

**Cerise+SPTF Annual Meeting 2022  
 Session Notes**

<u>Name of session</u>	<b>Ten Years From Now: Some Dreams for the Future</b>
<u>Date</u>	29 September 2022
<u>Time</u>	4:00 – 5:00 pm
<u>Moderator</u>	<b>Eric Duflos</b> , Senior Financial Sector Specialist, CGAP
<u>Speakers</u>	<p><b>Amelia Greenberg</b>, Deputy Director, SPTF</p> <p><b>David Hernandez-Velazquez</b>, Capacity Development Associate, FMO</p> <p><b>Vandy Phal</b>, Secretary-General, Cambodian Microfinance Association</p> <p><b>Anton Simanowitz</b>, SPTF Consultant on Customer Empowerment</p>

NOTES FROM THE PRESENTATIONS AND DISCUSSION

**Sometimes saying what the future will be like is the way to start building that future. With this in mind, the moderator and panelists share their visions for what the financial sector will be like in 2032, ten years from now.**

- Eric Duflos (CGAP): There will be a responsible digital ecosystem, in which all different actors will act in a responsible manner promoting accessible finance. Many more types of players will have emerged, and they will have developed new ways of collaborating with each other. SPTF will have 15,000 members including stakeholders of all types, including MNOs, and all will be working toward better social performance.
- Anton Simanowitz (SPTF Consultant on Customer Empowerment) anticipated that in ten years, we will not have fully cracked the issue of financial inclusion, but we *will* have fully cracked the issue of customer empowerment. In every market, we will have mapped the points of disempowerment and used that information to identify realistic outcomes that are steps toward financial inclusion and that allow us to address the points of disempowerment.
- Vandy Phal (CMA): I see a very good green morning, where the consumer will benefit from microfinance. Everything we are doing here will have generated benefits for the financial sector. Women, children, communities will be benefiting from responsible service providers, through smart, digital, environmental, sustainable approaches.

- Panelist David Hernandez (FMO) stated his vision that by 2032, over 90% of financial service providers (FSPs) will be actively following and implementing client protection. They will be using customer surveys to understand client needs. Investors will be making sure that client protection is part of investment criteria.
- Panelist Amelia Greenberg (SPTF) said her vision is that in ten years, every actor in the financial sector will be implementing the Universal Standards for Social and Environmental Performance Management (“Universal Standards”). It will be unacceptable, in the general mindset of everyone, for an institution not to implement these management practices. We will no longer be hearing the questions of “but is there a business case?” or “does this apply to me?” Instead, everyone will just know they have to do it. In addition, there will be no digital divide. We will have found the way to design products and services for everyone, so no one is left behind.

**Many audience members also shared their visions for ten years into the future:**

- There is responsibility and transparency so that money flows where it really makes best of impact.
- In 10 years, we are going to do more than we are doing today. I think we have to do that, to stay alive. Yesterday we talked about Client Protection Pathway --112 organizations signed up so far and that is by far not enough. However, let's also take a few steps back. The world is changing to very different type of dynamic. So shouldn't the discussion also be much more about transition, as a world, through regenerative, ecological, and economical systems. With food transitioning, with energy transitioning, all the changes that are needed going forward will cost trillions. That's not going to come just from governments or from capital finance. We have a very important role to play. We really need to start thinking about what our role can be to support very important societal transitions. And that goes beyond the financial inclusion's agenda.
- Building on that earlier point, there is already some sort of movement in that direction. For example, from the World Business Council for Sustainable Development (WBCSD). When we are talking about sustainability, we are at the root of that conversation. But how do we involve others in that conversation? So my view is twofold: 1. On one hand, get big corporations that are already thinking about those system changes where we can help and be that neighbor because financial services are really neighbors. We are sort of intermediaries. 2. Leave no one behind, because we are the only ones looking at those that no one sees. And we need to make sure that if the transition goes as fast as we are seeing, those who are now excluded, and we saw it with the COVID vaccine, are not left behind.
- Every single supervisory board member, and every market for that matter, should be rewarded on its environmental and social performance and not just on its financial performance. That would be a real turnaround, but I think that's what's

needed. It's not necessarily the money. The mindset needs to change. It's not easy but we can change the mindset. It's the why that needs to change and also the how.

- In 2032, the ideal world would be that our shareholders are no longer just listed companies where their retail investors are. The real shareholders should definitely be the planet. We should follow in the footsteps of Patagonia which is now providing all of its capital back into the planet, which is the real source of all the capital. I think the mission is really regenerative capital.
- In 2032, we have inspired way beyond the financial sector. If we settle as used those types of standards to be the strategy in social and environmental practices in agricultural, in access to energy, in health and education, and all the dimensions so we go well beyond our scope 10 years from now.
- I hope that when a client borrower comes to our investee MFIs that s/he has had financial literacy training instead of being taught abstract mathematics in school, so that they understand what the interest rate is, how loans work, and have access to a computer to get information so that they are an equal partner in the negotiation.
- I bring the investor angle. By 2032, the impact investor world will have grown from 700 billion to 7 thousand billion. Impact investors will invest only provided that fund manager only works with ALINUS 6.0, which doesn't only cover financial services but all the purpose driven companies.
- In 2032, instead of microfinance being a small minor as the finance master at my university it would be a full-fledged microfinance master program.
- I hope that in 2032, SPTF looks more at the green agenda. I hope MFIs will be really talking about climate mitigation, and adaptation problems. Helping agriculture products use different technology.
- I would love to see SPTF in 10 years as the phone number to call when someone wants to know what the best practices are in the microfinance industry or in the financial industry.
- I would like the women that I work with, both staff and clients, who are strong, smart, and resilient to know they are strong, smart and resilient and have the confidence and the power that I know that they have. I would particularly like, when a senior management role opens up in any one of my entities, that our women staff apply for the role, and that I don't have to ask women to apply for a role that I already know they can do.
- In 10 years, the gender lens will not be optional anymore but fully mainstreamed. Women are half of the world's population, and within ten years, they should be practically included in operations.
- In 2032, SPTF continues inspiring regulators to push for the frontiers of regulation as a supervisor with a still powerful self-regulation content.

- That Cerise+SPTF have become a household brand. Every household will know the name not just for responsible economic finance, but just living.
- Microfinance will no longer have a negative reputation in the press, but instead will be seen as a solution and a contribution to making the world a better place.

**Next, the moderator and panelists shared ideas for what we have to do, between 2023 and 2032, to achieve the visions for 2032 that the room just articulated.**

- Eric Duflos (CGAP). CGAP will have tried its new responsible digital ecosystem approach in three countries, and in doing so will have worked with different regulators including those who regulate data, those who regulate finance, and those who regulate consumer protection, and it will have also collaborated with consumer associations and all types of SPTF members to create new channels and partnerships for working together. Perhaps two of the pilots will not have worked but in one country it will have succeeded, so the next phase will be scaling that successful model up.
- Anton Simanowitz: We recognize the centrality of “leave no one behind”. The ideas of customer centricity, of outreach, and of financial inclusion, all come together around customer empowerment. We must recognize that customer empowerment is both sides - the provider and customer capability. Over the coming years, we hope to see the pilot projects we started in the Philippines and Cambodia mushroom. We had 5 projects in 2023 which combined the focus on understanding the point of disempowerment, looking for channels to actually support customers to make choices, and to have a voice, at the point that they needed that empowerment. Also, we connected that ecosystem so it was not just supporting customers but engaging the providers and the regulator. At the system level, we are creating an ecosystem that promotes empowerment.
- Vandy Phal (CMA): The COVID-19 pandemic has taught us some lessons. We do have to improve our approach. Resilience and community and digitalization are all important. Focus on supporting small and medium enterprises (SMEs) and facilitating partnerships among actors in the entire ecosystem.
- David Hernandez-Velasquez (FMO): We understand that our role as investors goes beyond than providing funds. We have already started setting policies that encourage our clients and investees to see client protection as the standard. We will continue to keep them accountable, and to work with them hand in hand. Over the next ten years, we will have partnered with the consumer associations with the microfinance associations, with the industry associations, with the regulators, with organizations like SPTF and CERISE. We cannot do this by ourselves, but we can do it together.
- Amelia Greenberg said the standards for responsible digital financial services (“DFS Standards”) that Cerise+SPTF are developing will be a part of the solution. Finalizing them and promoting their implementation will help close the digital divide and raise awareness of and commitment to responsible practices by newer types of actors in the financial sector. In addition to the promoting the DFS

Standards, another key activity will be continuing to expand our collaborations with entities that have not previously been part of the Cerise+SPTF community, such as OECD, and building with those new actors a shared understanding that we are working toward the same goals, and that we have a better chance of achieving them when we work together.

**Participants had additional suggestions for activities to undertake in the next ten years:**

- Enforce the benefits that the Universal Standards have in the world.
- Use more insights on how customers behave and what adds value to their lives. Use more customer personas that can be built through financial diaries and other available data. At FINDEX, we have tested a toolkit that helps create personas out of FINDEX data, national household data, and diaries data. We hope that customers will continue feeding the tool and that the personas that come out of this tool will be used by financial sector players to build their inclusion strategies. Also, empowerment should not be seen just as being built through financial education initiatives. It also requires life skill building and digital education. Service providers should not think that they have to do it or can do it all alone. There need to be partnerships. Within our network, we are working to have outcome driven data, and to make the best use of the input provided by SPTF and CERISE.
- By 2032, we want to have mainstreamed a client protection standards and responsible, comprehensive financial services for smallholder farmers
- In 2032, we will look back at a great conference in Paris that we organized in 2022. At the conference there was first of all great energy, a lot of great ideas, but also a real sense of urgency felt that while we have done great stuff for the last 10 years, we need to do more in the next couple of years because we need to continue to play a leading role in this transition that the world is going through. We use the leads of all the ideas and all the energy gatherer how financial inclusion can play a role, how Cerise+SPTF can play a leading role in that. Cerise+SPTF will remain a very influential, inspirational organization.
- Identify and encourage people in organizations who are willing to be a – I can't find a better word than "virus" - to change organizations, to make sure we get out of our silos and see the bigger goals and the advantages of working together.
- I have a vision very specific for the SPTF, by 2032 we will have a place at least a 10-million-dollar endowment fund. Which will generate at least a million dollars in year in core funding for our operations. And by the end of 2023 we've would of found our first individual angel investor to put a million dollars in. And every single person in this room will make small individual contributions to build up the fund for the next 10 years, so that SPTF is not at the behest of the donor community. We can continue our operations without additional finance assistance.
- What we will have done since 2023, was to contribute to good quality data and transparency, in part through partnerships like with Cerise+SPTF and 60

- Decibels and lots of other data providers. The Atlas platform will onboard 8 more investors, like-minded and willing to contribute to a sustainable transparency structure. At MFR, we will also have contributed to better quality social and environmental data by revising some of our standards, and the number of questions, to be realistic given the time available to investment officers' teams. We will have quality underlying data for our decisions.
- Over the past three years we have already been screening for responsible digital financial practices. We have used the DFS standards since SPTF could share its earliest draft. So, in 2023 we will for sure be using the completed version of the DFS Standards and figure out together how to integrate them. I think this will be a very concrete, very useful project.
  - Over the past 10 years, SPTF and CERISE have been dynamic and agile in adjusting to the changing times that this industry faces. In the coming years, we will continue to adapt and convene, to address the problems that we are facing in countries like Lebanon and Myanmar, and to ensure that the women that we are working with now are not left behind.

Eric Duflos (CGAP) summarized the suggestions: we need collaborations of different types, to expand our work and to bring more people under the tent. Additionally, have a strong focus on customer empowerment, work toward the digital transition, identify leaders who can join the movement, and be ambitious.