

Report on the Participation in the **Financial Inclusion in the Post-Pandemic Era: Is Digitization and Managing Climate Change the Pathway to Success?**

Date: 13 – 14 July 2023, Venue: SOAS University, London, UK

The Hosts: The two-day event was organized by the South Asian Micro-Entrepreneurs Network (SAMN) and The Financial Inclusion Forum (FIF). SAMN, established in 2008, is a regional microfinance industry association with a vision to improve financial services' quality and scale among low-income populations in South Asia. It represents the collective voice of the industry, reaching over 50 million low-income customers in the region. FIF, formerly known as the UK's Microfinance Club, has been instrumental in raising awareness of financial inclusion and sharing best practices, spanning economic empowerment, microfinance, and social impact investment.

1st Day:

Session I: Markets, Clients, and Funders: Getting the Region Ready for Climate Resilience

The opening plenary focused on the pressing reality of climate change, manifesting through extreme weather events globally. The panel explored the challenges and opportunities of climate change's impact on financial inclusion in the South Asia region. Panelists engaged in a dialogue to collectively identify the challenges arising from climate change and its implications for financial inclusion. Discussions delved into the necessary policy frameworks at macro and industry levels, financial products, and services required by microfinance institutions (MFIs) to build resilience. The importance of market dynamics, client engagement, funders, and collaborative approaches in fostering climate resilience was emphasized.

Session II: Macro-Economics & Microfinance: How South Asian Countries Adapted to Challenging Macro-Economic Situations

The session delved into the strategies and measures adopted by South Asian countries to navigate difficult macro-economic situations. Specific case studies included the macroeconomic crises in Sri Lanka and Pakistan over the last year, challenges faced by Bangladesh while entering an IMF program for stabilization, the migration crisis in India following Covid-19, and the post-conflict situation in Afghanistan. Panelists discussed the role of eco-system players in protecting both MFIs and their clients during economic downturns. The session shed light on the delicate balance between sustaining MFIs' financial health and ensuring client protection in turbulent times.

Focus Session I: Evolving Microfinance Landscapes - Future of Group Lending: This focus session explored the changing dynamics and future prospects of group lending within the microfinance sector. Panelists discussed the impact of technological advancements and emerging trends that are reshaping group lending models. The session provided insights into the challenges and opportunities associated with group lending and its pivotal role in fostering financial inclusion and empowerment in the post-pandemic era.

Focus Session II: Responsible Finance, Interest Rates & Consumer Protection in the Context of Digitization, Evolving Risks: This session addressed the challenges and opportunities related to responsible finance, interest rates, and consumer protection in the rapidly evolving digital financial landscape. Discussions focused on the impact of digitization, emerging risks, and the importance of ensuring fair and responsible financial practices. Regulatory frameworks, industry best practices, and strategies for consumer protection in the digital era were explored.

2nd Day:

Plenary Session I: Role of Private Capital in Microfinance Growth

The opening session on the second day highlighted the role of private capital in driving microfinance growth. Panelists emphasized the combined power of public policy and private capital in fostering innovation and scalability within the microfinance sector. The discussions centered on the timing of growth instruments in relation to the industry's life cycle curve and the accessibility of risk capital in global markets for the region. The session explored various funding instruments, including green and orange bonds, and underscored the importance of securitization as a strategic instrument. Additionally, the panel discussed the significance of Environmental, Social, and Governance (ESG) considerations and the development of triple bottom-line indicators within the governance framework.

The plenary session also touched upon access to equity and climate risk funds, emphasizing their role in promoting financial inclusion, poverty reduction, and the empowerment of underserved communities. The delicate balance between financial returns and social impact in microfinance investments was a key focus of this session.

Plenary Session II: Role of Regulatory Landscape in Promoting Financial Inclusion and Microfinance in South Asia

The second plenary session on the second day examined the crucial role of regulatory frameworks in fostering financial inclusion and supporting microfinance growth in South Asian countries. Panelists discussed regulatory measures, policies, and innovations that have enabled the expansion of financial services, increased access to credit, and promoted responsible financial practices in the region. The session provided insights into best practices, regulatory challenges, and strategies to enhance the regulatory landscape for sustainable financial inclusion and microfinance growth in South Asia.

Focus Session I: Financial Inclusion to Financial Health: What Does It Mean for MFIs?: This focus session aimed to explore the evolving concept of financial inclusion and its transformation into a broader objective of financial health. Panelists discussed changing perspectives of MFIs and other financial institutions in addressing the financial well-being of their clients. The session provided insights into the shift from mere access to financial services towards promoting responsible usage, building financial capability, and fostering long-term financial health. Examples of innovative initiatives and partnerships were shared to illustrate these changing perspectives.

Focus Session II: Power of Data: How Can Data Analytics Make MFIs More Impactful and Customer-Centric?: This session explored the transformative potential of data analytics in enhancing the effectiveness and customer-centricity of microfinance institutions (MFIs). Panelists focused on how data analytics can generate actionable insights, drive informed decision-making, and enable MFIs to better understand and meet the needs of their clients. Successful data analytics initiatives were showcased, and the session highlighted key considerations and challenges in implementing data-driven strategies in the microfinance sector.

Plenary Session III: Accelerating Towards a Future-Ready and Climate-Resilient World: Funding and Major Obstacles

The third plenary session addressed the urgent need for funding and overcoming major obstacles in transitioning towards a future-ready and climate-resilient world. Discussions revolved around the future global availability of resources and the necessary structures at national and industry levels. The session explored managing balance sheet risks while mitigating livelihood risks for clients. The

role of international development partners in creating instruments and structures that address the financial inclusion conundrum and prepare for more frequent climate-related events leading to financial exclusion was discussed.

A Conversation with the Experts: Three Decades in the Rear-View Mirror - 1990 to 2020: What's Next for Microfinance in South Asia?: The event concluded with an engaging conversation with industry experts reflecting on the journey of microfinance in South Asia over the past three decades. The panelists explored key milestones, challenges, and successes of microfinance in the region. The discussion focused on emerging trends, opportunities, and potential strategies to address the evolving needs of microfinance clients in the coming years.

Learning: The event provided valuable insights into the challenges and opportunities of financial inclusion in the post-pandemic era. Key takeaways included the significance of digitization and climate resilience as pathways to success. Discussions on the role of private capital, regulatory frameworks, and data analytics highlighted essential factors for microfinance growth and customer-centricity. The event also encouraged collaborative efforts to promote climate resilience and build a future-ready world, fostering financial inclusion, poverty reduction, and empowerment of underserved communities.

Major issue to be discussed: a) modern insurance should be introduced in MF program b) Who will bear the digitalization cost c) Ensure participation in stock market to collect capital for all MFI d) Open foreign fund channel e) Interest rate should be fixed in 24%

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