

# CGAP's role for promoting inclusive finance and its relevance to the SDGs & adaptation

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2015/7/29

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## Inclusive finance(1)

- Microfinance(MF) means *credit* to the poor for their *small businesses*?
- NO. *Payments* and *savings* are indispensable to the poor. *Insurance* is also useful.
- NO. The poor firstly need *consumption leveling & preparedness for emergencies/their future*.
- The poor are living with “hand to mouth” and *cannot save*?
- THEY DO. Their financial life with *informal measures* is more complex & diversified than us, but they suffer from unreliability, inconvenience, high costs & psychological stress due to informality.

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# Inclusive finance(2)

- MF institutions are non-deposit-taking NGOs/non-banks?
  - *Financial service providers(FSP)* also include *commercial banks, deposit-taking MFIs, mobile network operators(MNO), money transfer or card companies, cooperatives, insurance companies, etc.*
- Necessary assistance to MF is funds from outside?
  - NO. Inclusive finance is a commercial business for BOP clients. *Responsible market development* is key and should be supported and *facilitated*.
- MF is only for developing countries?
  - NO. Rich countries can learn a lot, say, on *digital finance from Sub Saharan Africa*.

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## CGAP as international public goods

CGAP (the Consultative Group to Assist the Poor) is a global partnership of 34 leading organizations, (including the Japanese Government), that seek to advance financial inclusion. CGAP develops *innovative solutions through practical research & active engagement with financial service providers, policy makers, & funders to enable approaches at scale*. Housed at the World Bank, CGAP combines a *pragmatic* approach to *responsible market development* with an *evidence-based advocacy platform* to increase access to the financial services the poor need to improve their lives.([cgap.org](http://cgap.org))  
(CGAP's spin-offs: MIX Market, SPTF, MIN)

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# CGAP(V) FY2014–18

- Shared vision: A world where *everyone can access & effectively use* the financial services they need to improve their lives
- Mission: *To improve the lives of poor people by spurring innovations and advancing frontier knowledge & solutions* that promote responsible & inclusive financial markets
- Priorities: ① understanding *demand* to effectively deliver for the poor, ② financial innovation for *smallholder* families, ③ developing robust provider *ecosystems*, ④ building an enabling & protective *policy environment* globally, ⑤ promoting *effective & responsible funding* for financial inclusion

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## 9 operational initiatives under CGAP(V)

- *Customer at the center* for products design & delivery by FSPs and *behavioral changes*
- Scale-ups of graduating *the extreme poor*
- Innovation for meeting *smallholder farmer families'* needs (climate-smart!)
- Inclusive, competitive & equalizing *digital payments* ecosystem
- Digital finance frontiers *beyond payments*
- Digital finance to increase *access to solar energy, clean water, etc* (climate-smart!)

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## 9 operational initiatives(cont.)

- *Global policy architecture* through Standard Setting Bodies on interdependency of *inclusion, stability, integrity & consumer protection* and *proportionate* regulations
- *Protecting customers*, above all, on a digital credit model & data privacy
- Guidance for funders for *facilitating*, at the macro, meso & micro levels, *development of inclusive financial markets*, instead of resource “gap filling”, and for a market measurement approach

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## Micro financial services for the SDGs and adaptation

- Access to and usage of reliable, convenient & inexpensive financial products/ services are a *basic human right* and *means to ends* of improving the quality of life for all, by creating *stability, wider options, a longer view for future & resilience* in a globalizing & climate-changing world.
- Inclusive finance should be provided as *a socially & environmentally responsible, financially viable private business* without government’s continued subsidies. *Reducing high transaction costs* associated with small amounts, remoteness & information asymmetry is key to a success.

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