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.
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.

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)  
(CGAP’s spin-offs: MIX Market, SPTF, MIN)
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

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!)
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.