Template for the Design of a National Financial Inclusion Strategy

Over 50 countries have made headline commitments to financial inclusion, and many of those countries have developed or are in the process of developing National Financial Inclusion Strategies (NFIS) to ensure that coordinated and well-resourced actions are put in place to achieve those commitments. While these NFIS vary significantly in structure and content, certain key elements are required to define their scope and facilitate their effective implementation. This document thus aims to provide policymakers, regulators, private sector stakeholders and development partners with a template for the design of a comprehensive and action-oriented NFIS.

This template draws lessons from the World Bank Group's extensive engagements in the design and implementation of NFIS across a range of countries. It also includes references to a series of available publications and tools from the World Bank Group and others that provide further detail into NFIS design, monitoring and evaluation, and coordination as well as to publicly available NFIS from a range of country contexts (see *Reference Framework for Financial Inclusion Strategies* and References section). In countries where the World Bank Group is a partner in the development of a NFIS, the process is consultative and draws on a range of local and global technical expertise. This template does not substitute for this process but rather can be used to elaborate and iterate a NFIS draft as relevant stakeholders provide their contributions and inputs.

> **Definition:** *"Financial inclusion strategies are roadmaps of actions, agreed and defined at the national or subnational level, which stakeholders follow to achieve financial inclusion objectives. Successful strategies coordinate efforts with the main stakeholders, define responsibilities among them, and state a clear planning of resources by, for example, prioritizing targets. A strategy can promote a more effective and efficient process to achieve significant improvements in financial inclusion. Engagement with the private sector, including through structured consultation, can help ensure the success of the strategy and the relevance of the goals set."* (World Bank (2012), Reference Framework for Financial Inclusion Strategies)

This template is structured following a World Bank Group-recommended outline of a National Financial Inclusion Strategy, including the following sections: Vision, Assessment, Strategy Objectives, Coordination and Implementation Mechanism, Monitoring and Evaluation System, and Action Plan. Each section describes the key content that should be covered, along with practical tips and considerations, as well as illustrative country examples to guide the formulation process. Indication to whether certain sub-sections are considered optional is provided and marked by a visual icon [ ].

Contents

Acknowledgements

This document is a product of the Finance and Markets Global Practice and was prepared by Sarah Fathallah and Douglas Randall. The team is grateful to the peer reviewers – Denise Dias, Jane C. Hwang, Thomas Lammer, and Harish Natarajan – for their valuable comments. Massimo Cirasino and Douglas Pearce provided overall guidance.

ACRONYMS AND ABBREVIATIONS

AFI	Alliance for Financial Inclusion
CPMI	Committee on Payments and Market Infrastructures
CPSS	Committee on Payment and Settlement Services
FAS	Financial Access Survey
FSAP	Financial Sector Assessment Program
FSP	Financial Services for the Poor (The Bill and Melinda Gates Foundation)
G20	Group of Twenty
GSMA	Groupe Speciale Mobile Association
IOSCO	International Organization of Securities Commissions
ICT	Information and Communication Technology
IMF	International Monetary Fund
KPI	Key Performance Indicator
MW	Migrant Workers
MSME	Micro, Small, or Medium Enterprise
M&E	Monitoring and Evaluation
NFIS	National Financial Inclusion Strategy
NGO	Non Govermental Organization
OECD	Organization of Economic Co-operation and Development
PAFI	Payments Aspects of Financial Inclusion
SME	Small or Medium Enterprise
WBG	World Bank Group

1. INTRODUCTION

Before tackling the core content of the National Financial Inclusion Strategy (NFIS), it is necessary to provide sufficient background and context in order to answer the reader's question: "Why is this important?"[1] Answering this question means demonstrating the rationale behind why financial inclusion as a policy objective is imperative, but also why a strategic approach to financial inclusion reforms is necessary within the specific country context. As such, NFIS generally begin with a foreword or introduction that covers two main elements:

1. The context of the NFIS in relation to the main previous commitments or headline efforts made by the country's authorities and other stakeholders to financial inclusion.

2. How the NFIS aligns with or supports the country's overall national, financial sector and National Payment System development, economic development, and/or poverty alleviation objectives and existing initiatives. Clarification can also be usefully provided on the relationship and hierarchy of the NFIS with other relevant strategies or plans.

Tip: An NFIS can provide an overall framework and roadmap for supporting and/or complementary thematic strategies and action plans (e.g. National Payment Systems Strategy, Financial Education Strategy, SME Finance Strategy), institutional strategies (e.g. Central Bank Strategic Plan), or regional (i.e. for a specific state or province) strategies providing more detailed guidance in specific areas. Specifically, an NFIS can be a useful tool to secure and/or rationalize resources and increase the effectiveness of their allocation by eliminating overlaps or gaps in the field of financial inclusion that can emerge from uncoordinated actions.

1.1. Vision for the NFIS

Either as a standalone sub-section or as part of the abovementioned introductory section, the overarching vision for the National Financial Inclusion Strategy and its timeline of execution can be provided.

Tip: The vision should answer the question "what would a successful implementation of the NFIS achieve?"

Examples: Tanzania's National Financial Inclusion Framework sets forth as its vision the following: *"All Tanzanians regularly use financial services and payment infrastructures to manage cash flows and mitigate shocks. These are delivered by formal providers through a range of appropriate services and infrastructure, with dignity and fairness."*

The Philippines' National Strategy for Financial Inclusion establishes an overall vision of *"a*

[1] Different terminology is applied to the concept of a National Financial Inclusion Strategy, including National Financial Inclusion Framework, as in the case of Tanzania.

financial system that is accessible and responsive to the needs of the entire population and toward a broad-based and inclusive growth, particularly, to ensure that this financial system also serves the traditionally unserved or marginalized sectors of the population. This vision is guided by a focus on the client."

At a global level, the World Bank Group's vision for Universal Financial Access is that "*By 2020, adults globally have access to an account or electronic instrument to store money, and send and receive payments as the basic building block to manage their financial lives.*"

1.2. Definition of financial inclusion

Either as a standalone sub-section or as part of the abovementioned introductory section, a definition of financial inclusion, based on the context of the country, can be provided.

Examples: In the following examples of National Financial Inclusion Strategies and global resources, financial inclusion is defined as:

- *"The permanent access of adults to a range of financial products and services (i) offered through formal and sustainable financial institutions, governed by appropriate regulation, (ii) diverse, affordable and tailored to the needs of the population, (iii) used by [the population] in order to contribute to the improvement of its socio-economic life."* (Burundi, Stratégie Nationale d'Inclusion Financière – translated)
- *"Financial Inclusion is achieved when adults have easy access to a broad range of formal financial services that meet their needs and are provided at affordable cost."* (Nigeria, National Financial Inclusion Strategy)
- *"The access to and usage of a range of quality, timely, convenient and informed financial services at affordable prices. These services are under appropriate regulation that guarantee consumer protection and promote financial education to improve financial capabilities and rational decision-making by all segments of the population."* (Paraguay, National Financial Inclusion Strategy)
- *"A state in which all working age adults, including those currently excluded by the financial system, have effective access to the following financial services provided by formal institutions: credit, savings (defined broadly to include current accounts), payments, and insurance."* Effective access is further defined as *"convenient and responsible service delivery, at a cost affordable to the customer and sustainable for the provider, with the result that financially excluded and underserved customers can access and use formal financial services." (Global Partnership for Financial Inclusion)*
- *"Simply put, financial inclusion may be interpreted as having access to and using the type of financial services that meet the user's needs. The real needs for financial services of individuals, businesses and public administrations are, however, likely to be higher than is apparent from the actual use of a specific financial service at a given point in time. In addition, those needs tend to change over time. In this sense, a more desirable steady state for financial inclusion would entail universal access to a wide range of financial services that can be used when and as needed."* (CPMI-WBG Payments Aspects of Financial Inclusion, Consultative Report)

2. ASSESSMENT OF THE CURRENT STATE OF AFFAIRS

The assessment section provides the analytical foundation of the NFIS. The objective is to identify a set of obstacles and opportunities relevant to the achievement of the vision set forth in the previous section. The identification of these obstacles and opportunities then serves to inform and motivate the objectives (Section 3), targets (Section 5), and action plan (Section 6) to achieve the NFIS vision.

The overview section should provide an assessment of the levels of access, usage, and quality of financial services in the country through analyses of (i) the financial sector landscape, including institutional composition, physical reach, key products, and major recent developments; (ii) the enabling environment, including relevant laws and regulations as well as the financial (e.g. payments infrastructures, credit reporting systems) and other relevant infrastructures (e.g. ID infrastructure, ICT infrastructure, power supply); (iii) current usage (use cases, frequency of use, etc.) of regulated and unregulated financial services, including trends over time and across key population segments (e.g. women, the poor, youth, etc.) and regions.

Tip: The structure and content of this section could be aligned with the policy priority areas, pillars, and/or target populations set forth in the NFIS objectives section. If, for example, the NFIS is structured around the policy priority areas of payments, savings, insurance, financial consumer protection, and financial capability, then each area should be explicitly addressed in the assessment section.

Examples: To inform the development of Paraguay's NFIS, the authorities worked with the World Bank to prepare four technical notes drawing on: (i) a nationally representative demand-side survey of individuals; (ii) a supply side assessment of existing financial products and services; (iii) an assessment of the legal and regulatory framework for financial inclusion; and (iv) a consumer protection and financial literacy diagnostic. The findings of these technical notes are highlighted in the "Current State of Financial Inclusion in Paraguay – Where are we?" section of the NFIS, which itself is divided into seven sections (financial inclusion environment; savings; credit; payments; insurance; financial education; consumer protection). The assessments are publicly available (in Spanish) on the website of Banco Central del Paraguay.

The scope and depth of the section will vary depending on available data and diagnostics. If time and resources permit, new data collection or assessments can provide invaluable and targeted insight to inform this section, including through demand-side surveys of individuals and/or firms, supply-side surveys of existing products and their key features, and legal/regulatory analyses (e.g. related to financial consumer protection or payment systems). In other cases, the section will draw from existing materials, highlighting gaps when applicable. Rather than appending together existing or separately executed analyses, efforts should be made to integrate these analyses into a single coherent narrative that motivates the NFIS objectives and key NFIS actions. The following table provides a list of globally relevant resources that can be drawn on to complement or inform country-specific resources and analyses.

Global Resources for Financial Inclusion-Related Data and Diagnostics

	Demand-side data analysis	Supply-side data analysis	Diagnostics against global standards or good practices
World Bank Global Findex	X		
World Bank Enterprise Surveys	X		
World Bank Financial Capability Surveys	X		
World Bank Living Standard Measurement Surveys	X		
FinScope Surveys	X		
Financial Inclusion Insights (FII)	X		
IMF Financial Access Survey		X	
MIX FinClusion Lab (Geospatial Maps)		X	
FSP Maps (Geospatial)		X	
GSMA Mobile Money Adoption Survey		X	
World Bank Global Payment Systems Survey		X	X
World Bank Global Financial Consumer Protection and Literacy Survey		X	X
The Economist Intelligence Unit Global Microscope			X
World Bank Good Practices for Financial Consumer Protection			X
OECD Set of Criteria, Principles, Guidelines and Policy Guidance to Improve Financial Education			X
CPMI-World Bank General Principles for International Remittances			X
CPSS[2]-IOSCO Principles for Financial Market Infrastructures			X
World Bank Guidelines for Developing a Comprehensive National Retail Payments Strategy			X
A Practical Guide for Retail Payments Stocktaking (World Bank, Banco Central do Brasil, European Central Bank)			X
CPMI-World Bank Payment aspects of financial inclusion – Consultative report			X

[2] Now CPMI.

3. STRATEGY OBJECTIVES

Based on the NFIS's overall vision (Section 1) and the identified barriers that constrain its achievement (Section 2), a set of objectives are identified. These objectives represent the prioritization of policy areas, target population groups, types of interventions, or a combination of the above.

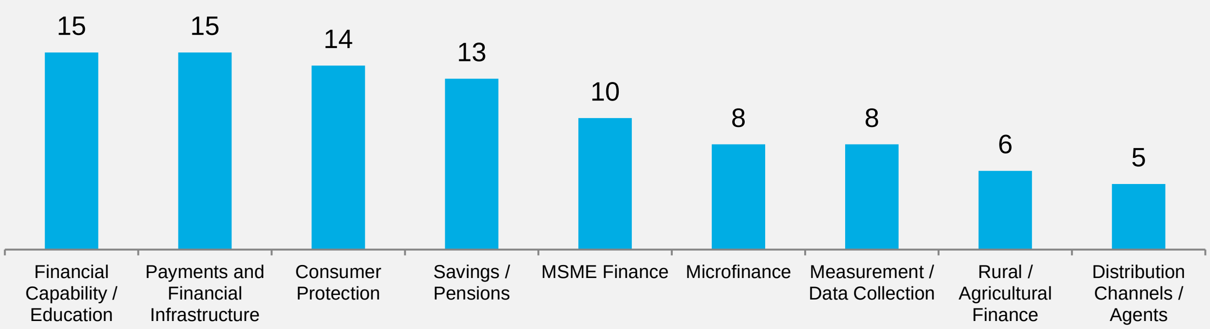
3.1. Priority policy areas

Either as a standalone section or as part of the overall NFIS objectives, policy areas are prioritized according to their relative importance in achieving the overall vision of the NFIS. This does not mean that these areas have to be ranked in any way, but it means that they merit specific actions under the action plan in order to achieve the NFIS vision.

Policy areas of interest can be varied based on the country's context and characteristics, and may include: financial capability, financial infrastructures, financial consumer protection, MSME finance, microfinance, etc.

Examples: National Financial Inclusion Strategies differ greatly in the breadth of coverage, the level of detail, and their specificity. Despite differences, certain commonalities in policy content exist.

Policy Areas in National Financial Inclusion Strategies*



**Based on the analysis of [17 publicly available NFIS](): Brazil (2012), Burundi (2015), Comoros (2011),India (2014), Indonesia (2012), Liberia (2009), Madagascar (2013), Malawi (2010), Nigeria (2012), Pakistan (2015), Papua New Guinea (2014), Paraguay (2014), Philippines (2015), Tanzania (2014), United Kingdom (2004 and 2007).*

These areas are largely in line with the World Bank Group's Financial Sector Assessment Program (FSAP) subtopic areas for financial inclusion. Over 70% of countries where FSAP exercises were conducted have undertaken a technical assessment related to microfinance, housing finance, access to finance and SME finance, financial infrastructure, consumer protection and financial capability frameworks, or other related issues.

3.2. Target groups

The NFIS can also focus part or all of its roadmap on a set of target population groups, which are described in this section. These target groups can be defined by a number of factors:

- Demographic characteristics (e.g. women, youth)
- Income levels
- Geographic location (e.g. rural, urban, peri-urban, or by region/state)
- Economic activity (e.g. agriculture-dependent households)

In addition to individuals and households, enterprises (particularly micro, small, and medium enterprises) can also be considered.

Tip: Target or priority population groups should only be explicitly described in this section if the NFIS's action plan (Section 6) dedicates one or multiple actions to said groups.

Examples:

- Based on the findings of Burundi's 2012 National Financial Inclusion Survey, the country's NFIS focuses on three segments of the population for which it aims to develop "*quality financial services and products aligned to [their] needs*" (translated). (1) For rural dwellers, these include financing mechanisms, approaches, and financial products adapted to rural life, especially for agricultural activities, including leasing for equipment, guarantee schemes for agricultural credit, etc. (2) For women and youth, these include savings groups, the use of "reputational" collateral, awareness campaigns and financial education, etc. (3) And for micro and small entrepreneurs, these include micro-insurance, technical assistance and capacity building to MSMEs, etc.
- Indonesia's National Strategy for Financial Inclusion maps target group-specific actions against each one of the four target population groups it identifies: the low-income poor, the working poor/MSMEs, population with special needs - migrant workers (MW) and those living in remote areas - and the non-poor (defined as the residual category including those that are financially excluded but that do not belong to the previous categories):
- Peru's National Financial Inclusion Strategy highlights the specific financial needs and challenges of several vulnerable groups including rural residents, the poor, adults with low education, displaced populations, and the disabled. The NFIS sets forward a range of actions that are explicitly linked to each vulnerable group, including the development of a national identification system (linked to informal sector workers and displaced populations), simplified documentation requirements (linked to adults with low education), and the extension of agricultural insurance subsidy programs (linked to rural residents).

3.3. Strategy pillars

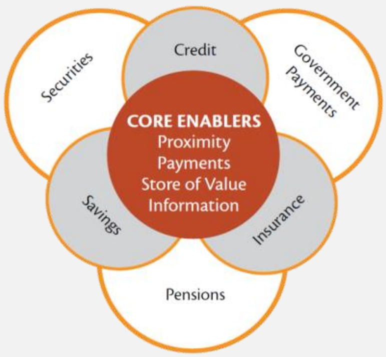
NFIS objectives (including priority areas and target groups) are sometimes presented in a conceptual framework that identifies a set of pillars (sometimes referred to as drivers, principles, enablers, or other) under which the NFIS is organized. Such a framework can serve to usefully distill the obstacles and opportunities identified in the assessment (see Section 2) and emphasize the key themes or pathways for achieving the NFIS Vision. The framework pillars can also add structure to the NFIS which can be reflected throughout the document (e.g. in the action plan).

Examples:

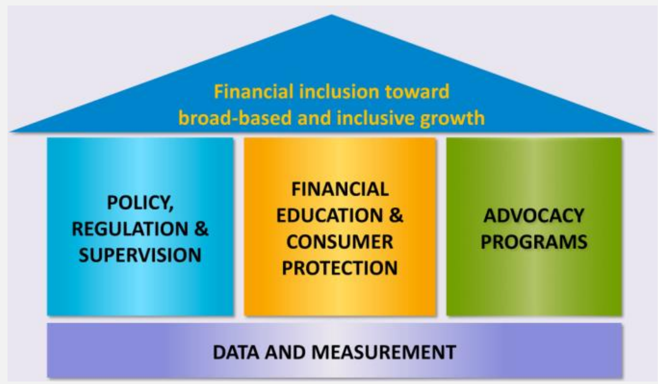
- Tanzania’s National Financial Inclusion Framework identifies four core enablers: proximity, payment infrastructure, store of value, and store of information (see below). These core enablers allow for the achievement of inclusive basic (savings, credit, insurance) and more advanced (securities, pensions, government payments) financial services.

- The Philippines’ National Strategy for Financial Inclusion identifies four key strategies to achieve the NFIS objectives (see below). The key strategies are presented as a house with the roof representing the vision for financial inclusion overarching the pillars that correspond to the four areas. Data and measurement underpin the other three as it is considered cross-cutting.

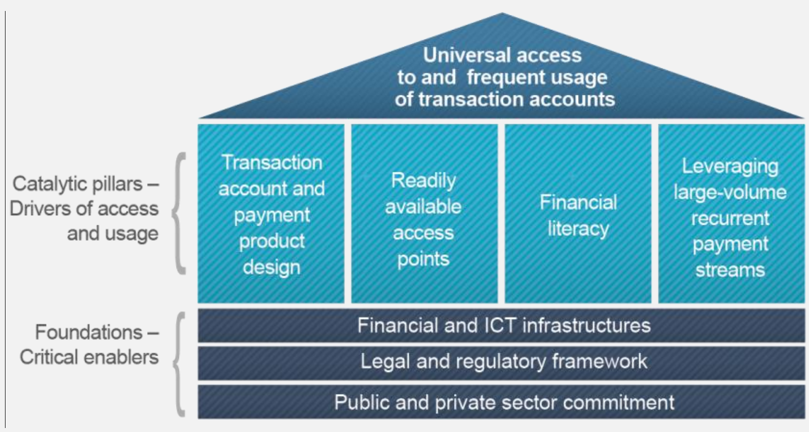
Tanzania



Philippines



- The Committee of Payments and Market Infrastructures’ (CPMI) and the World Bank Group consultative report on Payment Aspects of Financial Inclusion (PAFI) includes a framework for achieving universal access to and frequent usage of transaction accounts that can be leveraged in NFIS and adapted if needed. The framework consists of three foundational enablers and four catalytic pillars.[3]



[3] While countries might decide to use a different structure for their NFIS, they can take advantage of the structure introduced by PAFI to assess whether they cover all relevant topics when developing their NFIS. Since NFIS typically go beyond payments, the scope of two of the payment specific pillars could be broadened for the that purpose: i.e. “transaction account and payment product design” could focus on “financial service product design” and “leveraging large-volume recurrent payment streams” on “large-volume and/or frequent financial service use cases”.

4. COORDINATION AND IMPLEMENTATION MECHANISM

The coordination and implementation of a NFIS often builds on the NFIS development process itself. A NFIS should be developed through a consultative process that involves all relevant stakeholders from the outset. Different mechanisms can be used to coordinate across these different stakeholders, and may yield a relatively formal structure that will endure through the implementation period of the NFIS.

NFIS coordination and consultation can be carried out through a variety of mechanisms, including:

- *Consultation workshops:* workshops can be organized in the early formulation stages of the NFIS in order to present the initiative to all public and private stakeholders, collect inputs and contributions from them, and seek their sign-off on the NFIS prior to launch. Such workshops have been conducted in countries like Haiti, Jamaica, Peru, and Pakistan.
- *Periodic events:* more formal events can be organized allow different stakeholders to update each other and advance agendas in unison. For instance, the Bangko Sentral ng Pilipinas has created a Financial Sector Forum as a coordination mechanism for relevant financial sector regulators to convene yearly.

This section of the NFIS should explicitly describe the entity or governance framework that will lead the implementation of the NFIS, including the following elements:

- Membership, internal organization, and composition of the leading entity or governance structure;
- Mandate of the leading entity or governance structure (i.e. as part of institution's original mandate, through political endorsement or issuance of legislation);
- Roles and responsibilities of the leading entity or governance structure;
- Optionally, considerations around its operationalization (e.g. staff, budget, resources, secretarial functions); and
- Optionally, details around its functioning (e.g. frequency of meetings, internal rules).

Additional Resource: Further guidance on the institutional set-up, composition and operationalization of NFIS inclusion coordination structures can be found in the World Bank's "Coordination Structures for Financial Inclusion Strategies" brief.

Examples: NFIS coordination and governance structures vary greatly from a country to another. Examples from 15 countries, including Colombia, India, Madagascar, Mexico, Paraguay, and Peru are available in the following note.

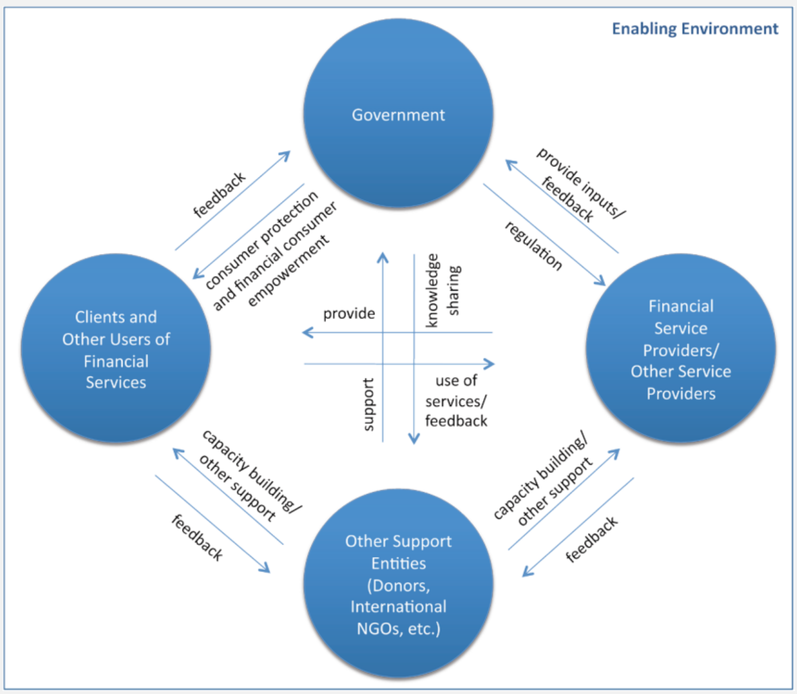
Ultimately, financial service providers deliver financial products and services to the population, and should therefore be involved in the strategy design and target-setting stages, and have a seat in the coordination and implementation mechanism put in place. If the financial industry has shared ownership of the NFIS, it would be more likely to see the implementation of the NFIS as being in its own interest rather than as an imposition, which is key to achieving sustainable outcomes. The involvement of the private sector is also important in order to ensure that regulators and policymakers are providing a conducive environment for innovation and the piloting of new products and delivery mechanisms, while not compromising the focus on financial stability, consumer protection, and financial integrity.

4.1. Stakeholder roles and responsibilities

Either as a standalone section or as part of the overall coordination and implementation mechanism, further detail can be provided with regards to the roles and responsibilities of all the stakeholders involved in the execution of the strategy, particularly those that may not be part of the formal governance structure.

Examples: India's National Mission on Financial Inclusion identifies the roles that all major stakeholders need to play to achieve the Mission's goals. These stakeholders include the Ministry of Finance's Department of Financial Services, the Reserve Bank of India, banks (though the Indian Bank Association), other State Government Bodies, Local Bodies, and the Unique Identification Authority of India, among others.

The Philippines' National Strategy for Financial Inclusion includes a Framework for Stakeholder Coordination which outlines roles and responsibilities for broad group of stakeholders including government entities, financial and nonfinancial service providers, clients and other uses of financial services, and other support entities including donors and NGOs (see below).



5. MONITORING AND EVALUATION SYSTEM

The measurement of progress towards financial inclusion objectives set out in a NFIS requires a monitoring and evaluation (M&E) system that is well-resourced, well-coordinated and broadly accepted among the full range of stakeholders. When these conditions are met, an M&E system can be a powerful and effective tool for identifying obstacles, demonstrating results, and efficiently allocating resources. The M&E section of a NFIS is a valuable opportunity to lay the foundation for a comprehensive M&E system for financial inclusion that extends far beyond simply tracking outputs of a strategy or updating a results framework.

The structure of this section should reflect four key elements of an M&E system:

1. Relevant and reliable financial inclusion data, from both the supply- and demand-side, provides a comprehensive view of the access, usage, and quality of financial services (see sub-section 5.1).
2. An M&E results framework establishes key performance indicators (KPIs) and associated targets in line with national priorities (see sub-section 5.2).
3. Evaluations of key reforms and programs provide insight into the efficiency, effectiveness, and impact of these actions (see sub-section 5.3).
4. A NFIS M&E section should also describe the mechanics of coordination and implementation of the M&E system, which may include a working group and/or dedicated technical team (see sub-section 5.4).

5.1. Data sources

High-quality data is the foundation of a robust monitoring and evaluation system. It is therefore worthwhile to define the universe of financial inclusion data which can support M&E activities as they relate to the NFIS. A data landscape table (template below) can usefully outline the available data at the time of the publication of the NFIS. In most countries this will include supply-side data collected through offsite supervision processes as well as demand-side data collected through individual-level or firm-level surveys.

This section should include a brief analysis of any gaps in the financial inclusion data landscape for the respective country. It can also highlight gaps between the indicators readily available and the full depth and breadth of the objectives and actions defined in the NFIS. This can serve to motivate additional efforts increase the scope of quality of data in certain areas – for example, as it relates to financial capability and product quality, or through upgrades to offsite supervision data collection processes or modification of existing household survey efforts. As such, the M&E framework (see sub-section 5.2) should maintain a certain degree of flexibility to incorporate these data sources, indicators, and targets as they become available.

Available Data Sources Template

Data Source	Demand- or supply-side	Unit of measurement	Sample size	Year (most recent)	Frequency	Responsible institution
Country-owned						
Source #1 (e.g. Offsite supervision data)	Supply	Financial institutions, accounts		2015	Annual	Central Bank
Source #2 (e.g. Household surveys)	Demand	Households	10,000	2014	Biennial	Statistics Agency
Source #3						Financial Services Authority
Source #4						
International Organizations (selected)						
Global Findex	Demand	Individuals	1,000	2014	Triennial	World Bank
Enterprise Surveys	Demand	Enterprises	Varies by country	2011	Varies by country	World Bank
Financial Access Survey	Supply	Financial institutions via Central Banks	Varies by country	2014	Annual	International Monetary Fund

Related to the above, many NFIS Action Plans contain several actions related to data collection. It can be useful to highlight these activities here, even including a brief “data action plan” table.

Examples: Many NFIS Action Plans contain several actions related to data collection:

- *Brazil:* Improve the methodology used to measure financial inclusion and incorporate quality indicators.
- *Burundi:* Adopt guidelines requiring financial institutions to provide NFIS-related indicators as part of their reporting (translated).
- *Madagascar:* Conduct an assessment of the penetration of microfinance services by district and identify potential for opening service points (translated).
- *Papua New Guinea:* Compile and update consolidated list of financial literacy provider, their location, content and target group of training.
- *Philippines:* Make available relevant data to stakeholders to institutionalize accountability, monitoring and evaluation.

5.2. Monitoring and evaluation results framework

The goal of a monitoring and evaluation results framework is to provide a structure for assessing progress towards the NFIS objectives, using well-defined and quantifiable indicators and targets.

An M&E results framework should include several elements:

- Connection to strategic goals and planned actions
- Key Performance Indicators (KPIs), including:
  - → KPI baseline values
  - → KPI targets (where relevant)
  - → Timeline to reach said targets
- Data sources

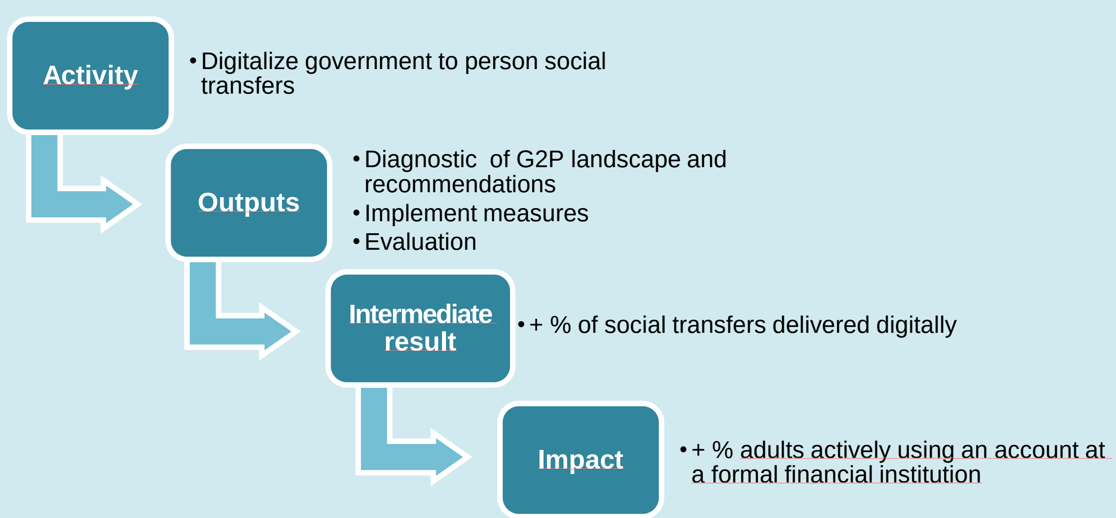
Indicators can be presented at two levels:

- **Impact indicators** measure broad, national-level financial inclusion progress and are driven by a range of NFIS actions as well as factors outside the scope of the NFIS (e.g. economic growth).
- **Intermediate indicators** represent intermediate outcomes that are credibly attributable to activity- and output-level results of the NFIS.

This dichotomy aligns with the final two stages of a "theory of change" (see below). Both sets of indicators should reflect the Strategic Objectives and Pillars of the NFIS and leverage the full range of available data.

Theory of Change: A theory of change diagram (example below) can provide a conceptual starting point and guide for the M&E section. It can take many forms, but it should outline the processes of moving from outputs to intermediate outcomes to final outcomes or impacts. Concrete examples from the NFIS action plan can provide salience.

Theory of Change Example



The following template provides a starting point to build a NFIS results framework, with a few example KPIs included.

M&E Results Framework Template

National / Impact Indicators								
	Priority Area / Pillar	**#**	**Impact Indicator**	**2015 (baseline)**	**2020 (target)**	**Data source**	**Reporting Frequency**	**Reporting Breakdown**
Access	Savings & Payments	1	# of financial access points per 100,000 adults [example]	8.8	14	Central Bank	Annual	By type of financial access point, region
		2						
Usage	Savings & Payments	3	% of adults with a store-of-value transaction account [example]	41%	75%	National Financial Inclusion Survey	Every two years	By urban/rural, gender, income
	MSME financing	4	% of MSMEs considered credit-constrained [example]	34%	15%	National MSME Survey	Every three years	By firm size, sector
Quality		5						
		6						

Program-level / Intermediate Indicators								
	Priority area / Pillar	**#**	**Intermediate Indicator**	**2015 (baseline)**	**2020 (target)**	**Data source**	**Reporting Frequency**	**Reporting Breakdown**
Access	Payments	1	% of G2P payments disbursed electronically [example]	30%	100%	Social Welfare Ministry	Annual	By program
		2						
Usage		3						
		4						
Quality	Financial Consumer Protection	5	Average time to respond to a financial consumer protection claim [example]	20 days	10 days	Banking Regulator	Every six months	By type of financial institution
		6						

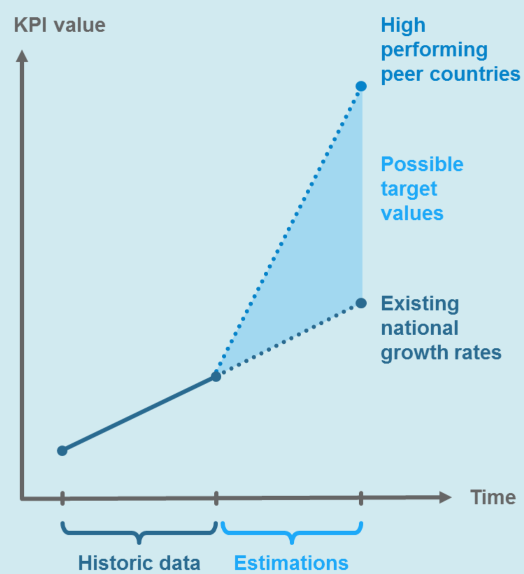
The G20 Set of Financial Inclusion Indicators and the AFI Core Set of Financial Inclusion Indicators provide a useful guide and starting point for the design of country-specific indicators and targets. The GPFI Note on target-setting provides additional guidance on the value and design of national financial inclusion targets.

Tip: To be effective, national financial inclusion targets should be designed and monitored with certain principles in mind. First, targets should be achievable but ambitious. Second, national financial inclusion targets should not promote or justify actions that adversely affect the stability or competitive equilibrium of a country's financial system. Targets around the usage of credit products in particular should be carefully considered.

There are several benchmarking approaches that can be used to support the analytic process of financial inclusion target setting. A useful initial exercise is to project forward existing growth rates of financial inclusion. This process can provide a lower-bound estimate for target-setting, reflecting the fact that financial inclusion in a given country will likely improve naturally over time as a result of economic growth, financial sector development, and technological advances.

Benchmarking against country peers can also be a useful exercise in establishing a range of target values. Depending on the time span of the target, a given country could examine the levels of financial inclusion across country peers within its geographic region or income group, examining "high performers" within each comparator group to generate target values.

At the end of the analytic process for target setting, there will likely be a range of values to choose from for each KPI. These values would then undergo a consultative process with a wide range of stakeholders with the goal of arriving at one target value per KPI that is broadly accepted and aligns with the principles listed above.



5.3. Evaluation of key NFIS activities

In addition to monitoring progress, it is important that evaluations of key NFIS actions be conducted to assess their efficiency, impact, and the degree to which they contribute to national-level NFIS objectives and targets. The exact scope of these evaluation activities will naturally depend on the availability of resources, the precise output being evaluated, and the appropriate methodology for capturing the intent of the evaluation. A key role of the institution responsible for M&E (see sub-section 5.4) will be to coordinate, oversee, and mobilize resources for these evaluations.

There exist a range of tools, methods, and approaches for conducting evaluations. They include, but are not limited to: (i) impact evaluations; (ii) cost-benefit and cost-effectiveness analyses; (iii) process evaluations; (iv) rapid appraisal methods (including focus groups, cognitive interviews, direct observation).

Additional Resources: A range of resources exist to inform and support evaluation activities, including the World Bank's Impact Evaluation Toolkit which provides guidance and templates for terms of reference, research protocols, questionnaires, training manuals, and fieldwork supervision manuals; and the World Bank's Toolkit for the Evaluation of Financial Capability Programs in Low- and Middle-income countries, which provides tools for monitoring and evaluating financial capability programs as well as recommendations on choosing appropriate methods and their proper application.

Related to the above, many NFIS action plans may explicitly contain evaluation components, or may be conducive to rigorous evaluation. It can be useful to highlight these activities here, even including a brief "evaluation action plan" table.

5.4. Institutional responsibility for M&E

This section should outline the institution or mechanism responsible for the financial inclusion M&E system, as well as this entity's tasks and reporting requirements. The responsible institution may take the form of a working group and/or a dedicated technical team. In the case of a working group, participating members should be listed.

The activities of the responsible institutions may include:

- Coordination and standardization of national financial inclusion data collection efforts;
- Operation of a financial inclusion data portal (see country example below);
- Regular reports of NFIS progress, including via the results framework and tracking of actions / outputs;
- Coordination and oversight of evaluations of strategically important financial inclusion reforms and programs;
- Technical resource for program-level data collection and evaluation efforts.

Example: The Indian Government created a web portal to publish and track headline financial indicators by state and throughout the implementation period of its National Mission on Financial Inclusion. The portal is available at this website: www.pmjdy.gov.in

6. ACTION PLAN

This critical section of every National Financial Inclusion Strategy provides a list or table of actions, reforms, and initiatives to be undertaken within the timeframe of implementation (see country examples below) of the NFIS, and includes the following:

- A concrete and self-explanatory description of the action to be implemented;
- The entity (or entities) responsible for its execution (optionally, and in the case of actions involving multiple stakeholders, a primary implementing entity can be identified);
- The time of implementation of said action;
- The priority of execution of said action (high, medium, or low);
- Whether or not certain actions can be considered “quick wins” (i.e. relatively easy to implement in a short timeframe); and
- The pre-conditions necessary to implement said action, if relevant (this is particularly the case of reforms sequenced in a way that their execution is dependent on the implementation of other reforms in the action plan).

The action plan can organize the list of reforms and initiatives according to NFIS pillars as described in Section 3.

Tip: The types of actions a NFIS can cover include:

- Legal or regulatory enactments or amendments;
- Supervisory actions;
- Development of financial infrastructures;
- Diagnostic and data collection exercises;
- Information campaigns and promotion;
- Capacity building and training activities (for users, providers, and regulators, alike);
- Business model development and product roll-out.

Additional Resource: In addition to the guiding principles associated with each foundation and catalytic pillar, the CPMI-WBG Payment Aspects of Financial Inclusion Report outlines key actions for consideration that might be taken to foster the achievement widespread access to and usage of transaction accounts. These guiding principles and key actions have been developed on the basis of the experience and evidence related to a variety of financial inclusion and payment system development efforts from different parts of the world. They are not intended to be prescriptive, but may serve as broad-based guidance as stakeholders begin to outline key actions.

Examples: National Financial Inclusion Strategies have varying timeframes of implementation, though most are between 3 and 5 years:

Comoros	Liberia	Madagascar	Malawi	Nigeria	Pakistan	PNG	Paraguay	Tanzania
3 years 2011 - 2013	5 years 2009 - 2013	5 years 2013 - 2017	5 years 2010 -2014	3 years 2012 - 2014	6 years 2016 - 2020	2 years 2014 - 2015	5 years 2014 - 2018	3 years 2014 - 2016

Longer timeframes allow NFIS to have a phrase approached, where a set of short term actions is implemented as a first step, followed by another set of actions.

A template of a NFIS action plan is provided below:

Action Plan Template

Pillar	Action	Implementing Entities		Pre-conditions	Priority	Timeframe
		Primary entity	Secondary entities			
Pillar 1	Action 1				High	By year 1
	Action 2			Action 1 to be completed	Medium	By year 2
	Action 3				Low	By year 4
Pillar 2	Action 4					
	Action 5					
	Action 6					
	Action 7					
Pillar 3	Action 8					
	Action 9					
	Action 10					

Furthermore, some NFIS like Burundi's also provide an indication of the budget allocated for each action.

REFERENCES

The following list contains further tools and sources of information that policymakers, regulators, and partner development agencies may find useful in the process of formulating a National Financial Inclusion Strategy, setting up a national financial inclusion coordination mechanism, and/or designing a national financial inclusion M&E framework. Many of these resources are available online at the World Bank Group Resource Center for Financial Inclusion Strategies, which also includes a link to all publicly available NFIS as well as additional resources pertinent to financial inclusion-related policy areas.

- Alliance for Financial Inclusion (2014), Global Trends and Lessons Learned from the AFI Network
- Alliance for Financial Inclusion (2011), Pacific Islands Working Group: Lessons Learned for National Financial Inclusion Strategy Development
- CPMI-World Bank Group (2015), Payment aspects of financial inclusion – Consultative report
- Global Partnership for Financial Inclusion (2014), Burundi: Using National Survey Data to Formulate a Financial Inclusion Strategy
- Global Partnership for Financial Inclusion (2013), Financial Inclusion Targets and Goals: Landscape and GPFI View
- Global Partnership for Financial Inclusion (2013), G20 Financial Inclusion Indicators
- World Bank Group (2014), National Financial Inclusion Coordination Structures: Country Examples
- World Bank Group (2014), National Financial Inclusion Strategies
- World Bank Group (2013), Coordination Structures for Financial Inclusion Strategies and Reforms
- World Bank Group (2012), Financial Inclusion Strategies Reference Framework
- World Bank Group (forthcoming), Monitoring and Evaluation for Financial Inclusion Strategy Development and Policymaking