

U.S. DEPARTMENT OF THE TREASURY

Press Center



Opening Remarks by Secretary Jacob J. Lew at the 2015 Financial Inclusion Forum

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WASHINGTON - Good morning, and welcome to the Financial Inclusion Forum. I want to thank you for joining us today to discuss an issue that impacts every person and every economy around the world.

Before I start, I would like to acknowledge all the hard work that went into making this forum a success and thank everyone for the productive discussions yesterday. We look forward for continuing those conversations today.

I would like to acknowledge the wide range of participants we have with us today. The diversity of expertise represented is a testament to the significance of the issue we are gathered to discuss, and together we have an opportunity to redouble our efforts and accelerate progress toward full financial inclusion on a global scale. Over the course of these sessions, we will seek to identify strategies to better connect individuals and enterprises to safe and affordable financial products and services and discuss how to implement those strategies effectively.

For many, it is hard to imagine how it would be possible to manage financial affairs without basic products like a checking account or a credit card. But the consequences of exclusion are real, and expanding access to financial services is important at every level of the global economy.

At the household level, financial inclusion helps individuals and families transfer money and make payments safely and affordably. It allows people to manage life's unexpected financial shocks, build long-term financial security, and take advantage of economic opportunities, like starting a business. And we know that small businesses, which play a critical role in job creation, need cash flow, working capital, credit, and payment capabilities in order to thrive and grow.

At the national and global level, financial inclusion improves economic growth by connecting consumers and small businesses to the financial system. And work by the IMF points to a strong positive relationship between household access to financial services and macroeconomic growth.

But for financial inclusion to work it must be comprehensive, including transaction services, savings opportunities, insurance, and access to credit. When these elements are fostered in an atmosphere of sound regulation and supervision, it not only creates the confidence for sustained economic growth, but it helps us to protect consumers and effectively combat illicit activity. Financial inclusion means that the informal economy will shrink as the more accountable financial economy grows.

As we work to address financial inclusion, we know that much work remains ahead of us. More than two billion people around the world rely solely on cash transactions and basic financial services are out of reach for one in four individuals on Earth. Further, we are concerned with the persistent gender and generation gaps in this area, with women and young people generally having less access to financial services.

Even in the United States, with greater access to conventional financial services, one in five households continues to use alternatives like check cashers or auto title loans. In 2010, 26 million American consumers had too limited financial history to even get a credit score, which means even if they paid their bills, they would not have access to credit. And far too many Americans do not have savings for a rainy day, let alone what they need for a secure retirement.

We are also aware of the growing concern that some large banks are terminating their correspondent relationships and restricting access of money service businesses to bank accounts. We take seriously the potential impact that these actions could have on financial inclusion. We remain deeply committed to addressing the challenges surrounding correspondent banking relationships and money services businesses in a way that protects our joint goals of supporting financial inclusion and protecting the financial system from illicit activity. These two objectives are complementary, not conflicting, as we know that financial exclusion undermines the integrity of the entire financial sector. For this reason, we are working both domestically and internationally to make both goals a reality.

Still, we are making important progress on the broader financial inclusion agenda. Between 2011 and 2014, 700 million adults worldwide opened financial accounts and progress has been aided by access to mobile money in developing economies, particularly in sub-Saharan Africa.

Domestically, Treasury is working to improve financial opportunity and capability for more Americans. We recently rolled out myRA, a safe, simple, and affordable starter retirement savings option to help more Americans save and invest for their futures. With no fees or minimum balance requirements, myRA removes barriers to saving for the millions of working Americans who lack access to a retirement savings plan at work. And all you have to do to get started is log on to myRA.gov and sign up.

Through the Community Development Financial Institutions Fund, Treasury is building capacity in underserved communities to facilitate the investments in businesses and organizations that will help local economies grow. In the 20 years since it was created, the CDFI Fund has awarded more than \$2 billion to CDFIs all over the country. And in many cases, these CDFIs are the only sources of capital for borrowers in the communities they serve. By bringing capital into communities that lack access, the CDFI Fund has made an enormous difference, from housing, health care, and business creation to job training, real estate development, and business services.

To advance research, we launched the Financial Empowerment Innovation Fund. Through this Fund, Treasury is investing in research projects that are developing, testing, and evaluating new ways public, private, and non-profit entities can assist Americans with making financial decisions and obtaining safe and affordable financial services. Along with encouraging new innovation through research, Treasury is working with private and government partners to expand the financial capability of young people so that they can make financial choices to give them a strong start in their lives.

Internationally, Treasury regularly provides policy advice and technical support to foreign policymakers and regulators to promote strong and stable financial services markets in emerging market countries. In particular, Treasury promotes a diversity of financial service providers, including banks, non-banks, and technology-based business models, to reach individuals and businesses with a wide array of responsible and affordable services.

Treasury's Office of Technical Assistance works with our counterparts around the world to improve oversight of new financial service providers. And we work through fora like the G-20's Global Partnership for Financial Inclusion to promote access to the financial system and reduce the cost of remittances while ensuring the application of anti-money laundering, counter-financing of terrorism, consumer protection, and safety standards.

We have invited you here today for a reason. You are the leaders – across industry, government, and the academic and nonprofit sectors – who can expand consumer access to safe and affordable financial products and services. Today's conversations will identify important steps that each of us can take to address key barriers to greater financial inclusion and to take advantage of the unique opportunities that technology and increased awareness offer. We will identify concrete actions to get consumers safely and securely into the financial system; find new approaches to include young people and financially isolated individuals and communities; and consider how to support the credit needs of small and medium enterprises.

Today is not just about talking; it is also about continuing to plan for action. At Treasury, we will intensify our efforts over the coming year to improve access to the financial products and services that will help move people toward a brighter, more secure future. I will continue to call on all of you – from the public sector to business and nonprofits – to join us in accelerating progress on financial inclusion around the world.

With that, I would like to turn it over to Bill Gates, co-Chair of the Bill & Melinda Gates Foundation.

Thank you.

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