



**NATIONAL  
FINANCIAL  
INCLUSION  
STRATEGY OF  
MADAGASCAR**





MESSAGE FROM  
THE MINISTER OF  
FINANCE AND BUDGET

Dear financial inclusion actors and partners in Madagascar,

As in other developing nations, Madagascar is seeking the best ways to reduce poverty. Experiences from other countries and adapted to conditions and value systems in Madagascar have enabled us to further develop our financial system. Various strategies were implemented to allow better and improved access to financial services by our population in order to meet financial needs. In so doing, economic income and growth, and financial security will be ensured. We have just completed the implementation of the National Financial Inclusion Strategy. Progress has been made, but there is still a lot of work to be done. The choice of the Making Access to financial services Possible (MAP) process enabled us to carry out a factual analysis of the demand through the FINSCOPE survey and a diagnosis of offers, distribution channels and legal environment of financial services. All your respective contributions have led to the financial inclusion roadmap which is fundamental to this strategy.

On behalf of the Malagasy Government, and on my own behalf, I would like to express my sincere gratitude to all those who contributed to the development of this National Financial Inclusion Strategy of Madagascar, NFIS 2018-2022.

The MAP process has been implemented with the technical and financial support of the United Nations Capital Development Fund (UNCDF), the United Nations Development Program (UNDP), the Alliance for Financial Inclusion (AFI), FinMark Trust, the Center for Financial Regulation and Inclusion (CENFRI) and the Institut National de la Statistique (INSTAT). Your contributions have been most significant, and we are thankful to you.

The US Treasury Department, through the Office of Technical Assistance/Banking and Financial Services Team (OTA), supported the efforts of the Malagasy Government throughout the development of this document. Thank you for sharing your experiences and your expertise with us.

All sectorial ministries contributed by providing data and information on the elements of the financial inclusion roadmap. Your strong involvement demonstrates your willingness to work together for the promotion and development of financial inclusion in Madagascar. Please receive our heartfelt thanks.

Finally, to all the actors, in particular the Banky Foiben'i Madagasikara, the General Secretariat of the Commission de Supervision Bancaire et Financière, the financial institutions, the groups and various professional associations, the technical and financial partners, this document would have never been possible without your contributions. I hope and wish that we do keep walking alongside each other during the implementation of the action plan of this National Financial Inclusion Strategy document in the next five years. Kindly accept our utter gratitude.

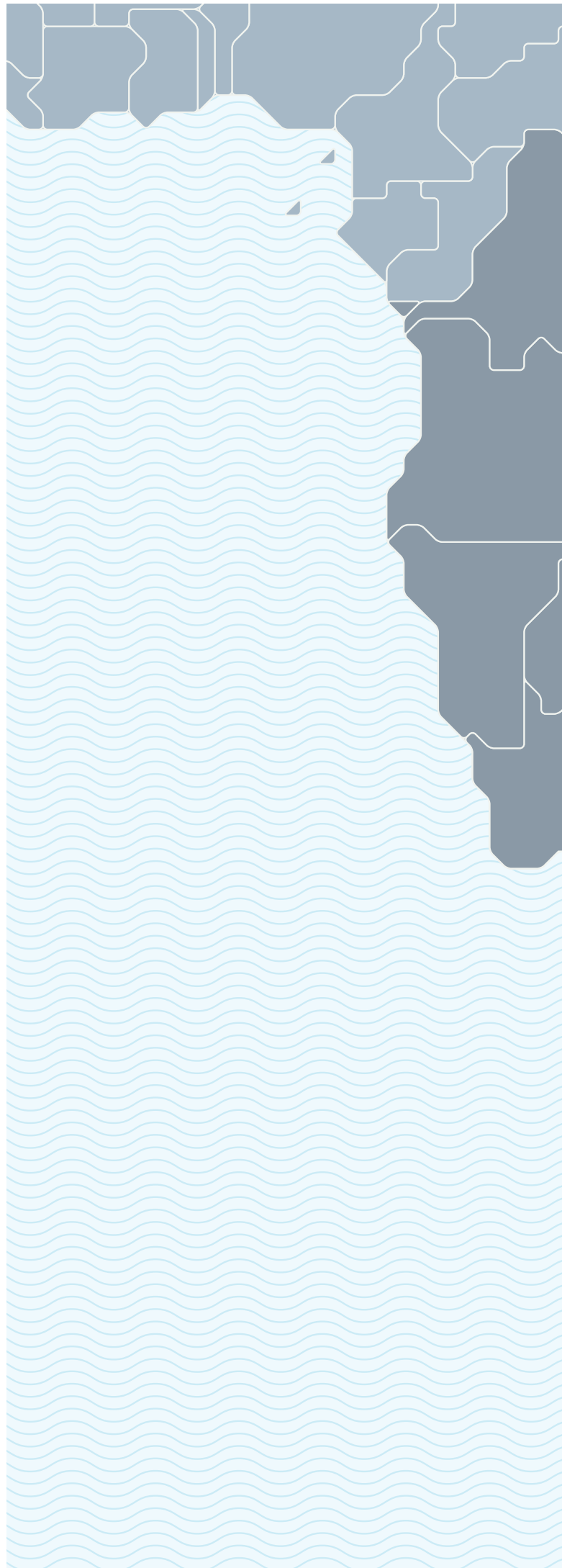
*Dear all,*

*On behalf of the Malagasy Government and on my own behalf, I wish a successful implementation of this document and I hope the anticipated impacts will meet our hopes.*

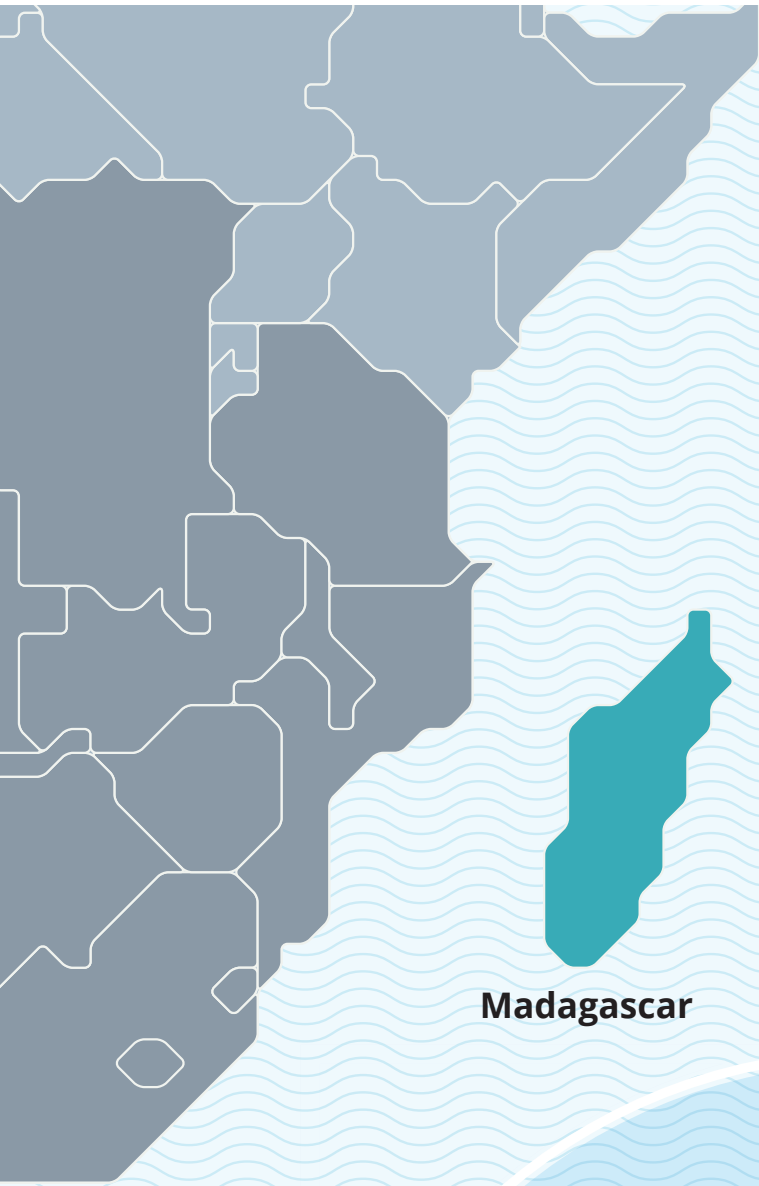
*Thank you.*

**Vonintsalama Sehenosoa ANDRIAMBOLOLONA**  
**Minister of Finance and Budget**

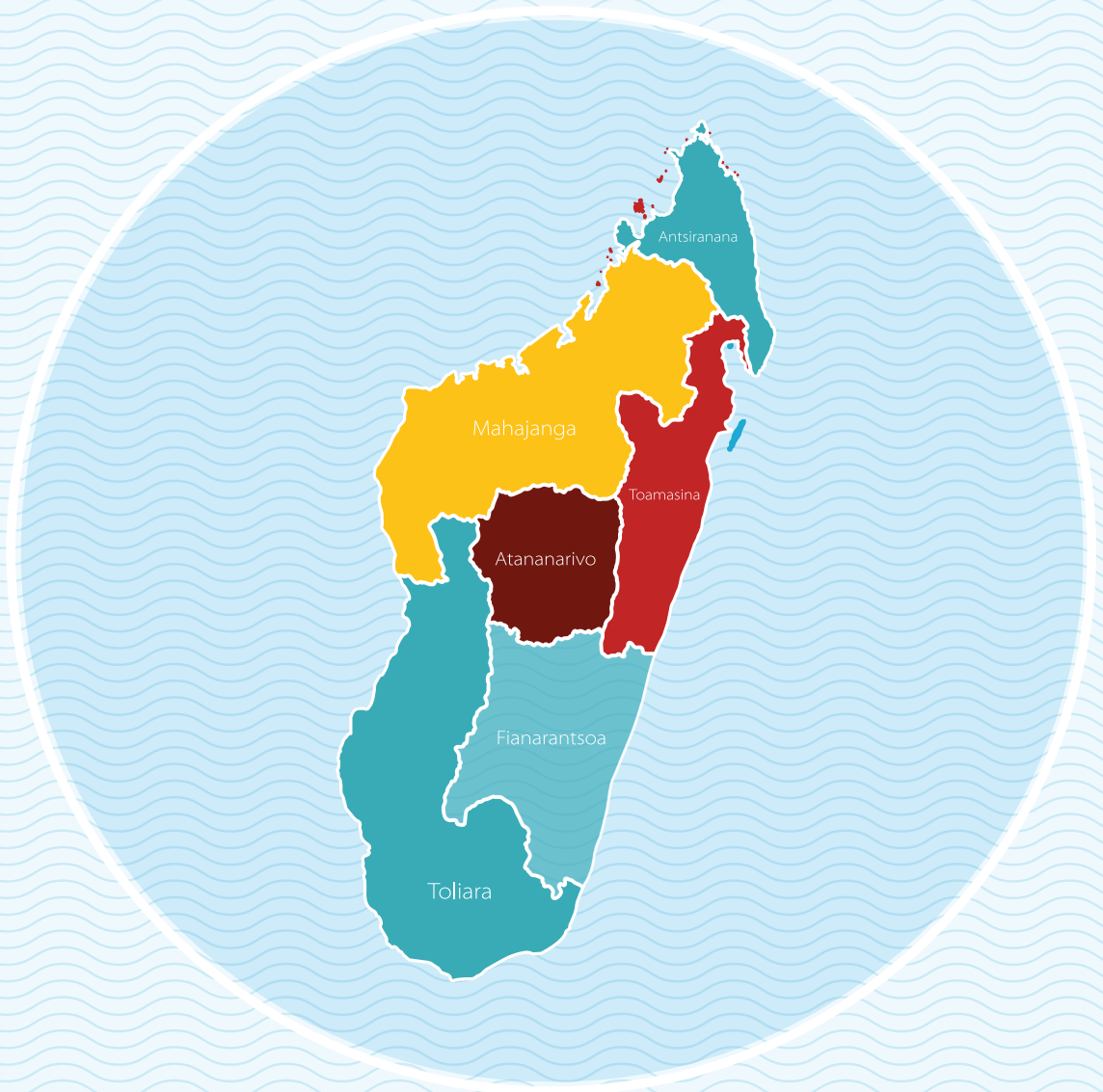
*In Madagascar, the financial sector has a particularly important role to play in unlocking growth opportunities by helping people to cope with risks and to become capable of living on their own.*







**Madagascar**



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## Abbreviations and Acronyms

<b>PA</b>	Professional Association	<b>NBFI</b>	Non-bank Financial Institution
<b>APB</b>	<i>Association Professionnelle des Banques (Professional Association of Banks)</i>	<b>KYC</b>	Know Your Customer
<b>APIMF</b>	<i>Association Professionnelle des Institutions de MicroFinance (Microfinance Institutions Professional Association)</i>	<b>MAP</b>	Making Access to financial services Possible
<b>ARC</b>	African Risk Capacity	<b>EM</b>	Electronic Money
<b>ARTEC</b>	<i>Autorité de Régulation des Technologies de Communication (Telecommunications Regulation Agency)</i>	<b>MEETFP</b>	<i>Ministère de l'Emploi, de l'Enseignement Technique et de la Formation Professionnelle (Ministry of Employment, Technical Education, and Vocational Training)</i>
<b>BFM</b>	<i>Banky Foiben'i Madagasikara (Central Bank of Madagascar)</i>	<b>MEN</b>	<i>Ministère de l'Education Nationale (Ministry of National Education)</i>
<b>BIANCO</b>	<i>Bureau Indépendant Anti-Corruption (Anti-corruption Bureau)</i>	<b>MESRS</b>	<i>Ministère de l'Enseignement Supérieur et de la Recherche Scientifique (Ministry of Higher Education and Scientific Research)</i>
<b>CEAM</b>	<i>Comité des Entreprises d'Assurance à Madagascar (Malagasy Insurance Companies' Committee)</i>	<b>MFB</b>	<i>Ministère des Finances et du Budget (Ministry of Finance and Budget)</i>
<b>CEM</b>	<i>Caisse d'Epargne de Madagascar (Savings Bank of Madagascar)</i>	<b>MIDSP</b>	<i>Ministère de l'Industrie et du Développement du Secteur Privé (Ministry of Industry and Private Sector Development)</i>
<b>CENFRI</b>	Center for Financial Regulation and Inclusion	<b>MPAE</b>	<i>Ministère auprès de la Présidence chargé de l'Agriculture et de l'Élevage (Ministry in charge of Agriculture and Livestock)</i>
<b>IC</b>	Investment Committee	<b>MSME</b>	Micro, Small and Medium Enterprises
<b>CNaPS</b>	<i>Caisse Nationale de Prévoyance Sociale (National Social Insurance Fund)</i>	<b>PAOMA</b>	<i>PAOsitra Malagasy (Post Office)</i>
<b>CNFI</b>	<i>Coordination Nationale de la Finance Inclusive (National Coordination of Inclusive Finance)</i>	<b>PGE</b>	<i>Politique Générale de l'Etat (Government's General Policy)</i>
<b>SC</b>	Steering Committee	<b>PND</b>	<i>Plan National de Développement (National Development Plan)</i>
<b>CRDA</b>	<i>Commission de Réforme du Droit des Affaires (Business Law reform Commission)</i>	<b>PST</b>	<i>Prestataire de Service Technique (Technical Service Provider)</i>
<b>CSBF</b>	<i>Commission de Supervision Bancaire et Financière (Council for Banking and Financial Supervision)</i>	<b>TFP</b>	Technical and Financial Partner
<b>DGT</b>	<i>Direction Générale du Trésor (General Directorate of the Treasury)</i>	<b>RPGEM</b>	<i>Réseau des Promoteurs des Groupes d'Epargne à Madagascar (Malagasy Savings Groups Promotion Network)</i>
<b>DOF</b>	<i>Direction des Opérations Financières (Financial Operations Directorate)</i>	<b>SADC</b>	Southern African Development Community
<b>EDBM</b>	Economic Development Board of Madagascar	<b>SAMIFIN</b>	<i>Sampan-draharaha Malagasy Iadiana amin'ny Famotsiam-bola sy Famatsiam-bola ny fampihorohorohana (Financial Intelligence Service)</i>
<b>EMI</b>	Electronic Money Institution	<b>SNFI</b>	<i>Stratégie Nationale de la Finance Inclusive (National Strategy for Inclusive Finance - NSIF)</i>
<b>FAD</b>	Fund for Agricultural Development	<b>UNCDF</b>	United Nations Capital Development Fund
<b>FSP</b>	Financial Service Provider	<b>UNDP</b>	United Nations Development Program
<b>FATF</b>	Financial Action Task Force	<b>USD</b>	United States Dollar
<b>GVT</b>	Government		
<b>FI</b>	Financial Institution		
<b>MFI</b>	Microfinance Institution		

## 1

## Executive Summary

1. In Madagascar, financial inclusion is defined as « ***the easy access to and use of adapted financial products and services by all segments of the Malagasy population, including savings, insurance, payment and credit, offered by sustainable institutions*** ».
2. As in other countries, the financial sector in Madagascar has a particularly important role to play in unlocking growth opportunities by helping its citizens cope with risks and to become capable of living on their own. These household level imperatives are met at a national level since financial services can be a powerful policy tool for resilience, growth and development of the country.
3. This strategy document will ensure effective coordination and an improved synergy of the numerous interventions of the public and private sectors, the civil society stakeholders, as well as technical and financial partners.
4. The National Financial Inclusion Strategy document for Madagascar (NFIS 2018-2022) is drafted in the context of the framework of the implementation of development policies and strategies at global, regional and national levels.
5. A participatory and inclusive approach was adopted throughout the process of developing the National Financial Inclusion Strategy. In addition to the deliberations of the members of the Steering Committee of Making Access to financial services Possible (MAP), the Ministry of Finance and Budget (MFB) conducted broad consultations with stakeholders (sectorial Ministries, financial institutions through their professional associations, the private sector and the technical and financial partners) on the draft roadmap for financial inclusion (NFIS action plan).
6. The Malagasy banking and financial system comprises various entities which can be classified into three levels, namely: (i) at a macro level, the regulatory and supervisory bodies: the Ministry of Finance and Budget (MFB), the Central Bank (Banky Foiben'i Madagasikara –BFM), the Council for Banking and Financial Supervision (Commission de Supervision Bancaire et Financière (CSBF); (ii) at a meso level, the Professional Association of Banks (APB), the Microfinance Institutions Professional Association (APIMF), the Malagasy Insurance Companies' Committee (CEAM) and the Malagasy Saving's Groups Promotion Network (RPGEM), the technical and financial partners through their respective programmes and projects; and (iii) at a micro level, 11 commercial banks, 4 financial institutions, 25 microfinance institutions, 5 insurance companies, 2 deposit collecting institutions, three pension funds and a dozen banking intermediaries.
7. Notwithstanding the diversity of the existing financial institutions in the country, the financial inclusion level remains relatively low and unequally distributed across the country. A low level of literacy and a limited ability to use formal financial services, combined with severe infrastructural constraints and a weak payment ecosystem, make it difficult for formal financial service providers to reach most consumers.
8. Indeed, most Malagasy manage their financial life outside the financial system. According to the 2016 FinScope consumer survey results, 29% of adults are financially included and have and/or use formal financial services. Furthermore, 17% benefit from another formal financial service supplier (such as mobile money) and 30% of adults, not formally included, are involved in informal financial services.
9. In spite of the context of the prevailing post crisis, the initiatives conducted within the previous national strategy NSIF 2013-2017 have resulted in insignificant progress being made in various areas. A relevant improvement in the access and use of financial services is worth mentioning. This result was achieved due to the combined effort of two factors, namely: (i) the densification of the financial institution service points, and (ii) the unprecedented development of the electronic money sector.
10. On the legal and regulatory fronts, the most remarkable breakthroughs were the adoption and the promulgation of the Law 2016-056 on electronic money (EM) and Electronic Money Institutions (EMI). Similarly, the new Microfinance Law which was adopted in December 2017 is a noteworthy development. Along these lines, it should also be pointed out that provisions on consumer protection have already been included in the laws on electronic money and on microfinance.
11. Important challenges still lie ahead in order to enhance financial inclusion in Madagascar. As a means to achieving such an objective, further efforts are still required on financial education in promoting the use of financial services through various channels, and the continuous improvement of financial inclusion, legal and regulatory provisions in Madagascar.



12. For the next five years, the Government of Madagascar is committed to enhancing access by the population to financial services by increasing the number of adults having access to formal financial services from 29% in 2016 to 45% in 2022. To achieve this objective and to direct the priority activities, the National Financial Inclusion Strategy sets the three strategic axes: Strategic Axis 1: Financial education and consumer protection; Strategic Axis 2: Access and use of financial services; and Strategic Axis 3: Strengthening policies, legal, regulatory and institutional frameworks. Each strategic axis 'drillsdown' into more specific objectives corresponding to the various interventions and priority activities which have been adopted.
13. The NFIS implementation involves many stakeholders who will play useful and complementary roles for achieving the results. To this end, three implementation structures are established, namely: (i) the NFIS Steering Committee, (ii) the Working Groups, and (iii) the Investment Committee.
14. The CNFI ensures the coordination, monitoring and evaluation of the NFIS. It also provides secretariat services for the Steering Committee, the Working Groups and the Investment Committee.
15. A NFIS-specific monitoring and evaluation (M&E) framework will be developed to measure the progress made by NFIS and to communicate the outcomes of the interventions to relevant stakeholders. A NFIS mid-term and final evaluation will also be carried out by independent consultants to ensure objectivity.

## 2 | Introduction

The design of the National Financial Inclusion Strategy for Madagascar (NFIS 2018-2022) attests to a common willingness of the actors in the financial sector, including the Government, the private sector, and the civil society, to further strengthen financial inclusion in the country, with the necessary technical and financial support of the various partners and investors.

### 2.1 Financial inclusion: Why is it important for a country like Madagascar?

Madagascar defines financial inclusion as « *the easy access to and use of adapted financial products and services by all segments of the Malagasy population, including savings, insurance, payment and credit, offered by sustainable institutions* ».

Financial inclusion is the pursuit of improving the well-being of households. It stimulates a positive impact on business activities thus positively contributing to national production aggregates and economic growth. An effective financial system can have an impact at a macroeconomic level, by mobilizing savings for investments (including capital allocation for trade development), by reducing transaction costs and by increasing effectiveness, contributing thus to employment<sup>1</sup> creation and growth. At a microeconomic level, financial inclusion can have a direct impact on the well-being of domestic households by reducing transaction costs, by allowing individuals to effectively manage risks in a more efficient way, by allocating capital for productive purposes and by supporting the accumulation of wealth over time. Financial services can also facilitate access to essential services, such as health and education.

Financial inclusion in Madagascar can play a critically important role in the fight against poverty. According to the MAP diagnosis results, 17% of adults who earn less than a dollar (1USD) per day are excluded from formal or informal financial services. Put differently, these individuals have missed one meal, were unable to send their children to school, or they were unable to pay for health care during a financial year. This statistic reduces to 8% if such adults are financially included, all other factors remaining unchanged. Thus, financial inclusion or exclusion has a significant influence on risks of financial distress for people with low incomes.

The financial sector, therefore, can play a particularly important role in Madagascar since it can help people cope with risks, empower them to live on their own, and unlock growth opportunities. Given that these imperatives at a household level are met, a national level, financial services can be a powerful policy tool for resilience, growth and development of the country.

### 2.2 Why a national strategy?

The NFIS document will align and prioritize different actions of financial inclusion in Madagascar through a common and shared vision<sup>2</sup>. Therefore, it will be a broad framework against which all interventions that contribute to promoting and developing financial inclusion in the country will be referenced. This strategy document will allow for an effective coordination and improved synergy of the interventions of the stakeholders from the public and private sectors, civil society as well as the technical and financial partners.

***This strategy document will allow for an effective coordination and improved synergy of the interventions of the stakeholders from the public and private sectors, civil society as well as the technical and financial partners.***

<sup>1</sup> Calderón & Liu (2003), King & Levine (1993), et Levine (1997).

<sup>2</sup> Enhancing access to financial services by increasing the number of adults having access to formal financial services from 29% in 2016 to 45% by 2022.

# 3

## The context of the NFIS

### 3.1 Global context

The drafting of Madagascar’s National Financial Inclusion Strategy (NFIS 2018-2022) is part of the implementation of development policies and strategies at global, regional and national levels.

#### Implementation framework of the NFIS

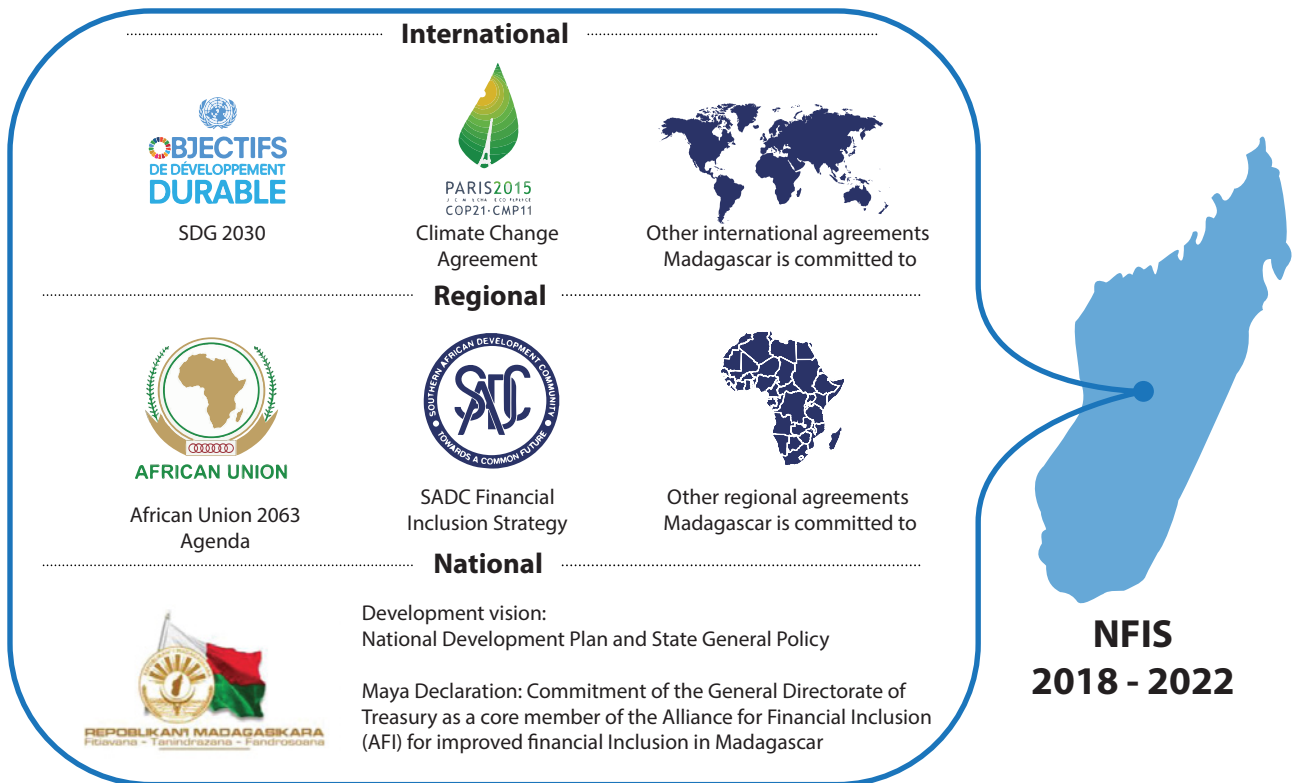


Figure 1. NFIS implementation framework

### 3.2 NFIS development process

The NFIS is the outcome of a participative process coordinated by the Ministry of Finance and Budget (MFB) through the General Directorate of the Treasury/Financial Operations Directorate (DGT/DOF). It is organized around three key activities with the active contribution of the stakeholders who are directly and indirectly involved in promoting and developing financial inclusion in Madagascar.

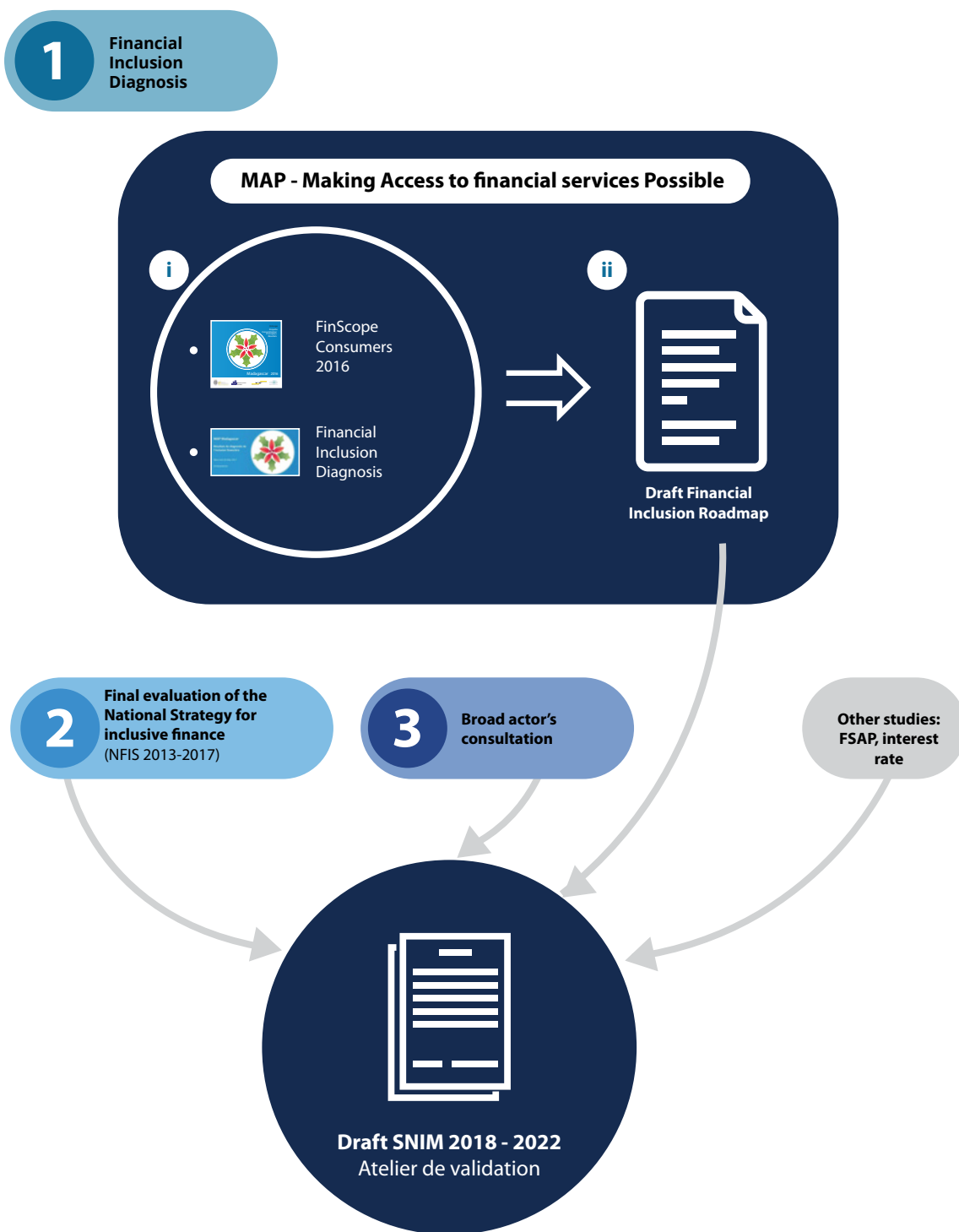


Figure 2. NFIS development process

### **3.2.1 Financial inclusion diagnosis**

A comprehensive and in-depth diagnosis of the financial inclusion was carried out as part of the MAP process. The Government of Madagascar approved its implementation in December 2014. This includes (i) a national survey on the demand-side of financial services called FinScope Consumer survey; and (ii) the diagnosis of financial inclusion: the supply-side of financial services, the distribution channels, and the regulations of the Malagasy financial sector.

Based on the results of this diagnosis, a first draft of the financial inclusion roadmap for the 2018 – 2022 period has been developed. The priority actions highlighted in this strategy document arise from the main recommendations of this diagnosis.

### **3.2.2 Final evaluation of the National Strategy for Inclusive Finance (NSIF 2013-2017)**

The final evaluation of 2013-2017 NSIF was completed by CNFI. Data was collected from the main stakeholders of the inclusive finance sector to assess the achievement of the objectives, to evaluate the success of the planned actions and to emphasize the strengths and weaknesses of this strategy and its implementation.

Lessons learned from this evaluation were instrumental in developing the National Financial Inclusion Strategy.

### **3.2.3 Broad stakeholders' consultation**

A participative and inclusive approach was adopted throughout the formulation process of the National Financial Inclusion Strategy. In addition to consulting members of the MAP Steering Committee, the Ministry of Finance and Budget undertook a wide process of stakeholder consultation (sectorial Ministries, financial institutions through their professional associations, the private sector and the technical and financial partners) on the draft roadmap for financial inclusion (the NFIS action plan).

The comments of stakeholders and their recommendations were incorporated in the NFIS document.

The outcomes of the various studies and research undertaken over the last years, including the recommendations of the Financial Sector Assessment Program (FSAP), the study on the interest rate determinants in Madagascar and the analysis of the parameters influencing the rate setting, have been used as a reference framework for this new National Financial Inclusion Strategy.



# 4 | The situation of the Financial Inclusion in Madagascar

## 4.1 Malagasy financial sector landscape

The main actors of the Malagasy banking and financial sector can be grouped at macro, meso and micro levels.

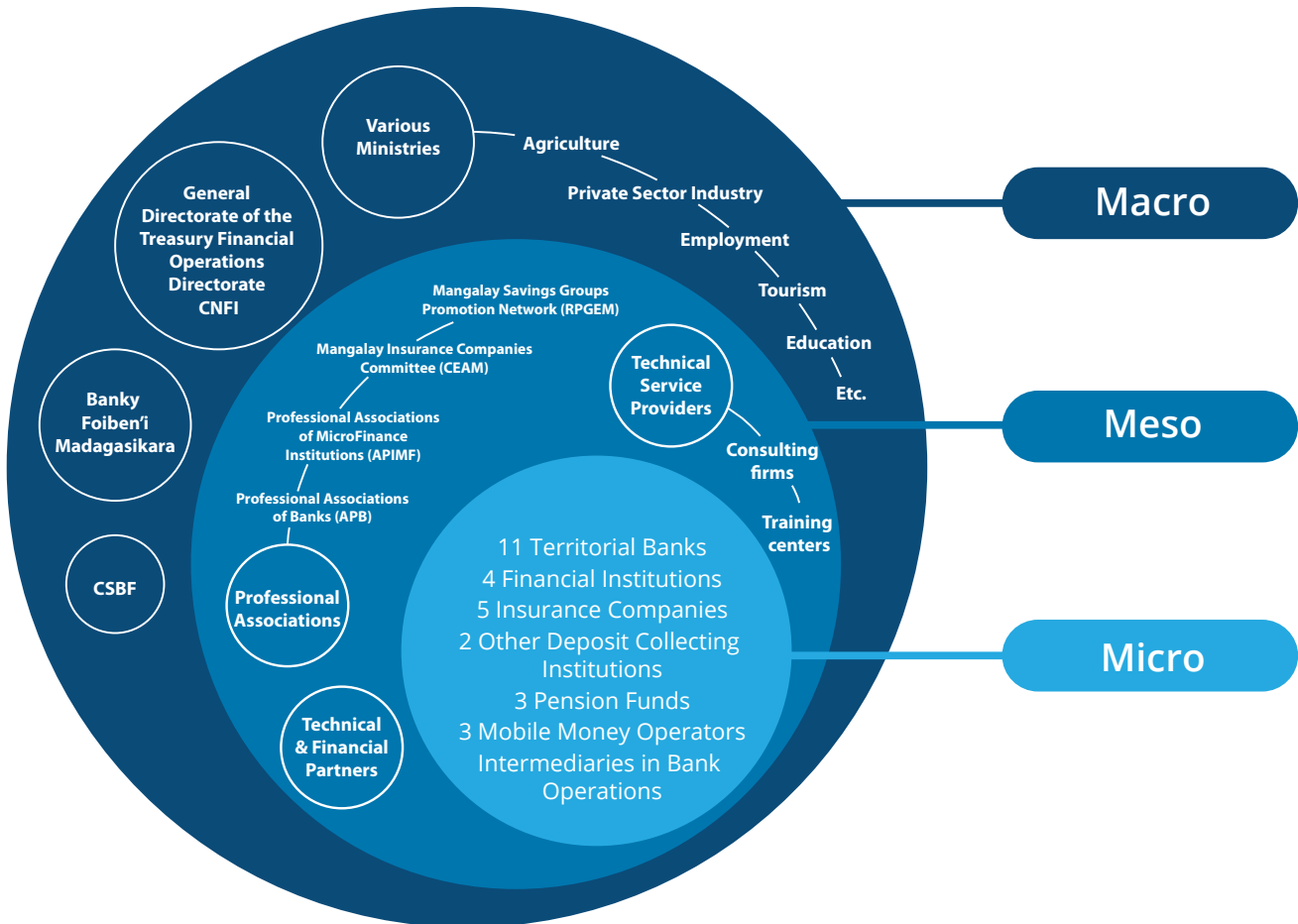


Figure 3. The Malagasy Financial Sector Landscape

## 4.2 Socio-economic environment

Due to difficult socioeconomic conditions in Madagascar, the majority of the population of the country have systemic challenges in accessing financial services. The low literacy level and a limited ability to use formal financial services, combined with the severe infrastructural constraints and a weak payment ecosystem, impede formal financial service providers in reaching the majority of consumers. Frequent shocks such as climate hazards, illnesses and thefts/petty crime, further reduce their accessibility and increase the risk of lending to such vulnerable consumers. As a consequence, the majority of the Malagasy people do not use financial services. They either approach people in their communities for financial assistance, or they draw on other arrangements instead of the formal financial system for savings, loans and risk management. Financial services have limited capacity to bolstering resilience against such shocks, and small businesses and farmers often cannot access the required capital to support economic growth.

## 4.3 Very low usage of financial services

Most Malagasy manage their financial life outside the financial system. According to the 2016 FinScope Consumer survey results, 29% of adults are financially included. Only a third of the population have and/or use formal financial services. Figure 4 below shows the landscape of access to financial services at the regional (SADC) level: 12% of Malagasy adults have/use a bank account; 17% have a financial service with another formal supplier (such as mobile money); and 30% of adults, not formally included, are involved in informal financial services. This places Madagascar at the bottom of the financial inclusion table when compared with its peers in the region.

Furthermore, according to the World Bank's latest Global Findex survey (2014), only 9% of adults have an account with a formal financial institution and/or mobile money.

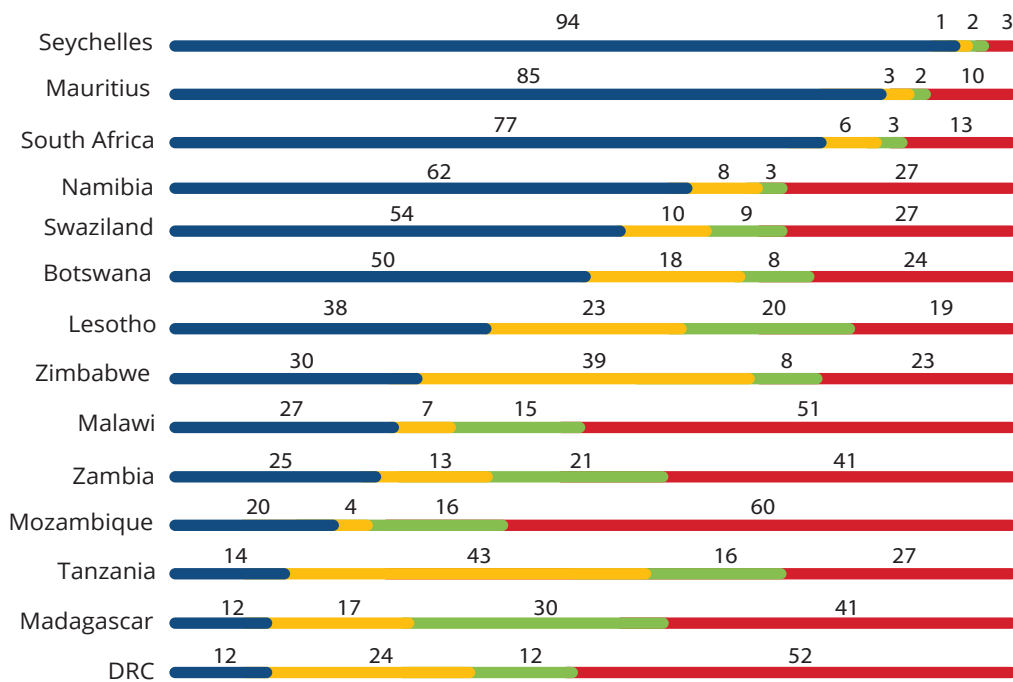


Figure 4. Landscape of financial services usage within the SADC

## 5 Progress achieved and challenges to overcome

### 5.1 Progress achieved as part of the 2013-2017 NSIF

#### 5.1.1 Support for the demand of financial products and services

For the first time in Madagascar, the diagnosis of overall demand levels for financial services was achieved through the 2016 FinScope Consumer survey. Many initiatives were attempted in order to better organize the demand of financial products and services, mainly by promoting savings groups and conducting financial education sessions.

#### 5.1.2 Development of the financial products and services offer

At a national level, improvements have been observed as regards the access and use of financial services in Madagascar over the last five years (2013-2017), including the increase in the number of financial institution service points, the significant increase in the number of mobile money distribution agents, the interoperability of mobile money services and the increase in its usage rate. (See attached Table).

Furthermore, during the NSIF implementation period, the banking agent model developed by microfinance banks emerged, offering real opportunities for a better financial inclusion of the Malagasy people and the MSMEs.

#### 5.1.3 Coordination and advocacy of inclusive finance

Despite the post-crisis context of the initial phase of implementation of the NSIF, the stakeholders have provided significant efforts for a better coordination and have effectively advocated for the inclusive finance sector in Madagascar. These include the Government's approval, through the Ministry of Finance and Budget, of the implementation of the MAP process in December 2014, as well as fund mobilization from technical and financial partners for financial inclusion promotion and development.

#### 5.1.4 The inclusive finance legal framework, supervision and environment

The legal and regulatory framework of the Malagasy financial sector was reorganised during the NSIF implementation period. The Law 2016-056 on electronic money and electronic

money institutions was passed and promulgated in February 2017. The new Microfinance Law was voted in by Parliament in December 2017.

Furthermore, the capacities of the CSBF's General Secretariat were enhanced through the increase in its staff size since 2015, and training on the supervision of Microfinance Institutions in 2015 and 2016.

### 5.2 Challenges to overcome

Despite the efforts in implementing the NSIF, many challenges remain for a significant increase in financial inclusion in Madagascar. Though not exhaustive, the challenges deemed most important for the five coming years are as follows:

#### 5.2.1 Ensure that Malagasy have sufficient financial skills to better use the available financial services and trust in the financial sector

The population, especially the youth, needs to understand basic financial concepts, in order to be better equipped to make decisions relating to their financial circumstances. Individuals, households and MSMEs in possession of financial skills are capable of making more relevant financial choices in terms of savings, investments, credit, insurance, remittances and payment, especially given the rapid evolution of the financial sector's landscape in Madagascar (mobile banking, electronic payment, etc.).

Furthermore, the setting up of a legal and regulatory framework for the protection of financial service consumers and the effective enforcement of the related provisions is a major challenge for an improved financial inclusion of the Malagasy population as a whole.

#### 5.2.2 Promote broader access and better use of financial services

This allows financial institutions to take advantage of new technologies in order to design and supply financial services meeting the population's needs, particularly women, the youth, the rural population and MSMEs. In addition, for the next five years, the MSME's access to financing, especially those operating in the agricultural sector and in the other product value chains/sectors, will be emphasized.

### **5.2.3 Ensure the strengthening of policies, legal, regulatory and institutional framework**

The importance of a political, strategic, legal and regulatory framework that is conducive to financial inclusion is widely recognized. Moreover, the constant improvement of the financial inclusion regulation in Madagascar is to be pursued over the next years mainly through the effective enforcement of the Law 2016-056 on electronic money and electronic money institutions, the implementation of the new Microfinance Law, the setting up of a new Banking Law and the reinforcement and the effective implementation of the provisions on consumer protection.

Furthermore, the setting up of an effective and efficient monitoring and evaluation system, mainly the availability of a reliable and up-to-date database on financial inclusion, is one of the NFIS's priorities. It will not only permit the measurement of the progress made in terms of financial inclusion, but also enable a better implementation of the NFIS's action plan.

## **5.3 Forthcoming opportunities**

The Government considers financial inclusion as one of the main tools for promoting powerful and inclusive economic growth in Madagascar. Its efforts to support a better financial inclusion in the country are to be reinforced over the next years.

In addition, the technical and financial partners (bilateral, regional and multilateral) have confirmed their willingness to pursue and strengthen their support for financial inclusion in Madagascar, and particularly to finance the implementation of the NFIS action plan.

As far as financial service providers are concerned, the use of new technologies, namely the strengthening of the various ongoing initiatives on FinTech, is a real opportunity to increase access and use of financial services in Madagascar.

## 6 Vision and strategic objectives

### 6.1 Vision

« *Enhancing Malagasy population's access to financial services by increasing the number of adults having access to formal financial services from 29% in 2016 to 45% by 2022* ».

### 6.2 Strategic Objectives

The NFIS is made of three strategic axes. These axes have been built on the five pillars identified within the financial inclusion roadmap. Specific objectives are linked to each strategic axis.



Figure 5. The NFIS's strategic axes



<b>STRATEGIC AXIS No 1</b> <b>Financial education and consumer protection</b>	<b>STRATEGIC AXIS No 2</b> <b>Access and use of financial services</b>	<b>STRATEGIC AXIS No 3</b> <b>Strengthening policies, legal, regulatory and institutional frameworks</b>
<b>Specific objective 1:</b> Improve the financial education of all population segments for a better financial inclusion	<b>Specific objective 1:</b> Mobilize savings to cope with shocks and build a productive capital	<b>Specific objective 1:</b> Establish an environment conducive to financial inclusion
<b>Specific objective 2:</b> Carry out information and communication campaign to promote financial inclusion	<b>Specific objective 2:</b> Develop niche insurance opportunities for resilience and productivity	<b>Specific objective 2:</b> Build the CNFI and CSBF's institutional capacity
<b>Specific objective 3:</b> Protect financial service consumers in order to build a climate of trust between the population and the suppliers	<b>Specific objective 3:</b> Optimize the payment system for resilience and trade	<b>Specific objective 3:</b> Establish a climate of trust between financial service providers and the judiciary system
	<b>Specific objective 4:</b> Offer targeted credits to broaden economic opportunities	

Table 1. NFIS strategic axes and specific objectives

## 7 | Main interventions

### 7.1 Strategic Axis 1: Financial education and consumer protection

**Strategic objective: Promote financial inclusion through means of communication, financial education and financial service consumer protection**

The financial education of the population is the essential basis for effective financial inclusion as it shows the appropriate behavior when faced with the multitude of financial services as well as for the daily management of one's own money. Thanks to a regulation on consumer protection tailored to the Malagasy context and supported by targeted means of communication for each population segment, financial inclusion in Madagascar will meet the expected objectives.

**Specific objective 1. Improve the financial education of all population segments for a better financial inclusion**

- **Develop a framework or strategic document on financial education**

Financial education is the basis of financial inclusion. For an effective coordination of the financial education activities, the development of a strategic framework is essential. But as a prerequisite, a thorough diagnosis of the financial inclusion sector in relation to financial education is to be conducted. The drafting of this document/framework will lay out the programme to be implemented during the next four or five years.

- **Strengthen financial education for the target population**

Financial education initiatives will be reinforced and start within the implementation of the previous strategy. In particular, the inclusion of financial education in the relevant curricula will help target and financially-include children and youngsters at their youngest age. Financial education interventions targeting financial products are also to be undertaken (digital finance, insurance, etc.).

**Specific objective 2. Carry out information and communication campaign to promote financial inclusion**

- **Promote financial inclusion through communication actions**

In addition to regular reports to be published on financial inclusion in Madagascar, other means of communication and associated material will be disseminated to targeted populations (newspaper, mailing, advertorials...). The

sector's participation in various events about the financial sector is to be encouraged. Setting a website on financial inclusion in Madagascar is a very effective way to make the sector known both locally and internationally.

**Specific objective 3. Protect financial service consumers in order to build a climate of trust between the population and suppliers**

- **Develop a framework or strategic document on consumer protection**

The law on consumers' protection already exists. The provisions on the protection of financial services consumers are outlined in the new Microfinance Law. While awaiting the drafting and adoption of a new law pertaining to the financial service consumer protection, the development of a related framework or strategic document is compulsory.

- **Make the protection of financial services consumers effective**

A « dispute mediator » entity will be established to act as an ombudsman between consumers and financial service providers in the event of a dispute being declared. This entity could be housed at the Central Bank (*BankyFoiben'i Madagasikara*) as is the case with many other countries. While awaiting the implementation of this measure, the Ministry of Finance and Budget could propose a temporary structure.

- **Improve financial transparency particularly with regard to pricing**

Practical steps and actions are required to enforce the regulatory provisions concerning the display of the pricing used by financial institutions.

### 7.2 Strategic Axis 2. Access and use of financial services

**Strategic objective: Broader access and better usage of a wide range of financial services adapted to the needs of all the segments of the population**

The second strategic axis objective is to broaden the access and use of financial services. This will provide for developing the offers of financial service adapted to the demand. In this regard, the main financial products and services identified to increase the level of financial inclusion in Madagascar are the following: savings, digital payments, insurance and credit.

## SAVINGS

### ***Specific objective 1. Mobilize savings to cope with shocks and build productive capital***

The mobilizing of savings within Malagasy households and its channeling into the formal financial circuit enable the accumulation of capital for financing growth and development on the one hand, and guarantees security in a context of increasing insecurity on the other.

In order to achieve such objective, the priority interventions identified are the development of innovative savings products and the close monitoring of savings groups operating outside the financial sector. The goal is ultimately to encourage the integration of this latter into the formal financial sector.

- **Ensure a better monitoring of savings groups**

The role of the savings groups is to meet the needs of the rural Malagasy population who do not have access to formal financial services for various reasons. The objective of this intervention is to ensure better monitoring of these savings groups, which currently have nearly 300,000<sup>3</sup> members, and which are associative structures not subject to the supervision of the CSBF. It will consist in the counting and identification of existing savings groups and their promoters through the Network of Malagasy Savings Groups promoters (RPGEM), as well as the support of the promoters' network in establishing Codes of Ethics and standards of conduct (capping rules, identification) and authentication, and the capacity building of the savings groups.

## INSURANCE

### ***Specific objective 2. Develop niche insurance opportunities for resilience and productivity***

- **Develop flexible, transparent, secure and affordable products that meet clients' needs**

Most low-income clients are excluded from so-called "conventional insurance." These clients, whose main activities are in the agricultural sector and the informal sector, are the most exposed and vulnerable to risks. It is essential, therefore, to promote innovative and affordable insurance products that meet the needs of these categories of clients by promoting microinsurance. In this context, setting up an index-based microinsurance could be a solution for facing agricultural risks. To this end, a broad sensitization campaign on the product and a feasibility

study on three pilot agricultural sectors selected according to the climatic regions of Madagascar (rainy, semi-desert and desert) are required at the outset. Farmers, small farmer groups, associations or processors are the main beneficiaries.

- **Build capacities specific to insurance**

Building capacities specific to insurance is a necessary condition for developing an insurance market. Initiatives for the creation of a specialized training center for insurance careers and peer learning are to be encouraged. Collaboration between universities and the global community to improve and enforce appropriate and effective development strategies is therefore required. Furthermore, strengthening transversal cooperation between the different Ministries as well as the technical support to the Ministries in charge of Finance, Army and Agriculture are necessary to build the capacities needed for climate and agricultural risk management.

- **Mobilize the necessary resources for the implementation of the African Risk Capacity (ARC)**

The alarming acceleration of global climate change makes Madagascar one of the countries most vulnerable to climate shocks. In this respect, Madagascar has joined the Treaty establishing the African Risk Capacity (ARC) which is a specialized institution of the African Union to help member states improve their capacities in order to more effectively plan, be prepared and respond to extreme weather events and natural disasters. To fully benefit from the ARC, it is essential to devote appropriate resources to climate and agricultural risk management as well as to raise funds needed for subscribing to ARC insurance. Establishing, in advance, a contingency plan over a multi-year horizon is indispensable. To this end, it is essential to mobilize all the actors involved in this contingency plan in order to take full advantage of all existing expertise and to better address the various risks identified and not being limited to the institutions currently in place.

## PAYMENT

### ***Specific objective 3. Optimize the payment ecosystem for resilience and trade***

- **Develop an appropriate and interoperable payment ecosystem**

The access of target segments of the population to digital payment services cannot be sustainable without

<sup>3</sup> Source: MAP Madagascar p.16.

a functioning, cost-effective national switch that can transmit biometric identities and ensure interoperability between the different infrastructures of the various financial service providers. An appropriate payment ecosystem also involves facilitating clearing and settlement procedures between MFIs.

- **Take appropriate measures to reduce liquidity management costs**

It is essential to reduce liquidity management costs by encouraging the adoption of electronic money by consumers through the digitization of the various payments; the use of a cash-in transit (CIT) company to reduce fund transportation costs; and the use of commercial banks to serve as Central Bank agencies where there is no Central Bank branch.

- **Develop the potential of mobile money services**

Developing potential of the mobile money services facilitates the modernization of mobile payment systems and the increase of volumes to ensure their sustainability. Mobile money services can be optimized by improving the agents' liquidity management in order to ensure reliable access of customers to funds, and to give agents viable business models. Extending the role of super-agents allows them to solve the liquidity management problems faced by agents in remote areas, provided that the State ensures their physical security.

- **Extend access points to financial services**

Extending access points to financial services is essential as it contributes to reducing the high distribution costs. Initiatives to open new access points are to be encouraged. Moreover, MFIs, the Post Office and the CEM distribution networks are to be optimized to extend cash points, especially in rural areas.

## CREDIT

### *Specific objective 4. Offer targeted credits to broaden economic opportunities*

- **The identified priority interventions aimed at expanding access to credit involve many fields, which are mainly:**

**Improve information on credit to reduce loan cost and risk.** Improving information on credit entails the continuous sharing of the available information between the two existing credit bureaus. Access to this information by financial service providers will allow a more complete

picture of the customer and, consequently, the processing time for requests will be reduced, thereby enabling credit risk to be better managed. This intervention is also aimed at setting up a deeds registry which should be accessible to clients who wish to grant their title deeds as collateral for requested loans.

- **Strengthen and adapt MFIs' information systems to new technologies**

Having an appropriate and effective information system that meets the new technological standards will enable MFIs to secure data, and share and scale such data according to the targeted clients specific segment, particularly with regard to agricultural and MSME credits.

- **Strengthen the capacity of the MFIs to improve the portfolio quality**

Improving the portfolio quality primarily requires reliable and up-to-date financial information for accessing credit. Also, it involves a better cash management in a view to reduce the costs related to the use of cash and funds transportation, particularly in rural areas. Transparency and governance must be taken into account in order to promote upstream the access to affordable capital.

- **Develop alternative models of credit rating**

In order to reduce reliance on credit guarantees, financial institutions need technical and financial support to develop alternative models of credit scoring. Adopting new methods in the appraisal of credit risks reduces dependence on collaterals and, therefore, enables an increase in the number of potential borrowers.

- **Seek new funding opportunities for MFIs**

Seeking and setting new and affordable financing/refinancing lines, developing a risk-sharing mechanism will better enable financial inclusion. Lowering credit costs will increase the number of people included in the formal financial sector. A feasibility study is to be carried out in order to set up a dedicated refinancing line to compensate for the lack of available resources for MFIs.

- **Improve micro enterprises and agricultural entrepreneurs' access to financing**

To facilitate micro enterprises and agricultural entrepreneurs' access to financing, setting up a guarantee fund for start-ups must be considered. This measure facilitates job creation in rural areas and helps reduce urban migration.

### 7.3 Strategic Axis 3. Strengthening policies - legal, regulatory and institutional framework

**Strategic objective: Strengthen the institutional, legal and regulatory framework.**

The objective of the third strategic axis is to strengthen the policies and institutional, legal and regulatory framework for financial inclusion. A strong and up-to-date regulation sets an environment of trust between financial service providers and consumers and the judicial authority. The Government must guarantee financial inclusion development. Such a guarantee requires the institutional repositioning of the CNFI within the General Directorate of the Treasury.

**Specific objective 1: Improve the financial inclusion environment**

- **Develop and enforce a financial inclusion policy**

The priority activities for the development and enforcement of a financial inclusion policy require real-time knowledge of the data related to the financial sector. This implies obtaining information relating to consumers' needs, as well as data relating to the existing financial service offers, in order to bring about possible adjustments, update the financial inclusion policy and implementation. In order to achieve this, regular FINSCOPE surveys, conducted every two years, as well as impact studies of financial service offers on the quality of the users' life should be carried out. Advocacy actions are required at a policy makers' level to create an environment conducive to financial inclusion.

- **Improve regulations for better financial inclusion**

The goal of this action is to fill the legal gaps and oversee key, relevant fields of financial inclusion. Therefore, the priority activities identified focus on the following aspects:

- » improve regulations on the digital payments system, consumer credit, electronic money and protection of savings,
- » provide technical support to the CSBF to develop legal texts related to financial inclusion and to monitor compliance with the texts,
- » develop a legal framework regulating non-banking financial institutions (NBFIs).
- » reform and enforce the Usury Law.
- » implement the 2012 FATF Recommendations.

The development of a specific legal and regulatory framework for banking agents or correspondents aims to allow the distribution of alternative financial services, in order to:

- (i) improve liquidity management for electronic money distribution agents; and (ii) ensure reliable access to funds for clients and viable business models for agents.

**Specific objective 2: Strengthen CNFI and CSBF's institutional capacity**

- **Reinforce the mandate of key institutions in charge of financial inclusion (CSBF, CNFI, SIF ...)**

Several stakeholders participate in the implementation of the financial inclusion strategy. As a coordination entity, CNFI will interact with different categories of stakeholders. Hence, in order to facilitate interactions within its coordination activities, institutional repositioning of the CNFI to become a Directorate within the Ministry of Finance and Budget/General Directorate of the Treasury is a crucial step in achieving the objectives set by the NFIS. To this end, it is also necessary to strengthen CNFI's institutional capacity, namely in technical, financial and human terms, to enable the various challenges when implementing the financial inclusion policy to be addressed.

**Specific objective 3: Set up a climate of trust between financial service providers and the legal system**

- **Improve the dispute settlement system at court level on the execution of contracts.**

The goal of this action step is to improve the dispute settlement system at court level on the execution of contracts in order to increase trust. To this end, three activities were identified:

- » promoting mediation on consumer protection issues.
- » sensitizing and enhancing the capacities of judges on banking and financial issues.
- » enhancing BIANCO's capacity in detecting and managing corruption in the banking and financial sector.

- **Improve access to and ensure the reliability of information on individuals and their properties (title deeds, securities and collateral registry...)**

The goal of this action is to facilitate access to financial services by enabling clients to meet KYC requirements by providing all information on individuals and their properties. The priority activity is to suggest measures aimed to improve access and ensure the reliability of information on individuals and their assets.



## 8

Implementation of the  
NFIS

## 8.1 Implementation structures

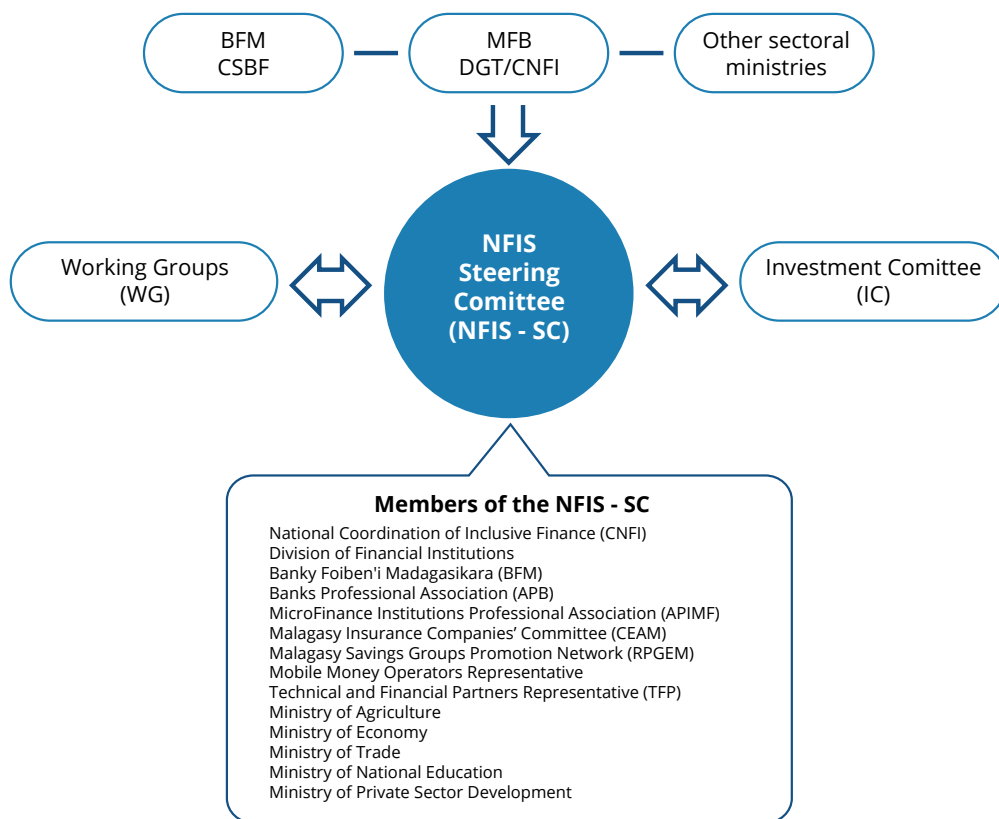


Figure 6. Implementation structures of the NFIS

**BFM** : Banky Foiben'i Madagasikara (Central Bank of Madagascar)

**CSBF** : Commission de Supervision Bancaire et Financière (Council for Banking and Financial Supervision)

**MFB** : Ministère des Finances et du Budget (Ministry of Finance and Budget)

**DGT** : Direction Générale du Trésor (General Directorate of the Treasury)

**CNFI** : Coordination Nationale de la Finance Inclusive (National Coordination of Inclusive Finance)

The Ministry of Finance and Budget oversees the financial inclusion sector. As such, it works closely with the Central Bank (*Banky Foiben'i Madagasikara*) and other sectorial ministries.

The implementation of the NFIS involves many actors with complementary and useful functions. The main NFIS implementing body is the Steering Committee supported by the Working Groups and the Investment Committee.

CNFI is in charge of the coordination and the monitoring & evaluation of the implementation of the NFIS. It also provides secretariat services for the Steering Committee, the Working Groups and the Investment Committee.

### 8.1.1 The NFIS Steering Committee

The Steering Committee has responsibility to implement the NFIS. It is chaired by the Minister of Finance or his representative.

The NFIS Steering Committee is mandated to:

- **monitor the implementation of the NFIS;**
- **suggest strategic orientations and possible adjustments of the NFIS.**

However, any change to be made to the NFIS must be approved by the stakeholders at its mid-term evaluation.

The Steering Committee members are:

- The National Coordination of Inclusive Finance (CNFI);
- The Division of Financial Institutions;
- The Banky Foiben'i Madagasikara;
- The Professional Association of Banks (APB);
- The Professional Association of Microfinance Institutions (APIMF);
- The Malagasy Insurance Companies' Committee (CEAM);
- The Malagasy Network for Savings Group Promotion (RPGEM);
- The Representative of Mobile Money Operators (while waiting for the setting up of the Association of Electronic Money Institutions);
- A representative of the Technical and Financial Partners (TFP) via the Multi-donor Secretariat;
- The Ministry of Agriculture;
- The Ministry of Economy;
- The Ministry of Trade;
- The Ministry of National Education;
- The Ministry of Private Sector Development.

The general organization and functioning of the NFIS Steering Committee is laid down by decree.

### **8.1.2 Working Groups (WG)**

The working groups are technical advisory bodies set up to analyze and discuss how the actions planned by the NFIS are implemented. Working groups are required to examine the priority interventions planned in each NFIS strategic axis, to identify any barriers that might hinder the achievement of NFIS's objectives and to propose appropriate solutions. They are also consulted for any reflection pertaining to financial inclusion in Madagascar.

The working groups are set up either at the request of the NFIS Steering Committee or at the request of CNFI as and when relevant, and according to the priorities recommended by NFIS's action plan.

### **8.1.3 Investment Committee (IC)**

The Investment Committee is established to harmonize the interventions of the various technical and financial partners. It is considered as an endorsement mechanism for the financing of financial institutions in order to avoid duplicate funding and to ensure better allocation of resources. The committee

serves to ensure effective monitoring of investments and to guarantee transparency in the contribution to the financial inclusion development.

The IC is mandated to:

- be aware of the investments that donors are ready to make with financial institutions; and
- opine on the relevance of these investments by taking into account all the interventions of the various projects and programs.

## **8.2 Monitoring and Evaluation Framework (M&E)**

Successful implementation is partly based on the ability to measure progress made and to communicate the outcomes of the interventions. The M&E framework allows to showcase and highlight the achievements of NFIS.

### **8.2.1 Key indicators to be used**

The list of key indicators to be used in NFIS monitoring and evaluation framework is attached. It has been established based on international best practices, complies with international norms and standards and is consistent with the financial inclusion monitoring and evaluation framework adopted at the SADC region level.

### **8.2.2 Progress monitoring report**

In general, progress is measured through annual reports which monitor the implementation of the action plan of NFIS. This includes an analysis of the level of objectives achieved and progress in the various activities provided in the NFIS action plan.

CNFI monitors the implementation of the NFIS action plan and reports to the Steering Committee on a semi-annual basis. This consists of providing reports on the sector's situation, the NFIS implementation level and the participation of TFPs in its implementation in terms of activities and finances, and proposing annual intervention priorities for the stakeholders. It also monitors the implementation of key initiatives undertaken by each working group on a semi-annual basis.

Independent consultants are to be recruited and commissioned to carry out the NFIS mid-term and final evaluation, in order to preserve the independence and objectivity of the evaluation process.

## Annexures

Annexure 1: NFIS Action Plan  
*Strategic Axis 1: Financial Education and Consumers' Protection*

Priority interventions	Proposed activities	Main responsible entities	Timetable					Estimated budget (USD)
			2018	2019	2020	2021	2022	
1.1	Develop a financial framework or strategic document	CNFI, AP	X					
	1.1.1. Carry out a financial education diagnosis in Madagascar		X					
	1.1.2. Develop the framework/strategic document with a multi-year action plan	CNFI, BFM, AP, TFP, Other Ministries	X					
1.2	Strengthen the population financial education	CNFI, BFM, AP	X	X	X	X		
	1.2.1. Implement financial education programmes adapted to the various population segments and on different financial products		X					
	1.2.2. Integrate financial education into the official programme of national education, vocational training, and in academic programmes	CNFI, BFM, MESUPRES, MEN, METFP	X	X				
	1.2.3. Pursue financial education initiatives (Global Week Money, School Bank, etc.)	MFB, MEN, MEETFP, MESRS, APIMF, IF, TFP, AP	X	X	X	X	X	
1.3	Promote financial inclusion through communication actions	CNFI, AP, TFP, Ministry of Communication	X	X	X	X	X	
1.4	Effectively protect financial services consumers	CNFI, CSBF, AP	X	X				
	1.4.1. Develop a strategic framework document on consumer protection		X					
	1.4.2. Set up non-judicial and judicial redress mechanisms to protect financial service consumers	MFB, CSBF, Ministry of Trade, Ministry of Justice	X	X	X			
	1.4.3. Make effective the provisions of the regulatory framework on consumers' protection including financial transparency particularly in terms of pricing and fees	CSBF, Ministry of Trade, AP, IF		X	X			

**Strategic Axis 2: Access and use of financial services**

Priority interventions	Proposed activities	Main responsible entities	Timetable				Estimated budget (USD)
			2018	2019	2020	2021	
<b>SAVINGS</b>							
2.1. Ensure better monitoring of savings groups	2.1.1. Count and identify existing savings groups and their promoter through the Malagasy savings groups promotion network (RPGEM)	CNFI, RPGEM	X	X	X		
	2.1.2. Support the promoters network in establishing Codes of Ethics and standards of conduct (capping/limitation rules) and identification / authentication	RPGEM	X	X	X		
	2.1.3. Build and strengthen the savings groups capacity	RPGEM, TFP	X	X	X		
	2.1.4. Facilitate linkages between Savings Groups and financial institutions	RPGEM, CNFI, IF	X	X	X	X	
2.2. Develop innovative savings products	2.2.1. Provide technical support to encourage financial institutions in teh development of innovative products	TFP, IF	X	X	X	X	
	2.2.2. Develop innovative savings products for the youth	IF, TFP	X	X	X	X	
<b>INSURANCE</b>							
2.3. Develop flexible, transparent, secure and affordable products that meet clients' needs	2.3.1. Carry out a feasibility study of the indexed micro insurance	MFB, TFP, CEAM, Ministry of Meteorology, MPAAE	X	X			
	2.3.2. Encourage innovation and learning from international markets	CEAM, MFB, AP	X	X			
	2.3.3. Provide technical support to encourage financial institutions in the development of innovative products and mobilizing required funds to possibly subsidize insurance regime	MFB, CEAM, AP		X	X		
	2.3.4. Promote tailored insurance products and implement targeted opportunities through the agricultural value chain	MFB, CEAM, TFP, MPAAE, Tranoben'ny Tantsaha (Chamber of Agriculture)	X	X	X	X	
	2.3.5. Encourage awareness tailored to products	CEAM, Universities, schools, Fédération CCI (Federation of Chamber of Commerce and Industry), Tranoben'ny Tantsaha Mpamokatra (Chamber of Agriculture)	X	X	X	X	

2.4.	Build insurance specific capacity	2.4.1.	Encourage peer learning and design mid-term development strategy	CEAM, Ministry in charge of Higher Education, MFB, MEETFP	X	X	X	X	X	
		2.4.2.	Encourage the creation of a specialized training center for insurance careers	CEAM, MESRS, MEETFP, MFB		X	X	X	X	
		2.4.3.	Build the capacities needed for climate and agricultural risk management	BNGRC, TFP, CEAM, National experts	X	X	X	X	X	
2.5.	Mobilize the necessary resources for the implementation of the African Risk Capacity (ARC)	2.5.1.	Establish in advance a contingency plan over a multi-year horizon and mobilize all the actors involved in this contingency plan in order to take advantage of all existing expertise and to better address the various risks identified and not limiting to the institutions already in place	BNGRC, Ministry of Meteorology, CEAM, CTD, MFB, Universities	X	X	X	X	X	
		2.5.2.	Devote resources to climate and agricultural risk management via ARC	MFB, TFP, National Assembly, MPAE, Ministry of Meteorology	X	X	X	X	X	
		2.5.3.	Raise funds needed for subscribing to ARC	MFB, National Assembly	X	X	X	X	X	
		<b>PAYMENT</b>								
2.6.	Develop an appropriate and interoperable payment ecosystem	2.6.1.	Set up and operationalize a functioning and cost-effective national switch that can transmit biometric identities and ensure interoperability between the various financial service providers' infrastructures	BFM, MFB, TFP, APB, APIMF, IF, EME	X	X	X	X	X	X
		2.6.2.	Facilitate clearing and settlement procedures between MFIs	BFM, MFB, APIMF	X	X	X	X	X	X
		2.6.3.	Propose motivating measures to financial services providers to enlarge the distribution footprint	MFB, TFP, EME	X	X	X	X	X	X
		2.6.4.	Participate in harmonizing the interventions so as to set an interoperability framework	BFM/CSBF, ARTEC, ORM, All the stakeholders	X	X	X	X	X	X
2.7.	Take appropriate measures to reduce liquidity management costs	2.7.1.	Popularize the uptake of electronic money	BFM, MFB, EME	X	X	X	X	X	X
		2.7.2.	Enforce the digitization of main government payments (G2P, P2G)	MFB, BFM, EME	X	X	X	X	X	X
		2.7.3.	Increase the use of cash-in-transit (CIT) company	BFM/CSBF, MFB, IF, APB	X	X	X	X	X	X
		2.7.4.	Explore the possibilities for commercial banks to serve as Central Bank agencies	BFM, APB	X	X	X	X	X	X
2.8.	Develop the mobile money services potential	2.8.1.	Improve the mobile money agents' liquidity management	EME, BFM/CSBF, MFB	X	X	X	X	X	X

2.9.	Extend financial services access points	2.9.1. Encourage initiatives to open new access points	IF, EME, TFP	X	X	X	X	X	X	X	
		2.9.2. Optimize distribution footprint of MFIs, the Post Office and the CEM to extend payments	IF, Post Office, CEM, TFP	X	X	X	X	X	X	X	
<b>CREDIT</b>											
2.10.	Improve credit information to reduce loans cost and risk.	2.10.1. Allow providers to access the integrated information system (Système Intégré d'Information - SII) and to the Credit information bureau (Bureau d'Information de Crédit - BIC)	BFM, IF	X	X						
		2.10.2. Support the data reliability	BFM, IF	X	X						
		2.10.3. Set up a deeds and securities registry	GVT, BFM	X	X	X	X	X	X	X	
		2.10.4. Improve the access to title deeds for credit sake	GVT, BFM	X	X	X	X	X	X	X	
2.11.	Strengthen and adapt MFIs information systems to new technologies	2.11.1. Support the MFIs capacity to enhance and to adapt their information systems to new technologies	APIMF, TFP, MFB	X	X						
2.12.	Develop alternative models of credit rating	2.12.1. Support financial institutions in developing and applying alternative models of credit rating	BFM, TFP,IF	X	X						
2.13.	Strengthen MFIs capacity to improve the portfolio quality	2.13.1. Provide technical support to reinforce MFIs capacity to improve credit portfolio quality	APIMF, TFP, BFM	X	X	X	X	X	X	X	
		2.13.2. Support a better MFIs cash money handling	APIMF, TFP	X	X						
		2.13.3. Help MFIs take into account transparency and governance matters	APIMF, TFP, BFM	X	X	X	X	X	X	X	
2.14.	Seek new funding opportunities for MFIs	2.14.1. Assess the feasibility and implementation of an affordable refinancing line with the Central Bank (BFM)	BFM, MFB	X	X	X	X	X	X	X	
		2.14.2. Develop risks sharing mechanisms for MFIs	MFB, BFM, APIMF	X	X	X	X	X	X	X	
		2.14.3. Set up a dedicated refinancing fund for MFIs, guaranteed by the State	MFB, BFM, APIMF	X	X	X	X	X	X	X	
2.15.	Improve micro enterprises and agricultural entrepreneurs' access to financing	2.15.1. Set up a guarantee fund for micro enterprises and agricultural entrepreneurs including start-ups	MIDSP, MPAE, MFB, TFP, MRHP, MCPASP	X	X						
		2.15.2. Assess the need for financial services of micro enterprises and agricultural entrepreneurs at national level		X	X						
		2.15.3. Capitalize and update the rural information system	MPAE, MFB, MRHP, MCPASP	X	X	X	X	X	X	X	

## Strategic Axis 3: Strengthening policies, legal, regulatory and institutional framework

Priority interventions	Proposed activities	Main responsible entities	Timetable				Estimated budget (USD)
			2018	2019	2020	2021	
3.1. Develop and enforce a financial inclusion policy	3.1.1. Elaborate a financial inclusion strategy	MFB, CSBF, Private Sector, TFP, AP, APIMF, CEAM, e-money professional association	X				
	3.1.2. Contribute to improving the business environment through advocacy at policy makers level	Steering Committee	X	X			
	3.1.3. Enforce the designed strategy	MFB, CSBF, Private Sector, TFP, AP, APIMF, CEAM, e-money professional association	X	X	X	X	
	3.1.4. Carry out regular FINSCOPE surveys including impact studies	CNFI	X	X	X	X	
3.2. Reinforce the mandate of key institutions in charge of financial inclusion (CSBF, CNFI, SIF...)	3.2.1. Reposition CNFI to become a Directorate within the MFB	MFB, TFP	X				
	3.2.2. Reinforce CNFI's capacities (technical expertise)	CNFI	X	X			
	3.2.3. Reinforce - through legal texts, the Central Bank's (BFM) capacity and mandate to get involved in the payments system	MFB, TFP	X	X			
	3.2.4. Set up / strengthen a collaboration mechanism (data sharing, etc.) between regulatory bodies (CSBF, MFB, SAMIFIN, ARTEC, etc.) of the financial sector	MFB, Ministry of Trade, CSBF	X	X	X		
3.3. Improve regulation for a better financial inclusion	3.3.1. Improve regulations on mobile money, the digital payments system, credit and consumer protection	CSBF, BFM, MFB	X	X	X	X	
	3.3.2. Provide technical support to CSBF for the drafting of the financial inclusion texts	TFP, CSBF, BFM, MFB	X	X			
	3.3.3. Provide technical support to CSBF for the monitoring of the compliance with the texts	TFP, CSBF, BFM, MFB	X	X	X	X	
	3.3.4. Set a legal framework on prudential requirements for NBFi	CSBF, MFB	X	X	X	X	
	3.3.5. Update texts on usury	Minjus, CRDA	X				
	3.3.6. Ensure the implementation of the 2012 FATF recommendations	CSBF, BFM, SAMIFIN, Private Sector	X	X	X		



	3.3.7. Set a specific legal and regulatory framework for the management of alternative distribution by financial services correspondents	BFM/CSBF	X	X	X	X		
3.4. Improve the dispute settlement system at the courts level on contracts execution	3.4.1. Promote mediation as dispute intermediary on consumer protection matters	CSBF, MFB, TFP, Private Sector	X	X	X	X		
	3.4.2. Sensitize and reinforce the judges' capacity on banking and financial issues	MFB, APIMF, Ministry of Justice	X	X				
	3.4.3. Enhance the BIANCO's capacity in detecting and managing corruption in the banking and financial sector	MFB, BIANCO	X	X	X			
3.5. Improve access and ensure the reliability of information on individuals and their properties (title deeds, securities and collateral registry...)	3.5.1. Recommend measures to improve access and ensure the reliability of information on individuals and their properties (title deeds, securities and collateral registry...)	Ministry of Interior and Decentralization, Ministry of Land Tenure	X	X	X	X	X	X

## Annexure 2: NFIS M&amp;E Framework

Dimension	N°	Indicator	Definition/ Explanation	Type of Data	Other observation(s)	Calculation method	Segmentation	Frequency	Source	Baseline								
										2017	2018	2019	2020	2021	2022			
Access	1	# of access points for 10,000 adults (>18 years) at national level	An access point is a physical entity where a person can access financial services such as credit, savings, insurance, money transfer and payment. This indicator takes into account all the service points of credit institutions and other non-bank financial institutions. Non-bank distributors of remittance services (money transfer) can also be considered as access points.	Bank agency	The head office is only included if clients have access to financial services there. Including "roving bank agencies" (e.g. vehicle equipped with bank staff to give access to financial services) and all service points operated by a bank agent working on behalf of the bank	(Total # of access points/ Total # of the adult population)*10,000	Per type of Data (ex: # of bank agencies for 10,000 adults) Per Region Rural/Urban	biannual	BFM/ CSBF									
				Agency of financial institutions	The head office is only included if clients have access to financial services there. Including roving bank agencies (for example: vehicle equipped with staff of the financial institution to provide access to the financial services) and all service points operated by an agent working on behalf of the financial institution													
				MFI service points	Are considered MFI service points, all local units such as agency, checkout, counter, neighborhood office where clients can access financial services (are not limited to affiliated MFIs, approved by the CSBF) Including mobile service points and those operated by an agent working on behalf of the MFI													
				Insurance company agency	All service points of central agencies, general agents, brokers and other insurance intermediaries Including mobile service points and all service points operated by an agent working on behalf of the insurance company													
				Agency of the other non-bank financial institutions	All service points (agency, distribution point, etc.) of the CEM and the PAOMA				PAOMA, CEM									



Use	2	Percentage of adults (18+) having an account in a formal financial institution	It consists in measuring the percentage of adults (18+) having an account in a formal financial institution from the supply data.  In calculating the number of adults, duplicates should be deleted, in the case where a person has two or more accounts in one or more financial institutions.  <u>Concerned financial institutions:</u> credit institutions, insurance companies, pension funds and other non-bank financial institutions.  <u>Concerned accounts:</u> Standard account, savings and credit, mobile money, debit card, insurance policy and pension.	standard account	# of adults holders of a standard account	# of adults (18+) having an account in a formal financial institution/ Total # of the Adult population	Per Region Rural/Urban Total/Women	biannual	BFM/ CSBF
				Savings account	# of adults holders of a fixed term Deposit account, a special Savings account, a Guarantee deposit ( to be discussed with CSBF) Children holders of savings accounts with CEM should not be considered				BFM/ CSBF, CEM
				Credit (outstanding credit)	# of adults having outstanding credits during the considered period. For group credits, the # of individuals beneficiaries of the credit is taken into account.				BFM/ CSBF
				Mobile Money Account	# of adult holders of mobile money accounts				BFM/ CSBF
				Debit card	# of adult holders of a debit card				BFM/ CSBF, BFM/DSP
				Insurance policy	# of adults having an insurance policy (Car/ Motorbike insurances are not taken into account)				MFB, later BFM/ CSBF
				Pension	# of public and private pension beneficiaries				MFB, CNAPS









24	Growth rate of the credit volume granted to MSMEs	Financial institution involved: All credit institutions	(Volume of credits granted to MSMEs for Year N - Volume of credits granted to MSMEs for year N-1) / Volume of credits granted to MSMEs for year N-1	Per Region	Annual	BFM/ CSBF, INSTAT				
25	Growth rate of the credit volume granted to the agricultural sector	Financial institution involved: All credit institutions broadly speaking including the livestock and fishery sector (including production, processing and marketing)	(Volume of credits granted to the Agricultural sector for Year N - Volume of credits granted to the agricultural sector for year N-1) / Volume of credits granted to the agricultural sector for year N-1	Per Region	Annual					
26	# of credits granted to MSMEs	Financial institution involved: All credit institutions		Per Region	Annual	BFM/ CSBF				
27	# of MSMEs beneficiaries of credits									
28	# of farmers beneficiaries of credits									
29	# of credits granted to the Agricultural sector	Financial institution involved: All credit institutions broadly speaking including the livestock and fishery sector (including production, processing and marketing)		Per Region	Annual	BFM/ CSBF				
30	# of insurance policies (without car/motorbike insurances)			Per Region Rural/Urban Breakdown per category/ insurance type	Biannual	MFB, later BFM/ CSBF				
31	# of policy beneficiaries, # of micro insurance policies subscribed with MFI									

**Insurance**



### Annexure 3: Evolution of some financial inclusion indicators between 2013 and 2017

Indicators	2013	2017	Growth, Evolution 2013-2017 (%)
# Banks branches	228	324	42%
# MFIs ranches	770	888	15%
# Agents of mobile money operators	9 591	25 855	170%

Sources: Secrétariat General CSBF, CNFI









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