



The overall policy context for enabling inclusive finance



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The World Savings Banks Institute (WSBI)

- International retail banking association
- Bringing together individual banks and national banking associations, from « developing » countries and « mature » markets
- 111 members in 90 countries
- Sister organisation: European Savings Banks Group (ESBG) (25 members in 25 countries)
- Advocacy, Consultancy and Training, Business Cooperation services

WSBI Membership

Europe:

36 Members from
30 countries

Asia-Pacific:

22 Members from
16 countries

Americas:

16 Members from
13 countries

Africa:

37 Members from
31 countries

(As of June 2010)

Savings and socially committed retail banks,
which fulfill the **3Rs** criteria: **R**etail, **R**egional
and **R**esponsible

WSBI and inclusive finance

- Of the 1.4 billion accounts existing at institutions within developing economies with an explicit mission to foster access, 1.1 billion are provided by savings banks
- Accessibility, proximity, adapted products and services, social commitment, and long-term trust are the key success factors
- « Doubling the number of savings accounts » project, with the support of the Bill and Melinda Gates Foundation (Burkina Faso, El Salvador, Indonesia, Kenya, Lesotho, Morocco, South Africa, Tanzania, Uganda, Vietnam)

WSBI and microfinance

- An extensive definition of microfinance
 - Includes microcredit but also microsavings, microinsurance, micro-payments and low value remittances services
 - Involves both:
 - ✓ *ad hoc* microfinance vehicles and programmes offered by member banks, eg. *BancoEstado MicroEmpresa Chile*
 - ✓ small scale services provided as part of the regular banking offer, eg. *deposit balance < 15 USD for 3/4 accounts at Tanzania Postal Bank*

Inclusive finance and microfinance

- Inclusive finance/Access to finance/Financial access/Bancarisation
 - = provision of access to a wide range of convenient and affordable financial services to all categories of the population, including the low-income and most vulnerable
- Microfinance is one of the tools to achieve inclusive finance
 - + Financial education, SME financing, Consumer protection, Technology and innovation etc

Political momentum around the issue of inclusive finance

- *« Mutually reinforcing objectives of financial stability, financial integrity, financial inclusion and consumer protection »* G20, Toronto and Seoul 2010 Summits
- On the agenda of banking/financial standard-setters and policy bodies, not only development agencies
- Move from an awareness-raising to a solution development stage

Microfinance as part of a broader inclusive finance agenda

- Inclusive finance strategy to be defined at national government level, incl.:
 - Impact on sustainable economic growth and poverty reduction
 - Proportionate rules and regulations to reach underserved groups
 - Pluralism of the banking system for the provision of broad and deep access for all
 - Encouraging access to formal financial services
 - Diversification of distribution channels to fill the accessibility gap and enlarge the outreach
 - Incentives for the mobilisation of (small) savings

Microfinance as part of a broader inclusive finance agenda

- Proportionate rules to take into account the specificities of reaching out to the underserved groups:
 - Regulatory framework with the right balance between the risks to mitigate and the implementation costs
 - Appropriate supervisory capacities
 - Examples:
 - FATF Guidance on AML/CFT Standards and financial inclusion
 - Basel Committee on Banking Supervision Guidance for microfinance activities

Microfinance as part of a broader inclusive finance agenda

- Diversification of distribution channels to fill the accessibility gap, through partnerships:
 - Banks/MFIs: downscaling for banks/deposit facilities for MFIs + link to the formal sector
 - Financial services providers/non bank players e.g. mobile phone operators, retail outlets (pharmacies, petrol stations, lottery kiosks etc) - « *branchless banking* », *banking beyond branches* »
- ⇒ Enhanced accessibility and proximity for financial services providers/extension of product offer for non bank retailers

Microfinance as part of a broader inclusive finance agenda

- Enabling the setting-up of deposit-taking institutions, provided that the relevant prudential requirements are defined:
 - Protection of depositors' money
 - Long-term trust in the formal banking system
 - Level playing field between all financial services providers (*" Same business, same risks, same rules"*)
 - Focus on the microfinance services, regardless of the type of institutions involved

For more information: savings-banks.com

The screenshot shows the website for Savings Banks, titled "Savings Banks - The Global Voice of Savings and Retail Banking". The browser address bar shows the URL <http://www.savings-banks.com/PortalHome.aspx>. The website header features the logos for WSBI and ESBG, along with the tagline "THE GLOBAL VOICE OF SAVINGS AND RETAIL BANKING". A search bar is located below the logos.

The main content area includes a paragraph stating: "WSBI (World Savings Banks Institute) and ESBG (European Savings Banks Group) represent the global and European voice of savings and retail banks. All WSBI/ESBG members are Retail oriented, Regionally focused and are Responsible members of their communities."

There are three main content blocks:

- Left Block:** A sidebar menu with links: WSBI, ESBG, Members area, Contact, and Subscribe to News & Views.
- Middle Block:** A section titled "DOUBLING SAVINGS ACCOUNTS FOR THE POOR" with sub-links: "> 10 projects to double savings accounts", "> New grant from Bill & Melinda Gates Foundation", and "> Lessons learned". Below this is the text "with the support of the Bill & Melinda Gates Foundation".
- Right Block:** A list of links: "Press overview WSBI - ESBG", "Publications WSBI - ESBG", "Corporate Social Responsibility", "Training & Consultancy", and "SEPA with a view".

Below these blocks are five categories with corresponding content:

- New Publication:** "Download the Special issue of news and views - EU Retail Banking Getting Reform Right".
- Consultants:** "Register or update your CV".
- Remittances:** "Receive and send international remittances from and to 90 countries with minimum cost".
- Training:** "New programmes: - WSBI Branch Management, - WSBI Risk Management".
- Conference:** "EU Retail Banking Getting reform right 2 December 2010" with a link to "Proceedings".

The footer contains the contact information: "© WSBI-ESBG - rue Marie-Thérèse 11 - 1000 Brussels - Tel.: + 32 2 211 11 11".



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