

**MEDIA LAUNCH OF NATIONAL FINANCIAL INCLUSION STRATEGY  
AND  
INTRODUCTION OF THE NATIONAL FINANCIAL INCLUSION  
COUNCIL**

**Bank of Jamaica  
Wednesday 29 March 2017 at 10:30 am**

**STATEMENT BY HON. AUDLEY SHAW CD, MP**

**Minister of Finance and the Public Service  
Chair of the National Financial Inclusion Council**

***Salutations:***

- ✓ ***Governor Brian Wynter***
- ✓ ***Mr. Earl Jarrett, Chair of the Stakeholders Advisory Group***
- ✓ ***Members of the Media***
- ✓ ***Ladies and Gentlemen***

Good morning.

Welcome to the Launch of the National Financial Inclusion Strategy.

As you know, our Government is aggressively pursuing the implementation of policies which will allow for sustainable economic growth and development. One facilitator of economic growth is financial inclusion where all Jamaican individuals and businesses have access to financial products and services that meet their needs. These products and services are provided by

regulated entities and are delivered in a responsible and sustainable way.

The National Financial Inclusion Strategy is the Government's commitment to creating the enabling environment, which makes it easier for Jamaicans to save, to invest, to do business and obtain relevant financial products and information to empower themselves. Financial inclusion is about prosperity and sustainable economic growth.

I endorsed the National Financial Inclusion Strategy last year April, and I am pleased to advise that Cabinet approved the National Financial Inclusion Strategy in May 2016. The strategy is the output of fifteen ministries, departments and agencies in the public sector, as well as members of the private sector and non-governmental organizations.

### **The National Financial Inclusion Strategy**

The National Financial Inclusion Strategy has four pillars:

1. Financial Access and Usage
2. Financial Resilience
3. Financing for Growth
4. Responsible Finance

The Strategy has very specific impact indicators, which are targets that are to be achieved by 2020. These targets are tied to each of the four pillars. There are 53 action items under the National Financial Inclusion Strategy and, for each action item, a ministry, department or agency of Government has been named as the primary entity charged with the responsibility of implementing it. The action items cover several thematic areas, including Consumer Protection and Financial Literacy, Retail Payments and Financial Infrastructure, Housing Finance, MSME Finance and Agriculture Finance.

I wish to add that the National Financial Inclusion Strategy is a living document and, as we advance as an economy and accomplish the targets set by the strategy, some action items and associated timelines will be revised as the strategy evolves.

### **The Governance Framework**

To oversee the implementation of the strategy, I have established a ***National Financial Inclusion Council***. Under my chairmanship, this Council will foster a public-private partnership by engaging members of the private sector and non-governmental organizations through a ***Stakeholder Advisory Group***, which is ably chaired by Mr. Earl Jarrett.

Representatives of the business community, industry associations and non-governmental organizations like the National Consumers League will meet together with the Council on a semiannual basis to review the status of implementation of the action items under the strategy. These reports will be made available to the public, so that there is transparency and accountability in the process of implementation.

The body charged with coordinating the actual implementation of the strategy is the ***Financial Inclusion Steering Committee***, chaired by the Governor of Bank of Jamaica. The Committee, with the assistance of the World Bank, developed the National Financial Inclusion Strategy and now coordinates and facilitates the implementation of the strategy through a number of working groups.

There are currently four working groups, each chaired by senior executives of public sector entities, namely Bank of Jamaica, the Financial Services Commission, Development Bank of Jamaica and the National Housing Trust.

The working groups are:

1. The Retail Payments and Financial Infrastructure Working Group,
2. The Consumer Protection and Financial Capability Working Group,
3. The Housing Finance Working Group
4. The MSME Finance and Agriculture Finance Working Group.

An annual report will be prepared by a Technical Secretariat, with an interim report to be submitted to the Council at the half-way mark.

Ladies and gentlemen, why do we need a national financial inclusion strategy?

My answer is simple: We need to protect those persons who are financially vulnerable and under-served.

Despite our impressive economic performance in 2016, we remain a country divided on socio-economic lines, with significant portions of our citizens and businesses struggling to obtain financial products that meet their needs.

At this time, our micro, small and medium-sized enterprises (MSMEs) continue to face restrictive credit conditions. There has been an expansion of commercial bank credit to the private sector by 14.8 per cent as at December 2016, as compared to 9.5 per cent for the 2015. However, Bank of Jamaica's Credit Conditions Survey Report shows that for the period ending September 2016, of the total private sector credit advanced, there was a reduction of the per cent allocated to small businesses, from 11 per cent for the previous quarter to 9 per cent.

### **The NFIS's Goals**

The National Financial Inclusion Strategy has set as one of its impact indicators, the goal of achieving an increase in the percentage of total private sector credit extended to MSMEs to 11%, at minimum by 2020. Achieving this goal requires us to create an ecosystem for venture capital and the use of non-traditional collateral as security for financial transactions. MSMEs must become bankable, so that they demonstrate to the owners of capital that they are creditworthy. The National Financial Inclusion Strategy requires the delivery of capacity-building programmes to MSMEs by the public sector to improve the bankability of MSMEs.

The strategy seeks to empower Jamaican businesses and individuals through practical steps, such as improved credit reporting and the establishment of a consumer protection regime for services provided by deposit-taking institutions and providers of micro-credit facilities.

I am heartened that, as at the end of December 2016, 63 institutions have signed agreements with the credit bureaus to utilize their services. Having signed agreements, these institutions must actively participate by providing data to them. All licensed deposit-taking institutions (including credit unions), utility service providers and government lending agencies should be data providers. Each Jamaican deserves to obtain a comprehensive report which he or she can use to support an application for a loan with which to expand his or her business.

To improve consumer protection for consumers of services from deposit-taking institutions, work has begun on the development of a consumer protection framework, including dispute resolution, market conduct supervision and complaints handling. With the assistance of colleagues in other jurisdictions, such as the United States, I anticipate that we will create a robust consumer protection regime for financial services.

Under the theme of financial access and usage, the strategy calls for an increase in the number of adults making electronic payments from 33% of the population to 50% by 2020. To do this, the Government is leveraging the efficiencies offered by electronic retail payment products to deliver welfare benefits and to expand the social safety net.

The Ministry of Labour and Social Security, with the assistance of the Ministry of Finance and the Public Service and Bank of Jamaica, has begun the process of developing a pilot programme to facilitate the electronic payment of PATH benefits to five hundred (500) PATH beneficiaries. All approved electronic retail payment service providers have been approached to demonstrate the functionalities of their products and we expect that the pilot will commence in April.

To support financial capability, we are developing a national financial literacy action plan with the participation of the Government of Jamaica, the financial sector regulators and private sector stakeholders. This is a long-term investment in the next generation to improve the financial capability of our citizens so that they understand the significance of investments, borrowing, credit history, budgeting and entrepreneurship.

It will target children and young adults so that by 2020 the financial knowledge and behavioural score of Jamaicans will have improved from 56 to 65. At the same time, we are working to increase the number of adults saving in a regulated financial institution to 40% by 2020; with a correlated reduction in the percentage of account holders with unclaimed deposits to 0.5% of the adult population.

I am encouraged by the support that we have received from our multilateral and international partners. The World Bank was instrumental in assisting us in developing the strategy under the coordination of Bank of Jamaica. Since then, we continue to work closely with the World Bank on a range of projects.

The United States Treasury Department, through its Office of Technical Assistance, is working with Bank of Jamaica on matters related to transactional accounts and consumer protection. The Inter-American Development Bank continues to work with us on partnerships to strengthen our financial system through the development of a national identification system, amongst other things.

### **Call to Action**

I therefore ask that all ministries, departments and agencies who have engaged in the process of developing the National Financial Inclusion Strategy commit to its execution.

To the members of the Stakeholder Advisory Group, please review the NFIS in detail, look at the timelines and begin the process of engaging with the working groups to advance the strategy's implementation. Provide your comments, as NFIS is a living document meant to reflect the desires of our people for their financial improvement.

The diligence shown by the members of the Financial Inclusion Steering Committee gives me the confidence to know that we can and will implement lasting change in our financial landscape so that all Jamaicans can be included and will have access to regulated financial institutions which provide services suited to their needs.

Thank you.