs of the Group of Friends of Financial Inclusion, we wish to provide our views on such issue as included in the Elements paper which forms part of the preparatory process for the 3rd International Conference on Financing for Development.

Firstly, we wish to express our appreciation to you as Co-Facilitators of the Financing for Development process for the provision of a comprehensive paper which provides a useful framing for the discussions.

In response to your letter dated January 21, we wish to express our support for the recognition of the role that financial inclusion can play in contributing to the implementation of the post-2015 agenda at the national and sub-national levels. The document correctly recognizes that financial inclusion is a cross-cutting issue and can contribute to the Financing for Development agenda in a number of ways. We would like to underscore that the right combination of enabling frameworks and private sector financial products and services can help mobilize domestic resources, for example by bringing informal savings from under the mattress into formal bank accounts, or by placing remittances received into formal accounts for later productive investment, rather than using immediately for consumption. Moreover, steps such as digitizing payments —public and private— can help significantly reduce costs and increase transparency and accountability. Those savings can then be invested in public sector priorities. We further note a number of other areas addressed in the Elements paper in which financial inclusion can help contribute to the Financing for Development agenda.

The paper correctly noted the importance of financial markets working in a way so that individuals and small and medium enterprises, including young entrepreneurs, have access to the financial products and services required to meet their needs, thereby contributing to the achievement of development goals such as poverty alleviation, food security and nutrition, women's empowerment, economic growth and job creation, as well as contributing to the generation of additional wealth, creating more jobs, and attracting and leveraging additional sources of capital.

This is particularly true for women and women-owned enterprises, which can be far more productive when they can access the right financial resources. Such access, of course needs to be complemented by adequate consumer protection and ensure that users have the financial capability — achieved in part through appropriate financial literacy efforts, particularly for first time users— to transform those financial services into greater income, savings, and investment. By linking to financially inclusive accounts, even social protection programs can be designed in a way to equip beneficiaries to achieve more productive lives and for many of them, graduate from these programs, thereby freeing up scarce public resources.

Technology and innovation are rightly called out as contributors to this agenda. In financial inclusion, new technologies such as mobile money are changing the way financial services can be made available, spreading them further, faster, at lower cost and more equitably than has previously been possible. By shifting payments —whether made to or from governments, businesses or people— from cash to electronic, costs can be reduced, payments can be made with more securely and quickly, transparency and accountability can be enhanced, and, when made into formal accounts, more people can be financially included. Thus, enhancing national capacity through, among others, transfer of a safe and reliable technology to developing countries is highly important.

Remittances represent an important flow of resources into many countries. Lowering the services costs of remittances is important in order for a larger proportion of remittances to make it into the hands of those who need them most. Like technology, financial inclusion and remittances combine beneficially to ensure that the potential of remittances end up being fully realized. For instance, by transmitting remittances to saving accounts, this can be a powerful onramp to financial inclusion leading to lasting impact.

National financial inclusion strategies are a powerful way to create the partnerships for financial inclusion at the national level, uniting a wide range of different stakeholders (public, private, donors) behind a common vision and plan, enabling them each to play their role, and facilitating securing the needed technical and financial resources to implement the strategies. These strategies should be developed on the basis of sound diagnostics and analysis of the demand for and supply of financial services as well as the enabling environment. Each of our countries has either launched or is in the process of launching one of these strategies.

Financial inclusion is a powerful means towards formalization. By drawing the significant informal economic activity into the formal financial system, formalization yields multiple benefits by making vulnerable clients safer, increasing the taxation base and enhancing visibility, thereby combatting illicit flows.

Finally, we support the call for the effective monitoring to be based on appropriate quantitative and qualitative data. We think that the effective monitoring should be carried out at the country level and that national data should be used as the main basis. To achieve that, international cooperation for enhancing national capacity in collecting accurate data is important. We are pleased to note that this information is available and collected on financial inclusion.

Please accept, Excellencies, the assurances of our highest consideration.

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To: Ambassador George Talbot
Permanent Representative of the
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Ambassador Geir O. Pedersen
Permanent Representative of Norway
to the United Nations

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