



Expert Meeting on
**THE IMPACT OF ACCESS TO FINANCIAL SERVICES,
INCLUDING BY HIGHLIGHTING THE IMPACT ON REMITTANCES ON
DEVELOPMENT: ECONOMIC EMPOWERMENT OF WOMEN AND YOUTH**
12-14 November 2014

**SESSION 1:
TRENDS IN FINANCIAL SERVICES AND FINANCIAL INCLUSION**

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**University of
Zurich** ^{UZH}

Faculty of Law

Financial Inclusion and Financial Stability

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Where do we stand?

**SINGLE-YEAR EXPERT MEETING ON THE IMPACT OF ACCESS TO FINANCIAL
SERVICES,**

Trends in financial services and financial inclusion

UNCTAD, Geneva

November 11, 2014

Prof. Dr. Kern Alexander



State of play: Global Risks 2014 Report

«The Global Risks 2014 report highlights how *global risks* are not only interconnected but also have *systemic impacts*»

Table 1: Ten Global Risks of Highest Concern in 2014

No.	Global Risk
1	Fiscal crises in key economies
2	Structurally high unemployment/underemployment
3	Water crises
4	Severe income disparity
5	Failure of climate change mitigation and adaptation
6	Greater incidence of extreme weather events (e.g. floods, storms, fires)
7	Global governance failure
8	Food crises
9	Failure of a major financial mechanism/institution
10	Profound political and social instability

Source: Global Risks Perception Survey 2013-2014.

Note: From a list of 31 risks, survey respondents were asked to identify the five they are most concerned about.



Financial Inclusion Action Plan (2010)

«**Financial inclusion** is not only an end in itself. It is also **required** for, and complementary to, financial stability and financial integrity»¹

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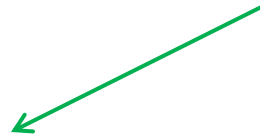
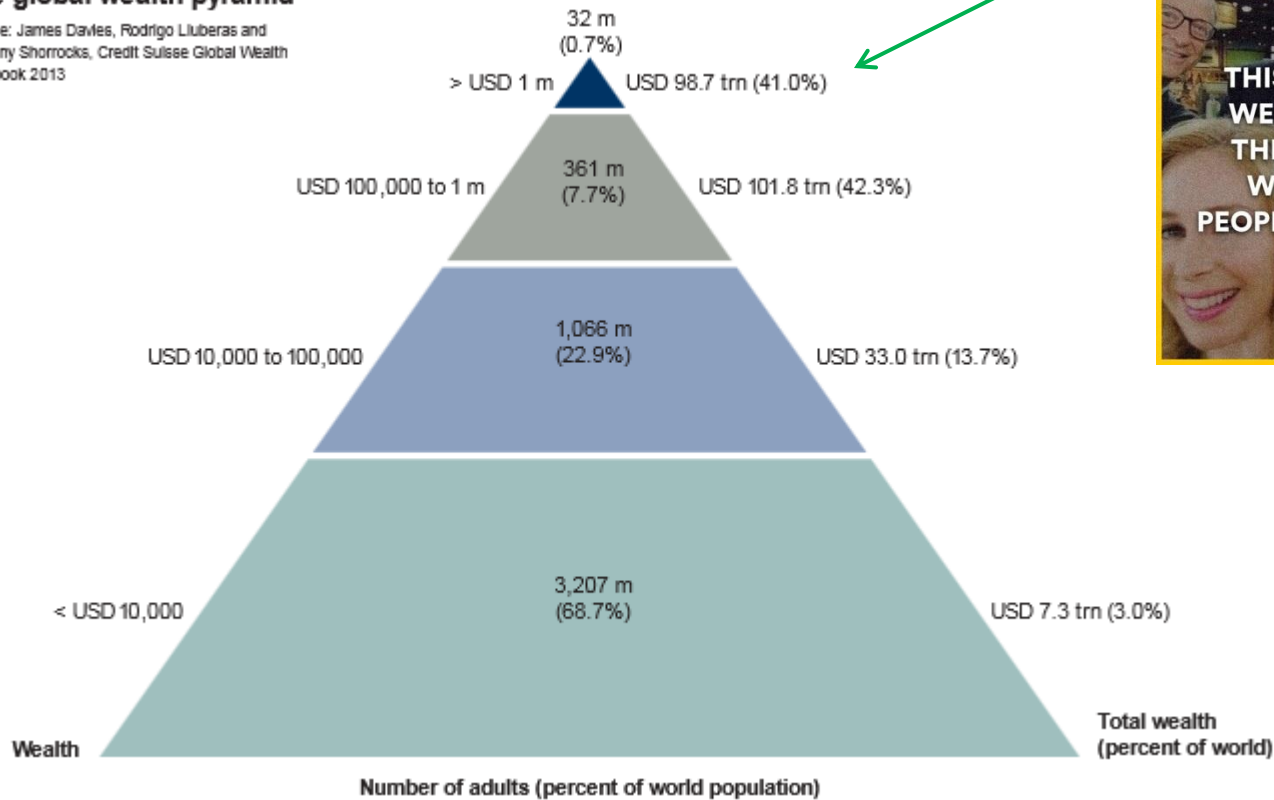
¹ G20 Financial Inclusion Action Plan

4 Severe income disparity

“A group that comprises **less than 1%** of the world’s adult population, yet collectively **holds 41%** of global household wealth.”¹

The global wealth pyramid

Source: James Davies, Rodrigo Liuberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2013



¹ Credit Suisse (2013) 'Global Wealth Report'



Financial inclusion is measured in three dimensions¹

- (i) access to financial services;
- (ii) usage of financial services; and
- (iii) the quality of the products and the service delivery.

G20 Principles for Innovative Financial Inclusion¹

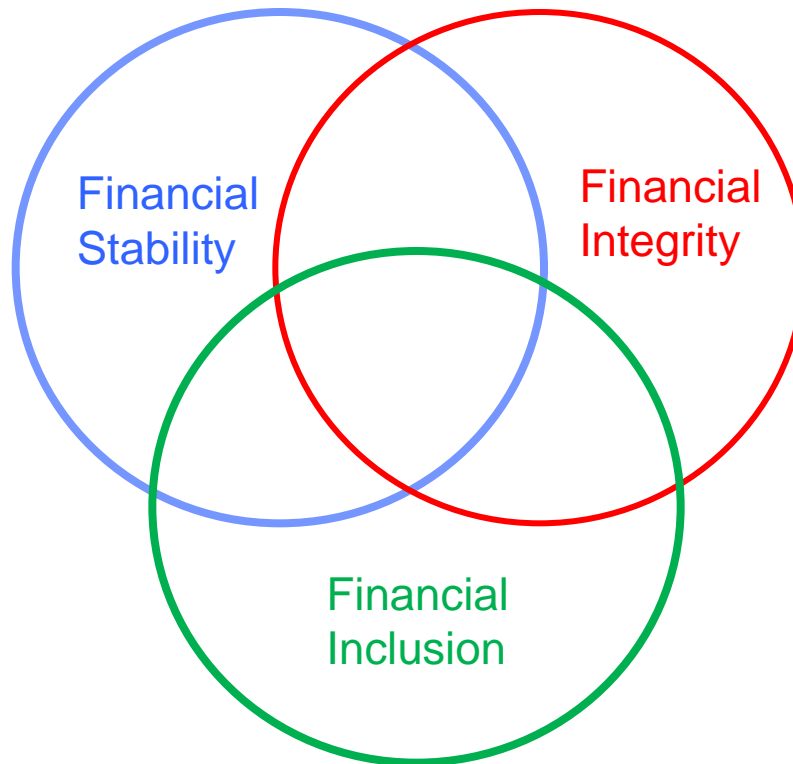
«*These principles are a **reflection of the conditions** conducive to spurring innovation for financial inclusion while protecting financial stability and consumers*»

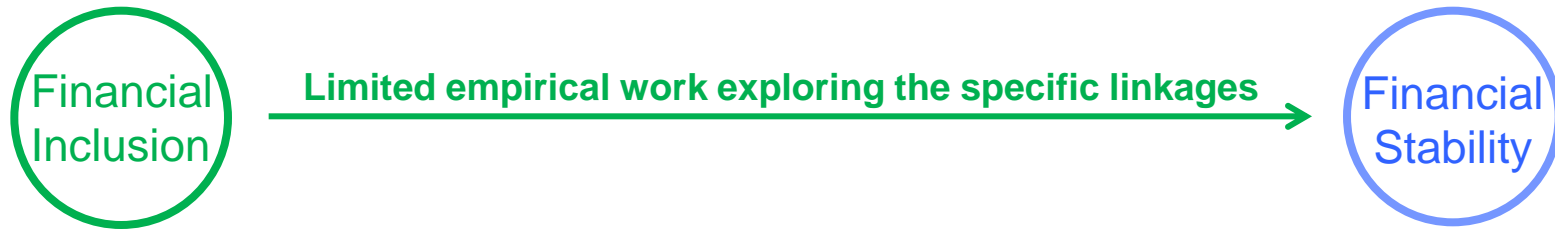
¹ [GPII 'G20 Financial Inclusion Indicators'](#)



Financial Inclusion Action Plan (2010)

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«A growing body of research suggests that whether broad-based access to formal financial services promotes *financial stability depends on how that access is managed within the regulatory and supervisory framework, especially in terms of financial integrity and consumer protection.*»

(Source: Cull, R. et al (2012) 'Financial Inclusion and Stability: What Does Research Show?' Consultative Group to Assist the Poor (CGAP) Brief)



Integrity in the financial system

«Ethical behavior is a major dimension of financial stability¹»

(Source: LaGarde (2014) 'Economic Inclusion and Financial Integrity')

«*While the average wealth holding is modest in the base and middle segments of the pyramid, their total wealth amounts to USD 40 trillion, underlining the potential for novel consumer products and innovative financial services targeted at this often **neglected segment***» (Source: Credit Suisse (2013) 'Global Wealth Report')



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Thank you for your attention.