

Meeting on Financial Inclusion Foncap – CELAC

Modernization of New Technologies for Financial Inclusion.

CONCEPT NOTE

The meeting "Modernization of New Technologies for Financial Inclusion" seeks to bring together representatives of microfinance and financial inclusion of the member countries of the Community of Latin American and Caribbean States (CELAC), in order to multidisciplinary discuss on the new technologies and tools available from the States to achieve efficient financial inclusion.

The meeting promoted by the Pro Tempore Presidency of CELAC, summons the Latin American and Caribbean countries to share and expose on the strategic policies developed in the framework of the digital transformation of financial sectors, the use of new technologies for the modernization of governments and the quality of citizen access to microfinance services.

At the meeting, three axes of debate between the countries will be addressed:

- 1. Access and use of digital wallets.**
- 2. Microcredits as a tool for financial inclusion.**
- 3. Sending remittances and digital tools.**

1. Access and use of digital wallets.

Digital wallets are a fundamental resource to promote financial inclusion, making it easier for people to store money, transfer and make payments, among others, simply from the cell phone and with low cost, and even zero in some cases. They have allowed a substantial lowering of access barriers to advance in the democratization of financial services like never before.

According to data from the World Bank, 2 out of 5 workers in Latin America still do not have an account to save or make transactions. In this context, the development of digital wallets -that allow access to services equivalent to those of traditional boxes savings banks, but with lower access barriers- become a unique opportunity for states.

2. Microcredits as a tool for financial inclusion.

Microcredits are an instrument that adapts the financial intermediation methodology of traditional banking in such a way that it allows lending money to low-income people

excluded from the financial system. In Latin America and the Caribbean especially, successful experiences have been reported for more than thirty years where female workers with self-managed microenterprises receive their first microcredits to invest in working capital.

The possibility of exchanging experiences and parameters of microfinance investment and regulation is a tool to expand the reach of microcredit in the region.

3. Sending remittances and digital tools.

Remittances represent the concrete possibility of being able to transfer savings from people with economic growth to others that need these money flows to improve their quality of life. When a migrant has the ability to send remittances, it means that he is able to generate savings. In Latin America and the Caribbean, The Inter-American Development Bank maintains that the trend is an annual growth of 3% in remittances received.

Taking care of those money flows, which can be transformed from savings in a place to productive investment in another, implies developing tools with new technologies to reduce the costs of transaction faced by those who send remittances between countries in the region.