



GPI

Global Partnership
for Financial Inclusion

G20 Financial Inclusion Action Plan Progress Report 2021 - 2023

July 2023

I. Executive Summary

Over the 3-year period 2021-23, the GPMI has successfully completed the work envisioned by the G20 2020 Financial Inclusion Action Plan (FIAP), across the four action areas identified under the two priorities of Digital Financial Inclusion (DFI) and SME finance. In its work, the GPMI had consistently addressed and considered the cross-cutting issues of: (i) promoting the expansion of financial services among the hard-to-reach segments of the population, particularly targeting underserved and vulnerable groups, as well as the advancement of women's economic empowerment; and (ii) promoting financial consumer protection and financial literacy. Throughout the years, the commitment to work with Standard Setting Bodies (SSBs) to mainstream financial inclusion has proved to be immensely beneficial, as also the continuous attention to the important role that remittance flows play to drive financial inclusion and economic and social development.

With regard to remittances, as mandated by G20 Leaders, the GPMI continued to have a leading role in the facilitation of the flow of remittances also by supporting country-led actions to reduce average remittance transfer costs to below 3 per cent by 2030, in line with the GPMI commitment toward improving the efficiency of domestic and international transfers. At the end of each year covered by the G20 2020 FIAP, an "Update to Leaders" on the progress towards the G20 remittance target has been published, with the aim to review the evolution of remittances transfer costs and the progresses accomplished by G20 countries in the realization of their respective biennial National Remittance Plans.

II. Progress on the Financial Inclusion Action Plan

The G20 2020 FIAP identified four action areas under the two priorities of DFI and SME finance and envisaged expected deliverables to guide the work of the GPMI over the three years 2021–2023 (See Annex 2). Accordingly, each G20 Presidency produced deliverables that met the expectations.

Under Italy G20 Presidency, GPMI Implementing and Affiliated Partners produced six reports, which present the policy responses and innovative approaches that have proved effective in mitigating the impact of the crisis and could guide policymakers in designing the recovery phase with a view to the future. Based on this work, the GPMI delivered a Menu of Policy Options for digital financial literacy and financial consumer and small firms protection "Enhancing digital financial inclusion beyond the COVID-19 crisis". The Policy Options contained in the Menu are grouped into three pillars: (i) addressing the impact of the crisis and thinking ahead; (ii) leveraging digitalization for a leap forward in financial inclusion; and (iii) addressing new and exacerbated risks and vulnerabilities. A technical Annex complements the Menu, providing concrete examples of good practices and effective policy approaches. All documents have been endorsed by G20 Leaders in the Rome Summit.

Under Indonesia G20 Presidency, four reports were produced by the GPMI Implementing and Affiliated Partners as references for countries in taking regulatory responses to harness digitalization to increase productivity, sustainable and inclusive economy of women, youth and small firms. Building on the four reports, the GPMI delivered the "G20 Yogyakarta Financial Inclusion Framework", which was endorsed by G20 Leaders in the Bali Summit. These outcomes were also complemented by: (i) the 2022 Updated G20/OECD High-Level Principles on Financial Consumer Protection; and (ii) the 2022 Updated G20/OECD High-Level Principles on SME Financing.

Under India G20 Presidency, GPFi Implementing and Affiliated Partners has been working on six deliverables, two of which have been finalized for the July G20 FMCBGs' meeting: (i) the Update to Leaders on progress towards the G20 Remittance Target; and (ii) the Regulatory Toolkit for Enhanced Digital Financial Inclusion of Micro, Small and Medium Enterprises (MSMEs). Additionally, the GPFi will continue to work on the remaining deliverables: (iii) the second Update of National Remittance Plans; (iv) the Report on the impact of digital remittances in reducing their transfer costs; (v) the Report on SME best practices and innovative instruments to overcome common constraints in SME financing; and (vi) the Report on assessing progress in the implementation of the G20 High Level Principles on Digital Financial Inclusion.

Alongside the G20 2020 FIAP deliverables, the Presidency identified the priority of leveraging digital public infrastructure (DPI) for Financial Inclusion and Productivity Gains. The GPFi recognized the potential of DPI for rapidly advancing financial inclusion and finalized the G20 Policy Recommendations for Advancing Financial Inclusion and Productivity Gains through DPI. The policy recommendations have been prepared by the World Bank and have been informed by best practices from G20 and non-G20 countries and existing standards. The work has also benefitted from panel discussions on various aspects of the DPI approach held alongside the GPFi Plenaries.

In addition, the GPFi also developed and adopted the new G20 2023 Financial Inclusion Action Plan (FIAP) – that will guide GPFi activities for the years 2024-2026 – and updated the GPFi Term of Reference (ToR 2023). Both will be submitted to G20 Leaders at the Delhi Summit. Further, Italy and India were appointed as the new long-term Co-Chairs of the GPFi for the period 2024-26.

During 2021-23, the GPFi also worked on promoting reduction in the cost of remittances against the commitments in the G20 Action Plan to Facilitate Remittance Flows (2014) through country-led actions. In 2021, the biennial update of the NRPs was based on a new template prepared by the WB and IFAD with the aim to improve the quality and quantity of information for across-the-board comparisons and draw the rightest support measures for the short- to longer-run. The GPFi also supported the accomplishment of a report entitled “Resilience in the Market for International Remittances During Covid-19 Crisis”, produced by the WB and IFAD, which aimed to shed light on the impact that the pandemic had on the remittances market amid an unprecedented switch to digital channels.

In 2022, the G20 2020 FIAP did not foresee new deliverables for remittances, hence countries produced their updated National Remittances Plans (NRPs) and the GPFi – in collaboration with the World Bank and IFAD – prepared the 2022 Update to Leaders on progress towards the G20 remittance target by evaluating the steps taken in the direction indicated by their 2021 NRPs.

In 2023, as indicated in the G20 2020 FIAP, the GPFi produced the annual Update to the Leaders on progress towards the G20 Remittance Target, the biennial update on the National Remittance Plans and case studies and emerging best practices on the uptake of digital remittances have been collected.

As foreseen in the G20 2020 FIAP, the GPFi has significantly engaged with global SSBs to mainstream financial inclusion into their work within the enhanced cooperation agreement, attending periodic check-in meetings and participating in international conferences organized by the SSBs on regulation, infrastructure and the impact of financial innovation. Representatives of the SSBs have regularly attended GPFi plenaries to update on their work relevant for financial inclusion.

At the same time, it also continued the dialogue with, and involvement of, non-G20 countries to advance financial inclusion through seminars, workshops and exchange of experiences and ideas.

All the reports produced and the events organized by the GPFi during the 2021-2023 period are collected on the GPFi website <https://www.gpfi.org/>

Annex 1: GPMI Deliverables and key dates of annual Work Plans

G20 Italy Presidency - 2021

Under the G20 Italy Presidency and with the guidance of the Co-Chairs, the following reports were produced to fulfil this commitment:

- (i) "COVID-19 and Digitalization: Impact on Financial Inclusion, New Emerging Opportunities and Risks".
- (ii) "Supporting Financial Resilience and Transformation Through Digital Financial Literacy"
- (iii) "Financial Consumer Protection and Regulation for the Post COVID-19 Era: Effective Approaches and Lessons Learnt to Protect Consumers and Support Financial Inclusion".
- (iv) "The Supply of Digital Financial Services to MSMEs: Is All That Glitters Gold?"
- (v) "Navigating the storm: MSMEs' financial and digital competencies in COVID-19 times".
- (vi) "Menu of Policy Option for Digital Financial Literacy and Financial Consumer and MSMEs Protection".

Key Dates

Date	Task/Meeting/Event	Location
January	Approval/adoption of the Annual Plan by GPFi members, including outlines and timeline of the five Reports to be produced by IPs	
25-26 January	G20 Deputies : Issue note on GPFi priorities	
24-25 March	GPFi #1 <ul style="list-style-type: none"> • Presentation of the outlines of five IPs' reports on COVID-19 impacts on individuals and SMEs (Italy's G20 Presidency and IPs) • Presentation of the new template for the update of NRPs (Co-Chairs and IPs) • OECD/INFE presentation to GPFi members of the Recommendation of the Council on Financial Literacy, OECD/LEGAL/0461 	Webex
7-8 April	G20 Deputies & FMCBG <ul style="list-style-type: none"> • Approval and endorsement of new template for NRPs 	
24-25 June	GPFi#2 <ul style="list-style-type: none"> • Presentation of first draft of the five reports on impact of COVID-19 on individuals and SMEs (Italy's G20 Presidency and IPs) • Final agreement on the new informative content of the NRPs. • Half-day seminar on remittances: "Taking stock and moving forward" 	Webex
7-8 July	G20 FMCBG <ul style="list-style-type: none"> • Endorsement of OECD Recommendation of the Council on Financial Literacy, OECD/LEGAL/0461 	
4 October	<u>GPFi High Level Symposium</u> [Coping with new (and old) vulnerabilities in the post-pandemic world]	Rome
5 October	GPFi#3 <ul style="list-style-type: none"> • Presentation of the final version of the five stocktaking reports and of the menu of policy options proposed by the Italian Presidency. (Italy's G20 Presidency and IPs) 	Rome

G20 Indonesia Presidency – 2022

In 2022, under the G20 Indonesia Presidency the following deliverables were accomplished:

- (i) Implementation Framework for the G20 High-Level Principles (HLPs) on digital financial inclusion (DFI);
- (ii) Stocktaking database and analysis of financial products and services for MSMEs beyond credit ones;
- (iii) SME Digital Financial Services (DFSs) Regulatory Diagnostic Toolkit (draft, final version to be delivered in 2023);
- (iv) Progressing the agenda on MSMEs data harmonization framework;
- (v) “G20 Yogyakarta Financial Inclusion Framework”.

Key Dates

Tentative Timetable of GPFI and G20 Finance Track Meeting:

Date	Task/Meeting/Event	Location
9-10 Dec 2021	1st Finance and Central Bank Deputies Meeting (FCBD)	Bali, Hybrid
2 February	International Seminar on Digital Financial Inclusion (for public)	Jakarta, Virtual
3-4 February	1st GPFI Plenary Meeting a. Introduction of Indonesia Presidency b. Discussion on the issues notes of IPs' reports (i.e. outline, process, methodology). c. G20/OECD Task Force presentation on the strategic review of HLP on Financial Consumer Protection	Virtual
15-16 February	2nd Finance and Central Bank Deputies Meeting (FCBD)	Bali, Hybrid
17-18 February	1st Finance Minister and Central Bank Governors Meeting (FMCBG)	Bali, Hybrid
March	Workshop on Beyond Credit Financial Product and Services for MSMEs	Virtual
21-22 April	2nd Finance Minister and Central Bank Governors Meeting (FMCBG)	Washington DC
12 May	International Seminar on Digital Transformation for Financial Inclusion of Women, Youth, MSMEs	Bali, Hybrid
12-13 May	2nd GPFI Plenary Meeting a. Presentation on the draft reports (preliminary findings) by IPs b. Discussion on draft reports led by Co-chairs and Presidency c. G20/OECD TF presentation on the strategic review of HLP on Financial Consumer Protection	Bali, Hybrid
13-14 July	3rd Finance and Central Bank Deputies Meeting (FCBD)	Jakarta, Hybrid
15-16 July	3rd Finance Minister and Central Bank Governors Meeting (FMCBG)	Jakarta, Hybrid
4 October	GPFI High-Level Symposium: Harnessing Digitalization to Increase Productivity, Sustainable and Inclusive Economy of Women, Youth and MSMEs	Surabaya, Hybrid
4 - 5 October	3rd GPFI Plenary Meeting a. Presentation on the final draft of the reports by IPs and Financial Inclusion Framework in Harnessing Digitalization to Increase Productivity, Sustainable and Inclusive Economy of Women, Youth and MSMEs b. Discussion on the final draft reports led by Co-chairs and Presidency c. G20 Presidency and co-chairs presentation on the summary of results achieved during the year	Surabaya, Hybrid
13-14 October	4th Finance Minister and Central Bank Governors Meeting (FMCBG)	Morocco

G20 India Presidency - 2023

The following seven deliverables will be accomplished by the GPFi in 2023:

- (i) G20 Policy Recommendations for Advancing Financial Inclusion and Productivity Gains through Digital Public Infrastructure
- (ii) Report on Assessing Progress in the Implementation of High-Level Principles on Digital Financial Inclusion
- (iii) Update to leaders on progress towards the G20 Remittance Target and Update to the National Remittance Plans along with the focused work on impact of innovative payment services to reduce cost of remittances
- (iv) Regulatory Toolkit for Enhanced Digital Financial Inclusion of Micro, Small and Medium Enterprises (MSMEs)
- (v) Report on SME best practices and innovative instruments to overcome common constraints in SME financing
- (vi) Preparation and Adoption of the new G20 2023 Financial Inclusion Action Plan (FIAP)
- (vii) Updated GPFi Terms of Reference

Key Dates

Date	Task/Meeting/Event	Location
13-15 December	1st Finance and Central Bank Deputies Meeting (FCBD)	Bengaluru
9 January	<ul style="list-style-type: none"> • GPFi Symposium on “Unlocking the Potentials of Digital Public Infrastructure (DPI) for Advancing Financial Inclusion and Productivity Gains” • Exhibition on "Digital Innovations for Advancing Financial Inclusion" for school students in grades 9-12. 	Kolkata
10 January	Seminar on "Financial Literacy for Augmenting Digital Financial Inclusion.	Kolkata
10-11 January	1st GPFi Meeting <ul style="list-style-type: none"> • Presentation and Agreement on the GPFi Work Plan 2023 • Initial discussion on New FIAP • Initial Discussions on leveraging DPI for Financial Inclusion and Productivity Gains. 	Kolkata
21-22 February	2nd FCBD Meeting	Bengaluru

23 February	High-level Symposium on Digital Public Infrastructure (DPI) for Innovative, Resilient, Inclusive Growth and Efficient Governance	
24-25 February	1st Finance Ministers & Central Bank Governors (FMCBG) Meeting	Bengaluru
4-5 March	Knowledge and Experience Exchange Programme on Advancing Financial Inclusion through Digital Public Infrastructure (DPI) for the Emerging Economies of the Global South	Hyderabad
6-7 March	2nd GPFI Meeting <ul style="list-style-type: none"> • GPFI Symposium on Digital Innovations in Payments and Remittances • GPFI Workshop on New FIAP • First Draft of reports/deliverables for discussion 	Hyderabad
20 April	2nd FMCBG Meeting	Washington
26 May	GPFI Workshop on New G20 2023 FIAP	Virtual
24 June	GPFI Symposium on Experience Sharing on Digital Public Infrastructure for Advancing Financial Inclusion and Productivity Gains towards Attaining Sustainable Development Goals (SDGs).	Bali, Indonesia
25-26 June	3rd GPFI Meeting <ul style="list-style-type: none"> • Presentation and finalization of Reports and Deliverables due for the FMCBG Meeting in July. • Presentation and finalization of G20 2023 FIAP. 	Bali, Indonesia
14-15 July	3rd FCBD Meeting	Gandhinagar
17-18 July	3rd FMCBG Meeting	Gandhinagar
5-6 September	4th FCBD Meeting	Delhi
9-10 September	Leaders' Summit	Delhi
14 September	GPFI Side Event on Advancing Financial Inclusion with a focus on MSMEs.	Mumbai
15-16 September	4th GPFI Meeting <ul style="list-style-type: none"> • Presentation and finalization of reports/deliverables 	Mumbai

11 October	5th FCBD Meeting	Marrakesh
12-13 October	4th FMCBG Meeting	Marrakesh

Annex 2: Action Areas and Expected Results

Digital Financial Inclusion	Deliverables	Expected Year of Delivery*
Action Areas		
<p>1. Encourage effective implementation of the 2016 G20 High-Level Principles for Digital Financial Inclusion in G20 and non-G20 countries, particularly with respect to underserved and vulnerable groups, according to national circumstances.</p>	<p>i. Analyze the COVID-19 implications on individuals' financial inclusion and financial resilience, particularly for women and other underserved and vulnerable groups, and the roles of financial inclusion to mitigate the COVID-19 impact in the society. Against this backdrop, identify policy options, in particular through the use of responsible digital financial services as well as recommendations on how to respond to DFI challenges and risks through financial consumer protection (taking account of the work of the G20/OECD Task Force on Financial Consumer Protection).</p>	2021
	<p>ii. Develop an Implementation Framework for the HLPs, which is to be interpreted as a mechanism for assessment and guidance, building on the specific guidelines and/or policy options provided in the HLPs and other G20 GPFI publications and reflecting the identified policy options and actions produced from deliverable <i>i</i>, with a primary focus on underserved and vulnerable groups and MSMEs.</p>	2022
	<p>iii. Prepare a Global Report to assess progress in the implementation of the HLPs since their adoption; at the same time identify gaps, new opportunities, challenges and risks of DFI based on countries' self-assessment against the Implementation Framework, and propose policy options based on case studies, best practices and lessons learned.</p>	2023
<p>2. Promote the development of responsible innovative payment systems that provide affordable, secure, interoperable, transparent, and</p>	<p>i. Review the progress on National Remittance Plans against the commitments in the G20 Plan to Facilitate Remittance Flows (2014) and release the biennial update on the National Remittance Plans with a particular focus on the analysis of the impact of COVID-19 on remittances flows. Based on the analysis of the lessons learned, develop a list of possible short-term mitigating and long-term support measures aimed at promoting digital payment services.</p>	2021

<p>inclusive payment solutions across borders and within G20 and non-G20 countries to support progress on reducing the cost of remittances while maintaining consumer protection and disclosures.</p>	<p>ii. Review the progress on National Remittance Plans against the commitments in the G20 Plan to Facilitate Remittance Flows (2014), and release the second update on the National Remittance Plans under the duration of the 2020 G20 FIAP with a focus on the impact of innovative payment services to develop a menu of best practices of inclusive country specific policies for payment services and remittance regulation as options for the updated National Remittances Plans.</p>	<p>2023</p>
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* Deliverables for the 2022–2023 years are partly flexible and might be adjusted based on the results of the analysis on the impact of COVID-19 and related policy responses and developments in the global situation.