

Committee: ECOSOC

Question: Achieving access to banking, insurance and financial services for all

Submitted By: China

Alarmed by the fact that 2 billion adults do not have access to a formal bank account worldwide,

Defining Banking as “a system of intermediation of various kinds of financial services between those who lend and those who borrow money”,

Defining Insurance as “A written contract between a firm/individual and an insurance company that protects the former from losses due to a particular event such as an accident, theft or natural disaster”,

Defining Financial Inclusion as “outlining the members of society and business enterprises that have access to financial services and institutions”,

Keeping in mind that access to financial services is intrinsically linked to ensuring economic growth,

Noting with concern that geographical, gender based and financial literacy related discrimination are all central to the issue,

Bearing in mind that 8% more males hold accounts at a formal financial institution compared to their female counterparts,

Commends the work of the UN Secretary General’s Special Advocate for Inclusive Finance for Development (UNSGSA) Queen Maxima of the Netherlands,

Observing that rural households account for more than 70% of the world’s poverty,

1. Calls for the creation of the United Nations Committee for Financial Inclusion Coordination (UNCFIC) as an ECOSOC subsidiary body, to work in conjunction with the UN Secretary General’s Special Advocate for Inclusive Finance for Development (UNSGSA) and the United Nations Capital Development Fund (UNCDF), with the aim of managing and coordinating United Nations endeavours in the achievement of universal access to banking, insurance and financial services through responsibility for the formation of developmental economic strategies, promotion of financial equality and the establishment of a variety of other measures to include, inter alia:
 - a) continuous conduct of investigative research into access to banking, insurance and financial services in member states with focus on the identification of prevalent causes of financial exclusion and highlighting both geographical and societal areas in which the issue of lack of access to such services is particularly prevalent,
 - b) development of advanced quantifiable methods for measuring access to financial services to allow for biannual publication of figures by the UNCFIC, outlining the current situation in this regard and providing an instrument for the measurable tracking of progress in the combat of the issue,
 - c) compilation of data and findings for the publication of an annual report on access to such services, with detailed recommendations to be incorporated into UNCFI strategy and suggested model policy measures for implementation by member nations at their discretion,
 - d) organisation of a biennial conference to be held in Geneva, Switzerland, coordinated by the UNCFIC with attendees from relevant UNOs, NGOs and member states to discuss the issue of universal access to financial services with a focus on sharing of ideas regarding practices that have proven successful in ensuring increased financial inclusion;
2. Urges member states, particularly those considered by the UNCFIC to have distinct cause for concern as per aforementioned quantifiable scales regarding access to financial services, to consider the establishment of state-owned financial institutions, including but not limited to development or agricultural banks and insurance institutions, to ensure effective provision of essential financial services to all their respective citizens, with these bodies commanding either a macro-control, supervisory role or a commercial function as deemed appropriate and assistance from the United Nations system provided where necessary such as:

- a) technical assistance from the UNCFIC, UNCDF and World Bank regarding the efficient foundation and operation of such bodies,
 - b) subsidised funding by the UNCFI and World Bank if required in the initial establishment of such bodies with further potential funding strictly contingent on evidence of increased financial inclusion as a direct result of their work;
3. Encourages the inclusion of specific targets regarding financial inclusion progress and related legislative changes for respective member nations within:
 - a) World Trade Organisation (WTO) Accession framework, particularly relating to revision of banking and insurance legislation to ensure improved access to such services,
 - b) IMF Conditionality Policy, through diversification of Fund-supported programs, to be overseen by the Strategy, Policy and Review Department of the IMF, thus recognising the importance of access to financial services for local populations in providing a sustainable mechanism for stimulation of required economic growth;
4. Further calls for the creation of model bankruptcy legislation for common law and civil law legal systems, by the World Bank, IMF UNCFIC with assistance from the United Nations Office of Legal Affairs (UNOLA) and other relevant UNOs and NGOs, with the aim of reducing risk for banks and financial institutions engaged in lending to high risk borrowers and Small and Medium Sized Business Enterprises (SMEs), to be used by member states at their discretion;
5. Recommends the creation of a mass media campaign to be overseen by UNCFIC in conjunction with United Nations Educational, Scientific and Cultural Organisation (UNESCO) with the aim of educating populations on, inter alia:
 - a) the location, nature and extent of the different financial services available to them,
 - b) advancements in financial technology and particularly banking services that can be utilised including but not limited to e-banking and mobile interfaces,
 - c) the importance of maintaining a high credit score for ease of access to financial services and the validity of insurance services in hedging against potential future financial losses;
6. Further encourages member nations to address issues surrounding lack of access to banking, insurance and other financial services in rural areas through fiscal and interventionist measures, availing of UNCFIC model policy measures mentioned in clause 1 and, where necessary, technical assistance from the IMF and World Bank in this regard, including but not limited to scalable tax incentives for financial institutions that agree to set up in such rural areas or state subsidising of insurance premiums for farmers engaged in agricultural activities in regions where extreme weather renders the risk uninsurable or disproportionately expensive, with the aim of eradicating geographical discrimination and inequality through such financial inclusion initiatives;
7. Calls upon member nations to heighten investigation into discriminative practices by insurance companies and banking institutions, particularly regarding application for access to such services and price and quality of services offered, in order to ensure equal access and opportunities exist for all with appropriate sanctions for firms operating within their jurisdiction deemed to be engaged in unfair policies and practices that contradict national equality legislation and the ideals of, inter alia, the International Convention on the Elimination of All Forms of Racial Discrimination (UNCERD) and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW);
8. Emphasises the utility of microcredit services in providing access to essential finance for individuals and businesses, including but not limited to those engaged in agricultural activities and SMEs, and the importance of educating local populations through the mass media campaign mentioned in clause 5 on how to be utilise the services provided in this regard by UNOs such as the UNCDF which supports small-scale development operations and microfinance programs.