



BANK *Of* ZAMBIA

ALLIANCE FOR FINANCIAL INCLUSION (AFI) EVENT:

12th SME Finance Working Group

&

14th Financial Inclusion Strategy Peer Learning Group

Meetings

KEYNOTE ADDRESS BY

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GOVERNOR – BANK OF ZAMBIA**

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LIVINGSTONE, ZAMBIA

ALLIANCE FOR FINANCIAL INCLUSION (AFI) WORKING GROUPS MEETINGS, KEYNOTE ADDRESS
BY DR. DENNY H. KALYALYA, GOVERNOR – BANK OF ZAMBIA – 1ST APRIL 2019

- The Deputy Executive Director – Alliance for Financial Inclusion, Mr. Norbert Mumba;
- The Chairperson – Bankers Association of Zambia, Mr. Kola Adeleke;
- The Program Coordinator – Rural Finance Expansion Program (RUFEP), Mr. Michael Mbulo;
- The Chief Executive Director – Financial Sector Deepening Zambia (FSDZ), Ms. Betty Wilkinson;
- Colleagues from the Bank of Zambia;
- Distinguished AFI Delegates;
- Distinguished invited guests;
- Members of the Press;
- Ladies and Gentlemen.

Ladies and Gentlemen, before I go any further, please allow me to join our leaders to express our heartfelt condolences to our brothers and sisters, from Malawi, Mozambique, and Zimbabwe, who lost their loved ones due to the recent devastating Cyclone Idai. May Their Souls Rest In Peace.

Turning to the event which has brought us all here, it is my pleasure and honor to officiate at the opening of these meetings, which are being co-hosted by the Bank of Zambia and the Alliance for Financial Inclusion (AFI). This is a very important event for all of us striving to achieve financial inclusion and increase participation of the SMEs in our economies. These meetings, here in Zambia, mark the 12th and 14th meetings of the SME Finance Working Group and the Financial Inclusion Strategy Peer Learning Group, respectively. It therefore gives me great pleasure to welcome the AFI delegates to Zambia, in particular to Livingstone, the tourist capital of our country.

We, at the Bank of Zambia, are delighted to have you here and we hope that you will enjoy your stay and the Zambian hospitality. Livingstone has a number of tourist attractions and historical places to visit, including the Victoria Falls. We hope that within your busy schedule, you will find time to visit some of these places, which we trust will leave you with fond memories of Zambia.

Distinguished Delegates, let me start by commending AFI for its commitment to supporting financial inclusion efforts around the world, mostly in developing countries, and for creating a global platform for knowledge exchange and peer learning on financial inclusion matters. We recognize that AFI has been instrumental in facilitating the development of financial inclusion policies and initiatives through its member-owned network and the global representation, as reflected by the multinational presence in this forum, and has enabled extensive global consultation and sharing of country experiences. We at the Bank of Zambia, have benefitted immensely from our membership to AFI: upscaling the technical competencies of our staff through working group membership; training and capacity building programmes on financial inclusion matters; and access to AFI knowledge products and financial grants to support our financial inclusion initiatives.

Distinguished Participants, as you may be aware, to operationalize their policies and regulatory reforms, many countries are now increasingly developing national financial inclusion strategies. In the recent past, countries have stepped up efforts to enhance access to financial services for the underbanked and un-banked segments of their population, through financial inclusion initiatives.

To support the efforts of AFI, the task remains for us member countries to come up with appropriate, viable and implementable financial inclusion policies that will address the challenges in our respective countries and regions. You will agree with me that it is one thing to come up with policies, but another to implement these policies and achieve the intended goals. In the case of financial inclusion policies, the ultimate objective is financial empowerment and improvement of the lives of people. This also entails reducing the inequality gaps between the poor and the rich, the urban and the rural, as well as between men and women.

Ladies and Gentlemen, the world is replete with numerous challenges, including those that stand in the way of achieving financial inclusion. To address them requires that we think and act in innovative ways. As policy makers and/or regulators, we should not allow the challenges to blind us to the opportunities that may be lurking behind or besides.

Distinguished Ladies and Gentlemen, the need for us to come up with practical and timely interventions in the form of formulating appropriate policies and ensuring their effective implementation cannot be overemphasized. It is my sincere hope that as policy makers, we will take a critical look at every challenge that we see or threat that stands in the way of achieving our financial inclusion goals, with a view to finding a solution or a pathway to its or their resolution.

Without appropriate policy interventions that facilitate access to financial services to the disadvantaged, the vulnerable segments of our societies will remain trapped in the vicious cycle of poverty, making it harder for them to fully participate in the economy. You will agree with me that access to financial services would facilitate increased participation in the formal economy and poverty reduction. Without access to financial services, it is difficult for people to meet their basic social and economic needs. Access to financial services is an enabler for achieving the goal of inclusive societies where citizens partake in the socio-economic development of their countries.

We therefore wish to urge us all that as we develop our policies we should take all the necessary steps to ensure that there is a clear link between such financial inclusion policies and how they address the challenges facing the identified segments of the population, especially those at the bottom of the pyramid.

Ladies and Gentlemen, allow me as well to touch on the importance of the SME sector in our economies, since the SME Finance Working Group will also be having its meeting, which is the 12th in their series of meetings. It has long been recognized that development of the SME sector is a critical prerequisite for broad based economic growth and development in our countries. This stems from their potential to create many productive jobs. The fact that the SME sector accounts for a significant portion of any economy makes it an obvious target for enhancing

financial inclusion. I dare say, therefore, that a financial inclusion strategy that does not give adequate attention to the SME sector is unlikely to succeed.

In this context, research has shown that SMEs are disproportionately affected by market failures, barriers and inefficiencies in both the business and policy environment. It has also been observed that productivity of SMEs is affected by access or lack of it to strategic resources, such as, skills, knowledge networks, and finance. An effective SME strategy should, therefore, result in the formulation of policies that take into account the challenges of the SMEs from both the demand and supply sides, changes in regulations, markets and technologies that occur within and across borders.

Allow me to now specifically address the Working Group members. I know that the two working groups have made significant strides in addressing matters within their respective thematic areas and I wish to commend the members for the work done thus far. However, given where we are today, there is much more to be done to make the lives of people in our societies better. I therefore wish to urge you, once again, that in your deliberations have the end-results in clear focus. We expect the outcomes of these meetings to bring us closer to the attainment of the mandates of the working groups and our financial inclusion goals.

Distinguished Delegates, with these remarks, let me conclude by wishing you all fruitful deliberations. It is my sincere hope that all participants will engage fully in the discussions and generously share the wealth of experience and knowledge assembled here.

Let me also thank AFI for agreeing to bring these meetings to Zambia and to co-host them. We equally want to express our sincere appreciation to all our other key collaborators in the financial inclusion agenda that include RUFEP, Financial Sector Deepening Zambia, DFID, Bankers Association of Zambia, and the Government of the Republic of Zambia.

To the delegates, thank you very much for attending these meetings and we wish you safe travels back to your respective destinations following closure of the meetings.

It is now my honor and privilege to declare the 12th SME Finance and the 14th Financial Inclusion Strategy Peer Learning Group (FISPLG) working group meetings officially open.

Thank you and God bless!