



NATIONAL FINANCIAL INCLUSION STRATEGY

Access for ALL 

Why it is needed,
What it will achieve,
And how you can participate ?

WHY FINANCIAL INCLUSION IN JAMAICA?

- Financial inclusion enables the underbanked to better undertake and grow business activities, save safely in the financial sector, manage risks and build financial security.
- Ultimately, financial inclusion helps to promote economic growth and reduce poverty and income inequality.
- Financial inclusion will contribute to Jamaica's transformation from a middle income country to one which affords its citizens high standards of living.

WHY A NATIONAL FINANCIAL INCLUSION STRATEGY?

- A National Financial Inclusion Strategy (NFIS) supports Jamaica's economic growth agenda.
- The Strategy supports Jamaica's goal for sustainable prosperity, as outlined in the Vision 2030 - National Development Plan, which aims to make Jamaica "the place of choice to live, work, raise families and do business".
- A NFIS can serve as a powerful tool to coordinate, deepen and accelerate national efforts to reach higher levels of financial inclusion.
- The NFIS establishes a set of financial inclusion objectives, a range of public and private sector actions to achieve those objectives and a coordination structure and M&E system to ensure that these actions are implemented.
- Over 30 countries are now in the process of designing or have launched a National Financial Inclusion Strategy.

WHAT ARE THE CHALLENGES THAT WE FACE TODAY?

Over the last few years, much has been done to make Jamaica more financially inclusive, but many challenges remain:

Cash Reliance



- **Reliance on cash remains high**, while the usage of accounts and of electronic transactions instruments is low, in part due to their perceived high cost and inconvenience.

Example:

65% of wage earners receive their wages in cash. 23% of account holders do not make any deposits or withdrawals into their accounts (Global Findex)



Financial Vulnerability



- **Households lack suitable and accessible savings, affordable insurance and retirement products**, and struggle to be financially resilient.

Example:

Only 30% of Jamaicans save through a regulated financial institution (Global Findex)



Inadequate Financing



- Too many **people and businesses do not have access to formal credit** and alternative financing instruments that specifically meet their needs.

Example:

11% of Jamaican adults and 27% of SMEs access formal credit (Global Findex, Enterprise Surveys)



Distrust and Low Literacy



- A large share of the population **does not have confidence that the financial system will serve their needs** and most Jamaicans do not understand the basics of personal finance.

Example:

Half of the Jamaican population does not have confidence in the financial system (Gallup World Poll)



WHY A NATIONAL FINANCIAL INCLUSION STRATEGY?

The National Financial Inclusion Strategy (NFIS) sets forth an ambitious agenda of reforms structured around four main pillars and a cross-cutting foundation:

- The **'Financial Access and Usage'** pillar supports reforms that would facilitate increased usage of electronic payments, expansion of agents, digitization of government payments and development of financial products that channel remittance proceeds in accounts/cards.
- The **'Financial Resilience'** pillar supports reforms that would contribute to increased usage of savings, insurance and retirement accounts for the low-income segment.
- The **'Financing for Growth'** pillar focuses on three sectors that have significant potential for contribution to the development of our economy and the well-being of the Jamaican population:
 - **MSME Finance:** The goal is to increase access to finance to MSMEs through revamping the credit guarantee scheme, developing alternative financing instruments, such as leasing, factoring and venture capital and providing capacity-building to MSMEs.
 - **Agriculture Finance:** The goal is to strengthen financial institutions that lend to agriculture, provide technical assistance to farmers and agro-processors and promote investments in agriculture to mitigate risks.
 - **Housing Finance:** The goal is to deploy appropriate products to extend housing finance to low-income and informal segments, strengthen mortgage insurance and enhance funding of financial institutions that lend to this segment.
- The **'Responsible Finance'** pillar supports measures that would result in enhanced disclosure, adequate business practices and better informed consumers that can resolve conflicts in an efficient and low cost manner.
- The **'Supporting Infrastructure'** foundation supports measures that would review and revise the AML/CFT framework to ensure an adequate balance between financial inclusion and integrity, adopt a regulatory framework for credit unions and MFIs, further strengthen credit reporting and secured transactions, evaluate measures to reduce informality, encourage land titling and expand financial inclusion data collection efforts.



In order to achieve this agenda, we have :

- Set up a **National Financial Inclusion Council** to coordinate stakeholders and hold each one accountable.
- Activate the sequenced and time-bound **roadmap of prioritized actions** with assigned responsibilities.
- Through the Financial Inclusion Steering Committee and technical and secretariat **Systematically monitor progress** and evaluate the effectiveness and impact of key reforms.

KEY ACTIONS

Theme	Proposed Action	Implementing Entities Primary entities
Financial Access and Usage		
Access Points and Payments Infrastructure	Frame an access policy to facilitate a fair and open payments infrastructure	BOJ
Basic Accounts	Evaluate, design and implement a policy framework for opening transaction accounts with graded KYC requirements.	
Government Payments	Design a strategy to shift government payments, including direct benefit transfer schemes, wages and supplier payments, from cheques to retail electronic payment products	MOFPS, AGD, MLSS
Remittances	Review and revise the regulatory framework to facilitate the development of financial products linked to remittances, including remittance-based payment cards	BOJ
Financial Resilience		
Savings, Insurance, Pensions	Develop a legal and regulatory framework for micro-insurance	FSC
	Promote the development and use of more savings products, inclusive of commitment savings products, to respond to the needs of the low-income population.	BOJ
	Promote a retirement product for low-income and informally employed, with low fees and easy contributions and a focus on payments infrastructure, product design and eligibility.	MOFPS
Financing for Growth		
Agriculture Finance	Evaluate options for strengthening or restructuring the NPCB and enhance the regulation and supervision of the NPCB	MICAS
	Support banks, credit unions, NPCB and MFIs to develop lending programmes to sustainably serve the agricultural sector	Interested private entities, MICAS
	Promote the private financing of risk-coping investments (water harvesting, ponds, greenhouses)	MICAS
Housing Finance, MEGAJC	Design and deploy housing finance solutions for lower and informal income households, e.g. housing microfinance	NHT, OPM
	Review and strengthen NHT's role in providing liquidity to lenders, including credit unions	NHT
	Assess the size and operations of the mortgage insurance fund and determine need for resources	JMB
MSME Finance	Revamp the PCG scheme to provide adequate incentives for lenders to participate	DBJ
	Review/revise the legal, regulatory, and tax framework for assignment of receivables (Factoring)	
	Review/revise the legislative framework and/or develop leasing law as necessary	
	Develop the legal, regulatory framework and infrastructure for the development of venture capital	DBJ, FSC

Theme	Proposed Action	Implementing Entities Primary entities
Responsible Finance		
Consumer Protection	Ensure the appropriate legal framework and mechanisms for market conduct supervision of DTIs, credit unions and microfinance institutions	BOJ, FSC
	Strengthen FSC's capacity for market conduct supervision of the insurance, pension and securities sectors	
	Strengthen FSC's existing complaints handling and dispute resolution mechanisms	FSC
	Compile and widely disseminate information periodically on fees and charges levied by banks and nonbanks	BOJ, CAC
	Establish an independent dispute resolution scheme for consumers of DTIs, credit unions and microfinance institutions	
Financial Capability	Develop a comprehensive National Financial Literacy Action Plan	MOEYI, MOFPS, BOJ, FSC, CAC, JDIC
Supporting Infrastructure		
AML/CFT	Review and revise AML/CFT framework to ensure an adequate balance between financial inclusion and financial integrity	Ministry of National Security, FSC, MOFPS, BOJ
Enabling regulatory and supervisory framework	Adopt the Micro-Credit Act and the Credit Union Regulations	BOJ, MOFPS, MICAS
Financial Sector's financial inclusion plans	Encourage DTIs and other financial institutions to develop individual financial inclusion plans	BOJ
Informality	Undertake an assessment of measures needed to reduce informality	MICAS
Land registration and titling	Accelerate land titling efforts and measures to facilitate the use of land tenure rights and other agricultural assets as collateral	OPM, Municipalities, MOFPS
Secured Transactions	Review and enhance as necessary collateral registry regulations	Collateral registry (Companies Office of Jamaica), MICAS

Figure 1 - Governance Framework for Financial Inclusion



A diagrammatic presentation of the governance framework for implementing the action items in the National Financial Inclusion Strategy in Jamaica is shown above.

There will be periodic reporting on the status of implementation of the action items under the Strategy and the achievement of the intended goals. For further information, please contact the technical secretariat at FinancialInclusion@boj.org.jm, or at 932-4145.

National Financial Inclusion Council

The Minister of Finance and the Public Service has established a National Financial Inclusion Council, to which the Financial Inclusion Steering Committee (“FISC”) will report semi-annually on the implementation of the action items in the National Financial Inclusion Strategy. The Minister will chair this Council, which includes the heads of the ministries, departments and agencies which are members of the FISC. The FISC is chaired by the Governor of Bank of Jamaica.

Stakeholder Advisory Group

As outlined in the chart above, a Stakeholder Advisory Group will be formed to facilitate consultation with representatives of the private sector and civil society. This structure will ensure greater accountability for the implementation of the action items, while securing broad-based support for the strategy from the non-governmental sector. Selected members of the Stakeholder Advisory Group will attend the meetings of the Council at the invitation of the chair of the Stakeholder Advisory Group, following discussions with the Council.



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