

SAARCFINANCE WEBINAR ON “FINANCIAL INCLUSION”
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STATEMENT BY H. E. MR. ESALA RUWAN WEERAKOON, SECRETARY GENERAL OF SAARC

Hon’ble Maha Prasad Adhikari, Governor, Nepal Rastra Bank,
Hon’ble Fazle Kabir, Governor, Bangladesh Bank,
Distinguished Participants,

I thank Nepal Rastra Bank for organizing this SAARCFINANCE Webinar despite the disruptions caused by the COVID-19 pandemic.

I also wish to thank Hon. Governor Adhikari for inviting me to address this important Webinar on a very topical theme, *Financial Inclusion*.

With the slowing down of the global economy in the aftermath of the pandemic, like all other parts of the globe, the SAARC region has been affected in multiple ways. The region is likely to face its worst economic performance in the last 40 years with contractions and massive unemployment. In this backdrop, the convening of this Webinar assumes considerable significance.

Indeed, the question of financial inclusion has been more relevant today than ever before for building back better by ensuring sustainable development. It is more so in view of the uncertainties triggered by the COVID-19 pandemic and the adverse impacts it has had on the economic and financial performance of the region.

Established in 1998, SAARCFINANCE - the Network of Central Bank Governors and Finance Secretaries of the SAARC Region - has been undertaking important initiatives on monetary and macro-economic issues with a view to strengthening the financial system and cooperation in the region. This Webinar is another good example of meaningful activities undertaken by SAARCFINANCE in pursuance of its mandate.

Excellencies,
Distinguished Participants,

As you are aware, the primary objective of SAARC as enshrined in its Charter is to promote the welfare of the peoples and to improve their quality of life through accelerated economic growth in the region. In pursuance of this larger objective, the SAARC Leaders have reiterated their commitment to achieving the goal of the South Asian Economic Union in a phased and planned manner through the creation of a Free Trade Area, a Customs Union, a Common Market and a Common Economic and Monetary Union.

Financial Inclusion has been a subject of discourse in SAARC forums from as early as 2007. The Second Meeting of SAARC Finance Ministers held in India had decided to work towards the goal of total financial inclusion for all sections of the people of the region. This was in pursuance of the SAARCFINANCE objective to promote research and other initiatives on economic and financial issues, including, of course, the question of financial inclusion.

We believe that the goal of the South Asian Economic Union and objectives of the SAARCFINANCE are best achieved by promoting financial inclusion across the region, which, in turn, spurs stable economic growth and social development, including employment generation and poverty alleviation. In fact, more than half a dozen of the Sustainable Development Goals are related to achieving financial inclusion, which is perceived as a key facilitator in their attainment.

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Significant imbalances in financial inclusion exist within economies worldwide. Differences exist between regions between urban and rural areas and between men and women. According to an ADB Study, only 58% of women have an account compared to 65% of men. According to the Global Findex Report, 70 percent of adults in the region have an account with a financial institution or mobile money provider, which was 47 percent in 2014. However, regional variation is significant.

It is, therefore, apparent that though some countries in the region have made considerable progress, the level of financial inclusion in South Asia is significantly low as compared to other regions of the world. Despite significant expansion of microfinance and SME activities in the region, a large number of people are still poor and have no access to financial services. Pragmatic policies targeting those people, who are still excluded from the financial system are the need of the hour. Financial institutions, including cooperatives, can play a proactive role in promoting Financial Inclusion across the region. They may be urged to review their existing practices to align themselves with the objective of financial inclusion. In essence, they may promote financial inclusion as a viable business model and opportunity. At the same time, they may make sustained endeavours for monitoring, evaluating and sharing experiences and feedback with a view to improving their services.

With the growing advancement of ICT and its outreach, the SAARC region has the potential to further strengthen financial inclusiveness through its efficient employment. ICT may also be useful in terms of sharing knowledge and experience on adopting new methodology and innovative systems to promote Financial Inclusion. Innovative financing methods, including the possibility of making the best use of the SAARC Development Fund, may be explored for sub-regional and regional projects to promote financial inclusion.

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Financial inclusion is not and should not be a standalone objective as mere financial inclusion is not enough for promoting the welfare of our peoples. In order to achieve this objective, it is essential to work collectively on multiple fronts, including trade, investment and services for attaining sustainable growth and inclusive development. Moreover, collective efforts for promoting deeper regional integration have become all the more necessary in the context of the devastating socio-economic impacts of the COVID-19 pandemic.

This Webinar is an opportune occasion to deliberate upon short-term and long-term measures for promoting financial inclusion with a view to building back better in South Asia.

In conclusion, I once again thank Nepal Rastra Bank for organizing this timely Webinar under SAARCFINANCE.

I wish the Webinar every success.

I thank you.
