

Access *for* All

Building Inclusive Financial Systems



Consultative Group to Assist the Poor

Brigit Helms

CAPTURING 10 YEARS OF CGAP EXPERIENCE

Challenges



Scale



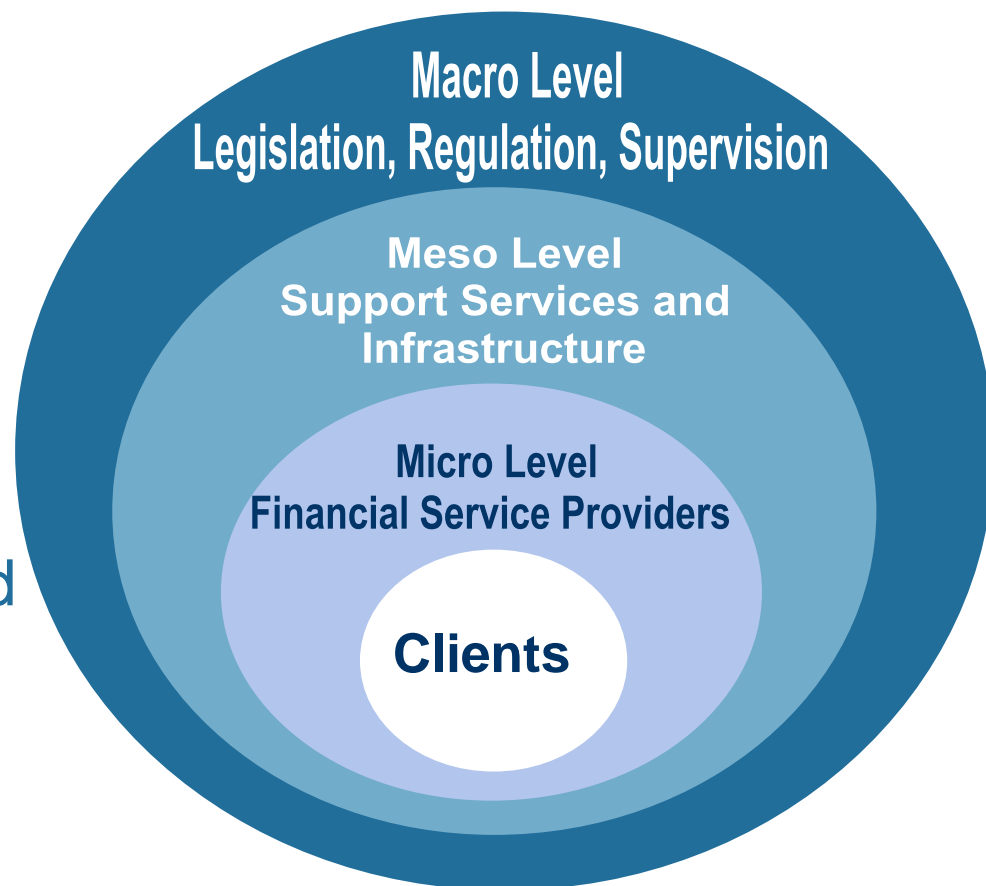
Depth



Cost

About The Book

- What we have learned over the past 10 years
- Not a technical handbook, nor a history of microfinance
- Where we are today and what are the opportunities and challenges ahead



...and cross- cutting issues

Clients - Maybe Most Significant *Shift*

APPROACH

Supply driven



Demand driven

CLIENTS

Microentrepreneurs



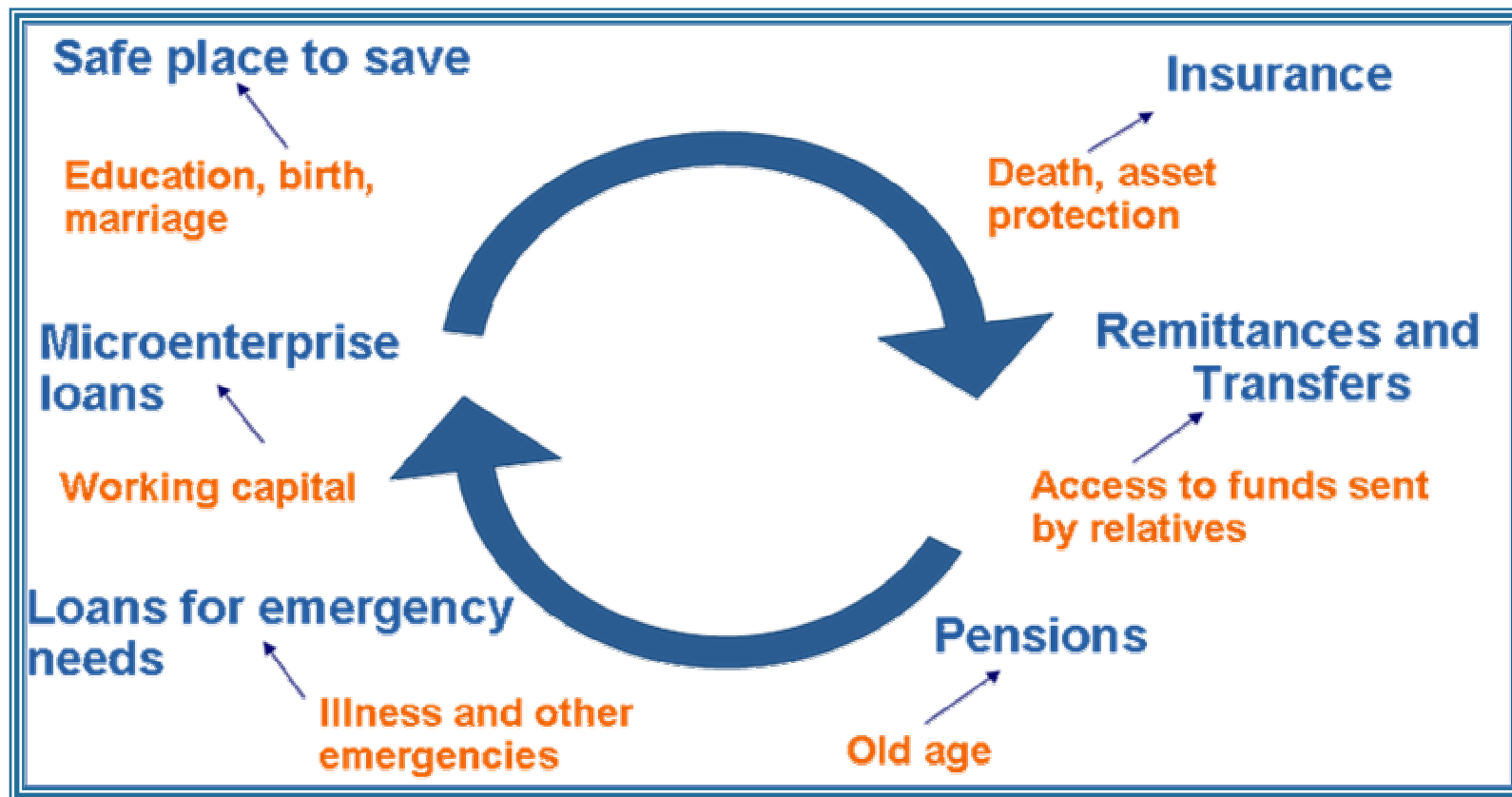
All excluded

Farmers, factory workers,
pensioners, shopkeepers,
service providers, artisans

...

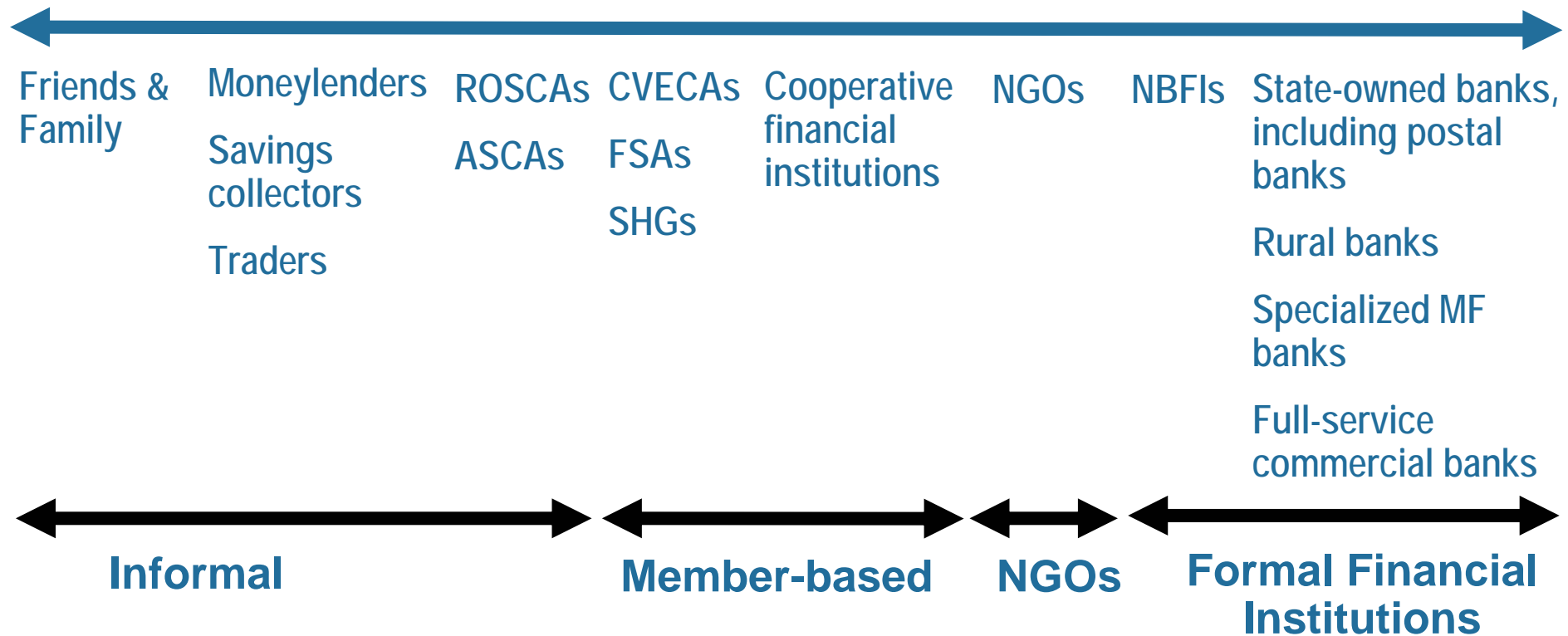
What Do Clients Want?

➤ Not just a credit



➤ Trend toward cross-selling and linking products

Financial Service Providers: The Micro Level



- The lack of sufficient retail-level capacity remains the main bottleneck
- No single type of financial service provider can do it alone

Commercial Banks

High level of engagement

Commercial bank specialized in microfinance

Equity Bank, Kenya
Serving poor clients is a main business line

Bank creates loan service company

Sogebank, Haiti
Created loan service company Sogesol in 2000

Bank invests equity in MFI

Jammal Trust Bank and Credit Libanais, Lebanon
Have equity stake in Ameen, a CHF microfinance program

Bank buys MFI portfolio and/or contracts MFIs

ICICI Bank, India
Contracts microfinance operations with self-help groups and MFIs

Wholesale lending

Raiffeisen Bank, Bosnia
Lends to multiple MFIs in Bosnia

Sharing/renting facilities

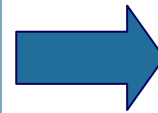
Garanti Bankasi, Turkey
Provides front office functions through branch network to Maya Enterprise for Microfinance

Bank provides front or back office functions

ProCredit Bank, Georgia
Rents space in its offices to Constanta, a local NGO

Lower level of engagement

Financial Infrastructure



Payments and clearing systems

Transparency and information



MIS, internal control, performance measurement rating, benchmarking, auditing, performance and reporting standards, supervision and monitoring

Technical support services



Specialized training, information, onsite consultancies

Business associations and networks



Policy advocacy, information and dissemination, capacity building, performance monitoring, financial intermediation

Core Issues at the Meso Level

Microfinance-specific

VS

Mainstream

Domestic

VS

International

Market basis

VS

Subsidies

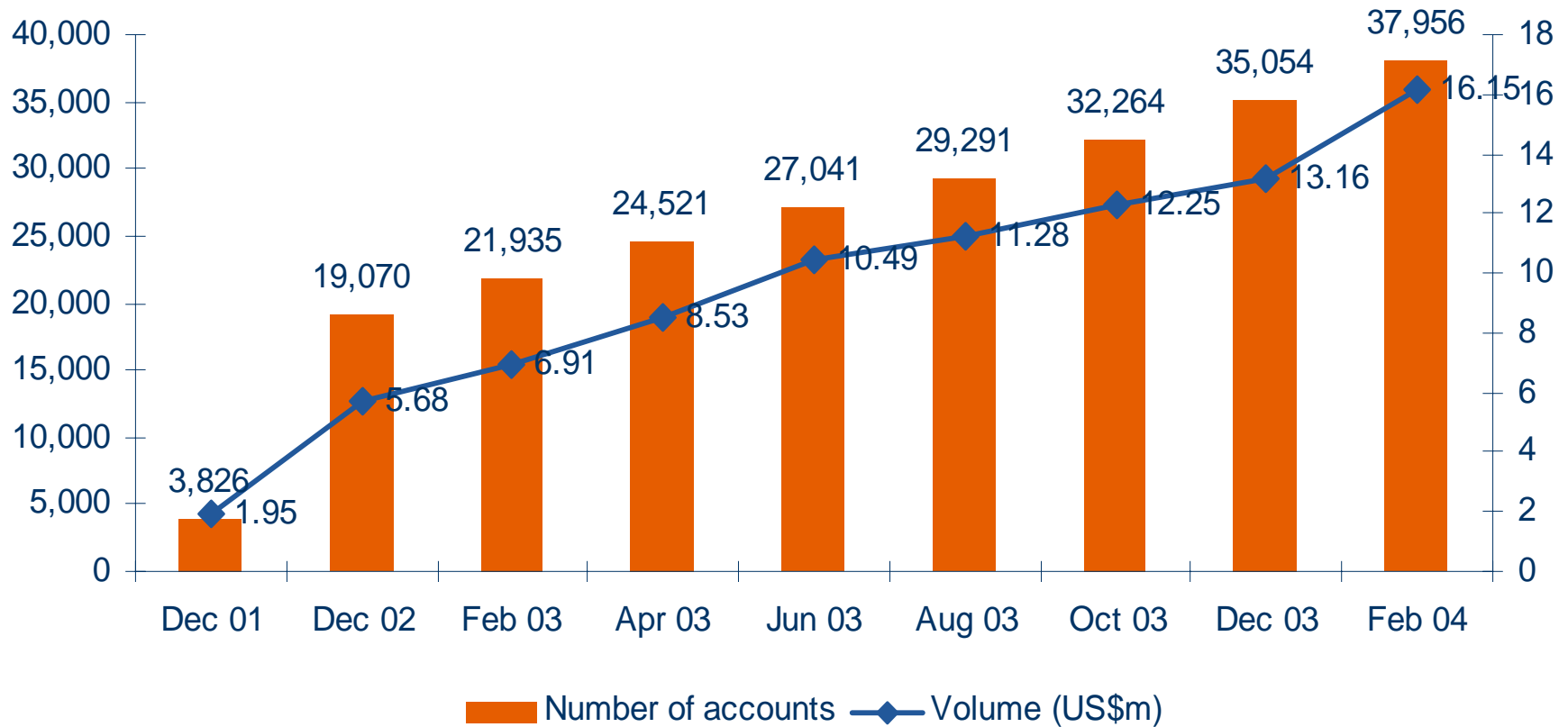
What is the Role of Government?

BAD	GOOD	?
<p>DIRECT AND INDIRECT CREDIT DELIVERY</p>	<p>ENABLING POLICY ENVIRONMENT</p> <ul style="list-style-type: none"> ■ Macroeconomic stability ■ Interest rate liberalization ■ Favorable legal environment ■ Tax laws ■ Collateral confiscation rules, etc. 	<p>PROACTIVE GOVERNMENT PROMOTION</p> <ul style="list-style-type: none"> ■ Priority sector lending ■ Regulatory incentives ■ Benefits transfer ■ Matching deposits

Making Aid More Effective



ACLEDA Savings Growth



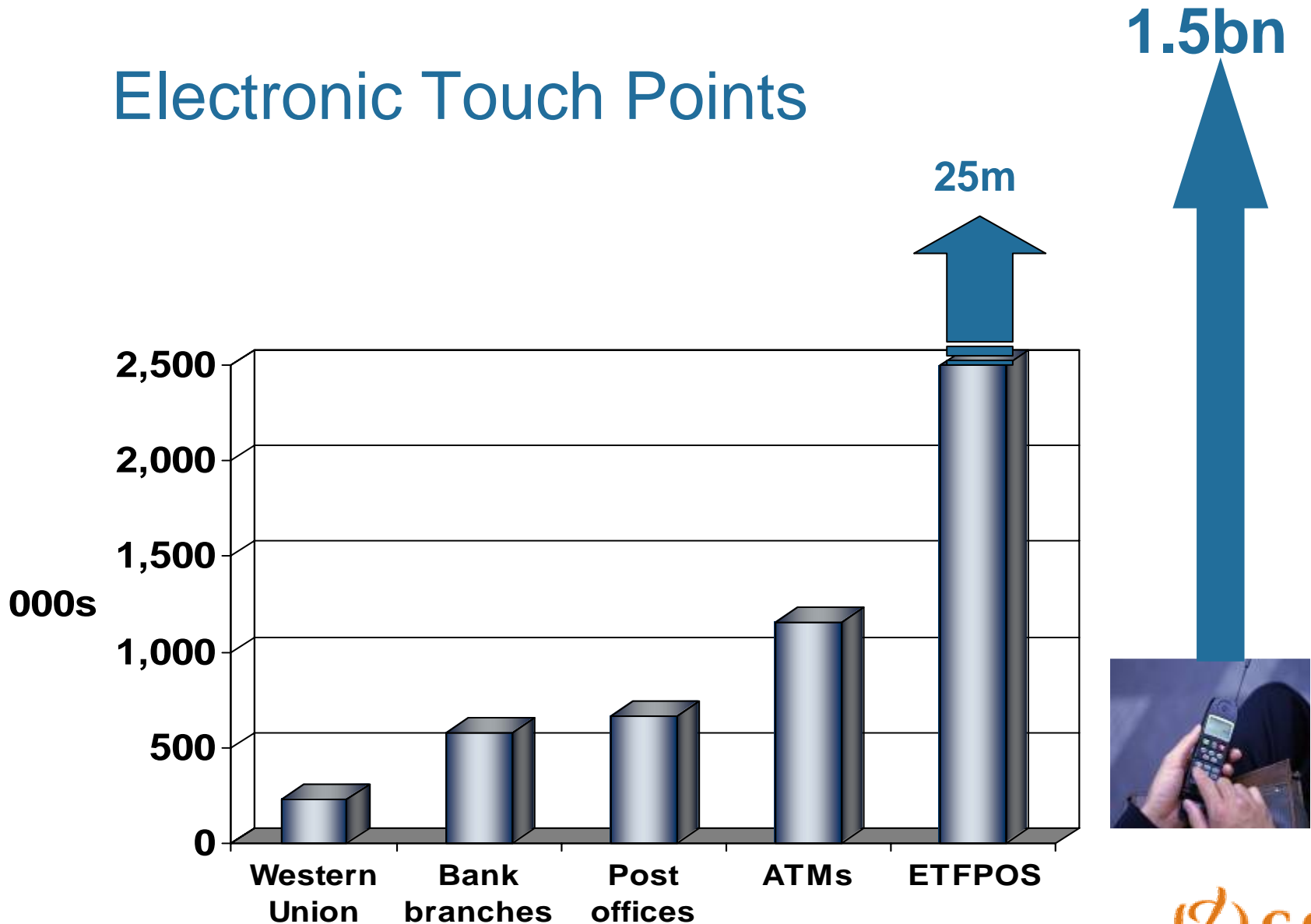
Can Banks Beat The Mattress?

	Price	Access	Product Features	Service Quality	Value Placed on Client	NET
Mattress	+ (free)	+ (anytime banking)	--	0 (self-serve)	0	0
Bank account	-- fees + -(balances)	- (few hours)	+	- (intimidating)	?	---

Bank accounts = weak value proposition

(Un)Wiring The World

Electronic Touch Points





Building Financial Systems for the Poor

Thank you!