

National Financial Inclusion Strategies

Over 50 countries have made headline financial inclusion commitments, and many of those countries are developing National Financial Inclusion Strategies (NFIS) to ensure that resources and cross-agency actions are put in place to achieve those commitments.

The Finance & Markets Global Practice (FMGP) is working with over 20 countries to support the design or implementation of National Financial Inclusion Strategies or Action Plans. This note provides an overview of the methodology and deliverables that FMGP has developed to support countries in formulating their NFIS, along with concrete country examples.

Methodology

Financial inclusion strategies can be defined as roadmaps of actions, agreed and defined at the national or subnational level, which stakeholders follow to achieve financial inclusion objectives. Successful strategies coordinate efforts with the main stakeholders, define responsibilities among them, and state a clear planning of resources by, for example, prioritizing targets. A strategy can promote a more effective and efficient process to achieve significant improvements in financial inclusion. Engagement with the private sector, including through structured consultation, can help ensure the success of the strategy and the relevance of the goals set.¹

The effective design and execution of a National Financial Inclusion Strategy or Action Plan rests on 6 main building blocks:



¹ World Bank (2012), Reference Framework for Financial Inclusion Strategies.

- **Data and Diagnostics:** The content and priorities of the NFIS are informed by data and diagnostics, covering both demand and supply side. **The WBG can support countries to generate data and produce diagnostics to inform policy development and sequencing.**
- **Targets and Objectives:** On the basis of available financial inclusion data, concrete, measurable, and verifiable targets can be set, against which regulators can monitor progress. **The WBG can assist countries in identifying available and relevant indicators on which to base the target-setting exercise.**
- **Leadership and Coordination:** Internal coordination efforts are needed both during the formulation and implementation of the NFIS. These efforts can be crystallized through the establishment of a governance structure, with a clear mandate and dedicated resources. **The WBG can support countries in conducting consultations, and identifying the appropriate coordination mechanism to establish.**
- **Strategy Formulation:** Drafting of the NFIS can be done on a consultative basis, to secure buy-in across government and the private sector. **The WBG can provide technical drafting inputs, drawing on global and country experts, and its depth of knowledge across a range of financial sector priority areas.**
- **Strategy Implementation:** The actions and reforms set out in the strategy benefit from clear prioritization and sequencing, with clarity also on the roles and responsibilities for each implementing institution. **The WBG is well placed to provide technical assistance to countries to sequence and implement priority actions, ranging from policy and regulatory reforms to more direct interventions.**
- **Monitoring and Evaluation:** M&E is essential to ensure that the implementation of the strategy is on track and to adjust policies and other measures in real time. **The WBG can support countries in designing an adequate M&E framework and provide capacity building to relevant authorities in charge of its application.**

Country Examples

South Africa was one of the first emerging market economies to develop and launch a NFIS (the [Financial Inclusion Charter](#)), in 2004, as a voluntary agreement by all stakeholders to promote social and economic integration and access to the financial services sector.

One of the first actions of India's new Prime Minister was to launch an ambitious National Mission on Financial Inclusion ('[Jan Dhan Yojana](#)'), which includes a commitment to access for all households to transactions accounts with a limited credit facility backed by a guarantee fund, as well as micro-insurance, pension, and other services, alongside an effort to promote financial literacy.

Each country context varies, including in terms of availability of data and diagnostics, institutional capacity to implement reforms, financial market structure, level of financial infrastructure, and political priorities.

To fit each country context, the WBG provides tailored solutions and approaches in agreement with the national stakeholders. In addition, the WBG is uniquely well placed to leverage cross-sectoral collaboration and draw together expertise ranging from rural/agricultural finance, social transfers, and digital IDs, to investments and risk sharing, among others.

Below are a few country examples to illustrate the type of tailored support the WBG provides.

Indonesia

Indonesia's NFIS was launched in June 2012 with the vision of "achieving a financial system that is accessible by all layers of the community to promote economic growth, poverty reduction, and income equality in Indonesia". Drawing on in-depth survey data conducted by the WBG, the NFIS outlines more than twenty initiatives that would enhance financial inclusion in the country. The NFIS provides the basis for a coordinated effort involving all major stakeholders from the government, private sector, and civil society. With support from the WBG, the authorities are working

towards the establishment of a National Financial Inclusion Council that would drive forward the financial inclusion agenda. The WBG has agreed on a country support program providing technical support across a range of NFIS priority areas (including payments, MSME finance, consumer protection/financial literacy), and supports the Indonesian authorities to establish a M&E framework for NFIS implementation.

Paraguay

The WBG is supporting the Central Bank of Paraguay (BCP) in formulating its NFIS and setting up a coordination mechanism for its implementation. The NFIS preparation began with the involvement of the WBG and the Gallup Poll organization to complete an individualized Global Findex survey, specifically designed for Paraguay. The WBG complemented the results of the survey by producing a Supply Side Background Technical Note, a Demand Side Background Technical Note, and a Legal and Regulatory Framework Background Technical Note to inform the NFIS. In addition, the WBG is supporting the establishment of a National Technical Committee for Financial Inclusion.

Haiti

The Central Bank of Haiti (BRH) has spearheaded efforts to draft the country's NFIS, in collaboration with the WBG. Based on an initial draft informed by previous analytical work conducted by the WBG in the country, stakeholder workshops and bilateral consultations were conducted to gather inputs from public and private sector stakeholders. The WBG supported BRH in organizing and moderating these consultations, as well as provided advisory inputs to the Presidential Commission that will oversee and coordinate the implementation of the strategy after its launch.

Mozambique

The Central Bank of Mozambique (BdM) is in the process of drafting a NFIS, with WBG expert drafting inputs. The authorities are exploring options for the establishment of a national financial inclusion coordination structure, informed by an overview of international models and experience provided by the WBG. In addition, the WBG will conduct a review and mapping of available data collected to inform recommendations on improvements for future data collection and the development of a M&E framework, with key performance indicators and targets. Finally, the WBG plans to support BdM and other authorities in the implementation of the NFIS reforms and activities.

Pakistan

The WBG is supporting the State Bank of Pakistan (SBP) to design and launch its NFIS. A WBG team has provided extensive technical analysis, facilitated consultation workshops, and proposed a coordination mechanism structured in the form of a taskforce or steering committee composed of representatives from different implementing agencies and other relevant actors. The next stage will be for the WBG team to jointly draft the NFIS with the SBP and Securities and Exchange Commission (SECP), as part of the overall SBP-led process.

WBG Products, Support

The WBG can offer a unique range of expertise and knowledge, on financial inclusion strategies and reforms and more broadly (covering areas such as financial education, financial stability, social transfers, and rural finance), in order to support the design and development of National Financial Inclusion Strategies or Action Plans.

Annex I summarizes selected country examples of relevant WBG products and support.

Annex I. WBG Support and Deliverables in Selected Countries

	Data	Targets	Coordination	Formulation	Implementation	M&E	Example Deliverables
Indonesia	X		X	X	X	X	<ul style="list-style-type: none"> • Technical assistance for the establishment of a national coordination council, and for a M&E framework • Capacity building support to the proposed coordination council to manage and analyze data • Current and planned technical assistance to implement reforms and initiatives, including in the areas of digital payments; MSME finance; credit reporting systems; and consumer protection and financial literacy
Peru	X	X		X			<ul style="list-style-type: none"> • Conducted a Consumer Protection and Financial Literacy diagnostic, as well as a digital payments assessment • Currently providing a range of expert inputs to the formulation of the strategy, including for digital financial services, financial literacy, financial consumer protection, and indicators and targets
Paraguay	X	X	X	X			<ul style="list-style-type: none"> • Demand-side financial inclusion survey and 3 background technical notes to inform the NFIS • Drafting of the strategy by a team of experts, covering areas related to payments, credit, savings, insurance, and consumer protection and financial literacy • Inputs to a Presidential Decree establishing the National Technical Committee for Financial Inclusion
Haiti		X	X	X			<ul style="list-style-type: none"> • Advisory inputs to establish 6 headline targets to achieve by 2019, based on data readily available • Support in coordinating consultation events with involved stakeholders, including training of moderators and rapporteurs • Drafting by a team of experts of technical sections of the strategy, including on payments and remittances, housing finance, and agricultural finance • Planned technical assistance to implement selected reforms, including in establishing a regulatory framework for non-bank agents
Mozambique	X		X	X	X	X	<ul style="list-style-type: none"> • Review and mapping of data collection activities • Demand-side financial capability survey • In-house advisor to support the drafting of the strategy • Current and planned technical assistance to implement a number of reforms, including in retail payments; MSME finance; and consumer protection and financial literacy
Pakistan			X	X			<ul style="list-style-type: none"> • Knowledge sharing on national coordination structures • Advisory inputs on the public and private stakeholders to be involved in the strategy formulation • Guidance on initial stakeholder coordination workshop • Advisory inputs on a proposed governance structure