



Passing of the G20 baton

Brazil can use its position to help solve world's financial inclusion challenge

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IN 2024, BRAZIL has a chance to make a mark on the world. Last month, India turned over the presidency of the G20 to Brazil. It's the first time Brazil has led the G20, a group of leaders from the world's largest economies who solve problems through economic cooperation. The question is: What can Brazil do with this new position of global influence?

One obvious answer: Help solve the world's financial inclusion challenge.

About a fifth of all adults are unbanked, despite significant progress over the past two decades. They have no safe space to store their money, which makes it nearly impossible to build wealth or escape poverty. The good news is we have a proven solution to this problem: Digital public infrastructure (DPI).

Twelve years ago, India was home to more unbanked people than any other country. According to the Bank for International Settlements, the country wasn't projected to achieve an 80 per cent "financial inclusion rate" until 2064. But things moved faster than expected — almost by 50 years. By 2021, 78 per cent of Indians had bank accounts, and there was no gender gap in access.

How did India pack a half-century's worth of progress into less than a decade? The government constructed a combination of systems that could authenticate people's identity and enable governments, businesses and individuals to instantly send and receive money regardless of which providers host the underlying accounts. This is the well-known "India Stack," which is just one of the great examples of DPI being built around the world to

do everything from sending citizens relief payments to facilitating telehealth visits to providing farmers with real-time weather data and planting guidance.

Brazil also rapidly expanded financial inclusion through DPI. In 2020, Brazil's central bank launched Pix, an instant payment system that is now one of the fastest-growing in the world. The central bank then introduced an open finance regime that enables users to share their banking data with a range of credit, insurance and savings providers. Today, 84 per cent of adults in Brazil have a financial account, up from 56 per cent in 2011. About 80 per cent of adults actively use their accounts — among the highest in the world.

These investments spur growth. For nations with particularly low rates of financial inclusion, investments in DPI can increase GDP by 12 per cent. DPI sits in between the hard telecom infrastructure, like cell towers, and digital services and tools, like the apps on people's phones. Think of it like digital roads. Without governments building highways, companies can't deliver products and services to customers. Once a government builds the mechanisms for digital "transport", a company or government agency can use the platform to identify potential customers, request consent to access their data for product customisation and transact with them without having to negotiate with an incumbent payment or data exchange provider.

Of course, these digital roads need the equivalent of traffic signals and safety barriers, including regulatory safeguards and

systems to ensure data privacy and prevent cyber-attacks. They also need to be built efficiently.

Countries don't need an end-to-end "stack" for every sector. We don't see the education ministry building one road for school buses while the health department builds another for ambulances. Roads, like electrical wires and fibre optic cables, are meant to carry all manner of traffic. That's not the case in the digital world. Increasingly, every agency is building its own systems for identification, payments, and data-sharing, which is often redundant and wastes precious resources. This is just one challenge in constructing DPI, and the G20 is indispensable in solving it.

When G20 leaders met in Delhi in September, they produced the G20 New Delhi Leaders' Declaration, which reflected enormous progress from the security of personal data to ensuring that the systems through which people bank and send money could be linked together, or interoperability. India also did important work placing the needs of women and people from the Global South at the centre of the DPI discussion.

Brazil has included DPI as a priority for the G20 by including it in its Digital Economy Working Group. The G20 can build upon this work in three important ways.

First, guidance. We need to develop clear international DPI design principles to ensure these systems are inclusive, interoperable, and secure against cyber-attacks and privacy breaches. The G20 can bring together a wide

range of stakeholders to do this, including the United Nations, International Monetary Fund, and World Bank.

Second, technology sharing. Only a handful of countries have built DPI well, and we need them to keep sharing their expertise with those who haven't built out their digital infrastructure yet. One way is by contributing to the open-source code libraries that house the building blocks of DPI, like MOSIP, Mojaloop, and the Global DPI Repository, which came out during India's G20 presidency.

Finally, we need more financing. The G20 should set its sights on a target set by the recent "50-in-5" campaign and help 50 more low- and middle-income countries build high-quality DPI over the next five years. There are a host of initiatives to help provide the funding. The Gates Foundation has called for additional investment of \$500 million worldwide, while India's Social Impact Fund and organisations like Co-Develop have set out to raise money.

As Brazil assumes the presidency, we hope leaders lay the groundwork for digital innovation that will lead to a healthier, more prosperous world. If the G20 maintains the momentum in 2024 that India kicked off, the entire world may be able to pack decades' worth of progress into a few short years.

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