

**ADBI-JFSA Joint Conference**

**“Strengthening the Asian Financial Sector toward  
Sustainable and Inclusive Growth”**

*Session 3      Strengthening Regional Regulatory and Supervisory Frameworks in  
Asia*

**Innovative Policy and Regulatory Approaches for Financial Inclusion in Asia**

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**Abstract**

Since the last global financial crisis there are two opposing trends in global financial inclusion. In the developed countries of the (mostly) northern hemisphere financial exclusion is on the rise. Bank lending has remained and is expected to stay sluggish, making it harder for SMEs and individual customers to get finance. We can observe increasing levels of financial inclusion, which is often brought about by leapfrogging traditional models through the use of innovative distribution channels like e.g. the mobile phone. The issue of consumer protection and financial capability is high on many of developing countries agenda.

Asia offers rich experiences in regulatory approaches to financial inclusion. Asia did not only manage the financial crisis well, but also takes the lead in financial inclusion approaches as part of the policymakers and regulators mandate. Current regulatory innovations on the continent evolve around three issues: Technology, the interpretation and application of provisions set by international Standard Setting Bodies (SSBs) and financial literacy. The Philippines for example allow both banks and non-banks like mobile phone network operators to issue e-money and use mobile phones as transaction channels for their clients. Pakistan introduced low value accounts with reduced KYC requirements for regulated banks that can use agents to service these customers. Malaysia has implemented innovative programs to further the financial literacy of their population.

The Alliance for Financial Inclusion (AFI) offers a platform for countries to learn from each other's positive experiences through a systematic dialogue among developing country policymakers and regulators. A regional approach can help to increase knowledge sharing and to unlock the potential of the currently unbanked.