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WSBI World Congress 2009

“Financial Inclusion in a Globalised World: OUR CHALLENGE”

Conclusions by Mr. DE NOOSE, 1 May 2009

You have the choice between a SP and an EN version for the greeting words.

Estimado Sr. **ÁLVAREZ** (*Ministro Vicepresidente Ejecutivo de la Corporación de Fomento Productivo (CORFO), Chile*)

Estimado Sr. **MARDONES**:

Estimado Sr. **OLAVARRIETA**:

Estimados Representantes de los Miembros del IMCA:

Señoras y Señores:

- Durante este día y medio, hemos tenido el placer de participar a interesantes debates y presentaciones. Quisiera agradecer a los Panelistas y Moderadores por sus valiosas contribuciones a nuestro trabajo.
- Antes de clausurar nuestros debates, tengo el privilegio de comunicarles algunas conclusiones.
- ¿Qué deberíamos recordar de Santiago? Qué ideas deberíamos conservar de nuestros debates sobre el ambicioso tema de “La inclusión financiera en una sociedad globalizada: *NUESTRO DESAFÍO*”





Dear Mr. ÁLVAREZ, *(Minister Executive Vice President, Productive Development Corporation (CORFO), Chile)*

Dear Mr. MARDONES,

Dear Mr. OLAVARRIETA,

Dear Representatives of WSBI Members,

Ladies and Gentlemen,

- We have had fruitful debates and stimulating presentations all along this one and a half day, and I want to thank our Speakers and Moderators for their invaluable contributions to our work.
- Getting close to the end of our debates, it is my privilege to draw for you some conclusions.
- So what should we bring back from Santiago? What should come to our minds when thinking again about the discussions we had here, on this ambitious theme “*Financial inclusion in a globalised world: OUR CHALLENGE*”?

[Key conclusions of the World Congress]

- First of all, we have clarified that financial inclusion is a global concern. It is about providing access to the unbanked people in developing countries and building a long-term relationship with a formal banking institution, in order to ultimately break the cycle of poverty. But it is also about fighting financial exclusion in mature markets, and finding ways to support people integrating, or re-integrating, the social and economic life, through access to basic banking services. The prevention aspects are crucial in advanced economies, to keep on board people in a precarious social and economic situation.



- For savings banks, financial inclusion is not a stand alone concept. It goes hand in hand with social cohesion, with the promotion of entrepreneurship, and with the empowerment of people, as well illustrated by the social impact objectives presented by BancoEstado Microempresas yesterday. In a number of cases, the offer of financial services and products only comes as part of a more comprehensive support scheme, microcredit being a core part of the package. Financial inclusion is therefore a means to an end, to enable households to attain self-reliance and lead productive lives, to support local social and economic development, and all in all, to contribute to a more balanced and equitable society. I guess that this is a very important aspect of our work. Yesterday's workshop on social and financial inclusion through CSR, philanthropy and foundations' initiatives confirmed this commitment. In the turbulent context in which we operate, we need to keep it in mind. We also need to voice it, maybe louder than we have done so far, to clearly mark our difference and underline our core business values. As suggested yesterday by Professor Meyer, let's launch our PR campaign!
- In the course of our discussion, the importance of savings was emphasized at several occasions. Remember the message by Elisabeth Littlefield from CGAP in particular. It is actually amazing to notice that a number of stakeholders and policymakers seem to "rediscover" the benefits and the crucial role of savings, as a core basic banking service. This is undoubtedly connected to the crisis context that we are going through, and the value of building a safety net to be used in case of extreme need. It is also, I guess, linked to the recent expansion of microcredit and the evidence that to reach its full effectiveness, it has to be accompanied by microsaving, as a key enabler to finance productive activities. Discussions also referred to the opportunities of considering closer connections with microfinance institutions. WSBI member banks could indeed



become strategic partners of MFIs and provide support to mobilise deposits and diversify the MFIs funding approach through savings.

In any case, the focus on savings strengthens the growing consensus according to which financial inclusion should not be looked at from a purely credit perspective. But it should equally focus on the saving needs, as mentioned by Beatriz Armendariz. Here, WSBI members have a lot to share regarding their ability to accommodate the needs of small savers. There is nevertheless still progress to make and the work that we are currently developing in the framework of the Bill and Melinda Gates project will help us identify workable and replicable solutions, for the collective benefit of WSBI members.

- We have also heard this past day that with an ever more global environment, come fast-changing market conditions, more competitive pressure, new players, a constantly evolving product and services offer, a changing market segmentation etc. In this rapidly moving banking landscape, savings banks represent indeed stability and security for individual consumers and local entrepreneurs, thanks to their proximity relationship and their in-depth knowledge of local contexts. This was specifically highlighted with the cases of Guatemala and Peru. No doubt that we need to maintain these competitive advantages, crucial when we are talking about trust with the clients.
- However, and despite our achievements, we should move forward. We need to embrace and anticipate change. As Eulalia Arboleda mentioned, we have to innovate every day. In this respect, I was pleased to hear about the continuous evolution and innovation which is being implemented by member banks, in order to stay ahead of the game. I will keep from our debates two main aspects in this respect:



- ✓ First that savings banks are ready to seize all opportunities offered by technological progress, specifically through mobile phones, to upgrade their activities, enlarge further their outreach, broaden the scope of the services they offer and improve their quality, especially for the benefit of the still unbanked people and the most vulnerable parts of the population. Kenya PostBank has provided an inspiring example in this field.

The specific work developed by CGAP and the GSM Association, which were exposed in one of the workshops yesterday, should also help us find new opportunities and define optimal conditions of operation. As Bob Christen mentioned, our visions should be to bring improved financial services at the doorstep of the poor.

- ✓ The second area for innovation is the development of alternative delivery channels to optimise the distribution of services, including through branchless banking solutions and alliances with retailers and non bank institutions. We view these partnerships with retail commercial outlets as a promising route in order to expand access points for clients, but also the range of products and services offered. This has proved an efficient channel for a substantial breakthrough in enlarging client outreach, and fortifying further their proximity network, especially here in Latin America. This was evidenced by the examples of Caixa Economica Federal do Brazil and Caja Vecina de BancoEstado. NABARD from India also mentioned the potential of banking correspondents. And the experience of linkage banking in Uganda with community based financial institutions is also an interesting approach.
- I would also like to point at two other important factors of financial inclusion mentioned several times as part of our discussions: remittances as a key enabler to integrate migrants and their families, and financial education and literacy,



with a specific focus on children, through the initiatives of Aflatoun and the National Savings Bank of Sri Lanka. This confirms that these issues need to remain priority fields for WSBI and that joint efforts for collective actions have to be pursued.

[Presentation of the Santiago Declaration]

- The outcome of our debates forms the basis of the “*Santiago Declaration*” that was unanimously approved this Wednesday by all WSBI members.
- This Declaration is of major importance to us all. As was the case for the Kuala Lumpur Declaration of our last Congress in 2006, it will serve as a reference document to guide our future activities.
- In addition, it represents the joint commitment publicly taken by all WSBI members, and reflects our network’s ambition to contribute towards building financially inclusive sectors, all over the world.
- We will of course actively promote the Declaration with international organisations and stakeholders. I would also strongly encourage you to largely disseminate, present and discuss the document at national level -it is available for your convenience into English, French, Spanish and German-, with your public authorities, governments, regulators, financial partners and so on. This will strengthen our voice and widen the scope of our messages.
- The support by all savings banks, in a coherent way, of the same core, fundamental values and objectives under the WSBI banner, will indeed contribute to further upgrading our position as an essential element of a good functioning, efficient and sustainable global financial system.



- In this respect, and despite the economic and financial gloomy situation, I would dare to say that there are shiny prospects for savings banks! Actually, when I look at it and after the discussions I have heard here in Santiago, I am convinced that our banking model is indeed the banking model for the future! The “boring”, “old fashioned” banks, as some commentators liked to call us at some stage, are more than ever fit and ready to run the show on the worldwide retail banking scene.
 - ✓ First, because our business is balanced between financial objectives and a social and societal commitment. Profits and financial performance are important, but by no means our exclusive driving force.
 - ✓ Second, because this leads to the development of activities with a long-term perspective, not disrupted by the objective of short-term maximisation of gains, and greatly reduces the impact of the volatility of financial markets on the solvency and liquidity of the institution. Savings banks can thus have a useful stabilising role on markets.
 - ✓ Third, because our exposure to financial markets is limited, since our main activity is to recycle domestic savings into fruitful and productive credits for the benefits of the rest of the economy, the “real” economy as it is sometimes called, i.e. local entrepreneurs and small and medium businesses.
 - ✓ Fourth, because as proximity bankers, we are close to our clients and have a sound knowledge of their needs and capacities, and act as responsible lenders, able to support customers in good or bad economic cycles.
- Today, our clients and our fellow citizens are in search of banking institutions which know them, which understand them and which they can trust. More generally, there are growing expectations, and pressures I think, from society and from policymakers, that businesses, including banks, genuinely act



responsibly, sustainably, with due consideration to the general interest, to people and to the planet, and not exclusively for the benefits of shareholders with the misbehaviours that it can lead to. There is a need to incorporate societal well-being into capitalism, to give a more human face, a more social flavour to business activities. And I am truly convinced that the WSBI member banks can fill this gap. The social finance approach presented by INAISE yesterday reflects that there is a move in this direction and that synergies can be built.

- We have evidenced over the past years and months that we could successfully face globalisation and competition without compromising on our core values. So let's work together to promote our model and our shared principle of social and economic efficiency, since it is only on this basis that retail banking can successfully contribute to society, in a sustainable manner.

Ladies and Gentlemen,

- I hope that like us, you will leave Santiago full of optimism about the future, and of confidence regarding the benefits of collaboration within the WSBI network, with inspiring thoughts for joint activities. My door is open, I will listen to your expectations and proposals with the greatest interest. Together with my colleagues, we will be delighted to define with you the appropriate actions which will help you reach your objectives, improve your market positions and develop your business.
- In the meantime, thank you again to BancoEstado for its support and hospitality, and to you all for your participation in this 22nd Congress, and for your attention.