

Pre-recorded remarks by H.M. Queen Máxima of the Netherlands in her capacity as the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA) for the Responsible Finance Forum (RFF) 2023 held in Bengaluru, India, on 5 July 2023.

Ladies and Gentlemen,

It is a great pleasure to join you virtually today.

I am delighted that so many of you have come together in Bengaluru. I would like to congratulate the Center for Financial Inclusion for convening the Responsible Finance Forum in person again.

This is indeed a good time to take stock of pressing financial inclusion issues and explore emerging opportunities and risks.

After all, we are at a critical juncture.

As we know, the use of digital financial services is accelerating. In just the last four years, nearly 40% of adults in developing economies opened their first account to receive a wage or government payment.

And the benefits ripple from households to entire economies.

In my capacity as the UN Secretary-General's Special Advocate, I have witnessed these benefits firsthand.

When a family has savings and insurance, they are better able to cope with a financial shock. When small businesses have access to credit and the resources to invest, a country can build a greener economy.

For underserved groups like the poor, women, smallholder farmers, and small businesses, access to digital financial services can truly open doors to economic opportunity, build resilience, and improve financial health.

At the same time, digital innovations like AI are creating new risks for consumers.

Consider, for example, a smallholder farmer who applies for a loan. They have a mobile phone, but their internet connection is unreliable, and they are often not very digitally savvy.

Meanwhile, the financial services provider uses algorithms to make credit decisions. These algorithms may interpret the farmer's small contact list and lack of social media accounts as a sign that they are not reliable and do not have a strong support network.

In fact, the opposite could be true. The farmer may be a leader in the community with a robust network of family and friends. They may simply prefer to communicate in person and not use social media.

This is just one example of how financial services driven by AI can exclude more than include.

How can we tackle these new types of risks and create an inclusive, fair, and equitable digital economy that really works for everyone?

One way is by developing principles for responsible AI for financial services. We also need algorithm audit tools, as well as ombudsmen who can assess algorithms on behalf of customers. It will be critical to work together on this.

Another way is by empowering customers and SMEs with their own data. This means making it transparent and involving them in how it is collected, shared, and used.

Open data governance regimes, like those in Brazil, the UK, and here in India, have the potential to achieve these goals. By implementing them early on, we can support the growth of innovative companies, foster competition, and create products that truly prioritize customer needs. Although it is too early to tell the full range of benefits to low-income and vulnerable people, we can start measuring this. Creating peer learning platforms to share and exchange knowledge will be valuable.

I am heartened that you will be examining the links between financial inclusion and climate action this week. When we consider that four out of five unbanked adults—therefore 1 billion people—live in countries most vulnerable to climate change, the power of financial inclusion becomes very clear.

With a digital payment account, they could receive disbursements from social programs after a natural disaster. They could use this money to buy food, medicine, and other essentials. An insurance payment could help them rebuild their home and protect their livelihoods. A loan could help them keep their business open.

Access to finance is one of the keys to managing the impacts of climate change in emerging markets. It should be front and center in climate policy, bringing together both the public and private sector to support increased resilience in the face of rising climate risks.

Fortunately, these partners and leading thinkers are attending this week's forum. Over the next few days, you will be able to discuss these important issues and explore fair and equitable solutions together.

I wish you all the best in your efforts to create a more responsible and inclusive digital financial system. Thank you very much.