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WSBI World Congress 2009
XXII Congreso Mundial del IMCA - 2009

“Financial Inclusion in a Globalised World: OUR CHALLENGE”
“La inclusión financiera en una sociedad globalizada: NUESTRO DESAFÍO”

Welcome by Mr. Olavarrieta, 30 April 2009

Mensaje de bienvenida del Sr. Olavarrieta, 30 de abril de 2009

[Dear Ms Bachelet], Dear Mr. Lavados (Minister of Economy, Chile)

Estimada Sra. Bachelet, Estimado Sr. Lavados (Ministro de Economía de Chile):

Dear Mr. Mardones,

Estimado Sr. Mardones:

Dear Representatives of WSBI Members,

Estimados Representantes de los Miembros del IMCA:

Ladies and Gentlemen,

Señoras y Señores:

[Welcome and thank you]

[Mensajes de bienvenida y de agradecimientos]

- It is a great honor for me to welcome you all to the World Savings Banks Institute's 22nd World Congress, in this fascinating city of Santiago.
- Es un gran honor y placer darles la bienvenida al XXII Congreso Mundial del IMCA en esta fascinantes ciudad de Santiago.





- We are very honoured, **[Ms Bachelet]/Mr. Lavados**, that you have accepted to join us today to open this tri-annual event, which gathers savings banks' representatives from all parts of the world.
- **[Sra. Bachelet] / Sr. Lavados**, nos sentimos muy complacidos y honrados de que usted(es) haya(n) aceptado nuestra invitación para inaugurar este acontecimiento triannual que reúne a representantes de las cajas de ahorros procedentes de todo el mundo.
- We appreciate your support to the banking approach developed by savings banks, and are grateful for your commitment to encourage the activities of BancoEstado, our member in Chile.
- **Apreciamos que apoye el enfoque bancario desarrollado por la cajas de ahorros, y agradecemos su compromiso y fomento de las actividades de BancoEstado, nuestro miembro en Chile**
- Of course, our particular thanks also go to BancoEstado Chairman, Mr. Mardones, for having accepted to host the event and to co-organise it. We thank you for all the efforts that you and your team developed to achieve this great result.
- **Por supuesto, agradecemos particularmente al Sr. Mardones, Presidente de BancoEstado, por haber aceptado co-organizar y ser el anfitrión de este acontecimiento. Agradecemos todos sus esfuerzos y los de su equipo para lograr tan buen resultado.**



- We all are confident that, based on the Latin America great sense of hospitality, we will be able to work in a delightful atmosphere, for fruitful discussions and debates.
- Estamos convencidos, conociendo la gran hospitalidad latinoamericana, que vamos a trabajar en un ambiente extremadamente agradable que dará lugar a discusiones y debates muy provechosos.
- Finally, I would like to thank all participants who have joined us for this occasion. I know that we have with us a number of WSBI members representatives from Asia, Africa and Europe. We particularly value their presence here, so far from their country of origin. This reflects their dedication to the savings banks' worldwide family, and will enable us to demonstrate to the outside world the strength and the cohesion of WSBI and of its members.
- Finalmente, desearía agradecer a todos los participantes a este acontecimiento. Sé que tenemos el placer de contar con miembros del IMCA representantes de Asia, África y de Europa. Agradecemos particularmente su presencia en Santiago, tan lejos de su país de origen. Su presencia refleja su dedicación a la familia mundial de cajas de ahorros y nos permite demostrar al mundo, la fuerza y la cohesión del IMCA y de sus miembros.

[Challenging times for the banking sector]
[Tiempos desafiantes para el sector bancario]

- Since we last met for our Congress in Kuala Lumpur in 2006, the world has basically changed ! We are experiencing, for some months now, one of the major shocks that the financial sphere has ever gone through. Initially a



subprime crisis, then a financial crisis, an economic crisis, a worldwide crisis, you name it. One thing is sure: with globalisation and the growing interconnection of markets and of people, no market player, no business is immune from the effects of the turmoil, whatever their activities. Whatever even their geographic scope of operation. Markets in the developing world, once spared from this phenomenon, are now touched by the economic slowdown, with effects on the demand for imports and the capital inflows.

- El mundo ha cambiado desde que nos reunimos con ocasión del Congreso de 2006 en Kuala Lumpur. Experimentamos desde hace unos meses una de las mayores crisis jamás experimentada por el mundo financiero. Lo que empezó como una crisis hipotecaria del sector subprime, pasó a ser una crisis financiera, una crisis económica y una crisis mundial. Una sola certidumbre se impone: debido a la globalización y la creciente interconexión de los mercados y personas, ningún actor del mercado, ningún negocio puede protegerse de los efectos de la crisis, cualquiera que sea su actividad, cualquiera que sea la cobertura geográfica de sus operaciones. Los mercados en los países en vías de desarrollo, inicialmente al margen de este fenómeno, sufren ahora los efectos de la recesión económica que debilita las importaciones y las afluencias de capital.
- On the banking scene, some institutions have been directly and immediately hit, as financial players strongly exposed to sophisticated capital market products. Others have been less frontally impacted but had to suffer from the liquidity gap and the disruption of the interbank market. And even though some banking institutions were relatively safe from the financial crisis as such, they are now strongly affected by the economic downturn which results from it. This is especially the case for those which were strongly involved in business sectors most impacted today by the economic recess, such as the real estate sector.



- En el mundo bancario, ciertas instituciones financieras, muy expuestas a productos financieros sofisticados del mercado de capitales, han sido directamente e inmediatamente afectadas. Otras instituciones han sido afectadas de forma más indirecta pero han sufrido la falta de liquidez y las perturbaciones del mercado interbancario. Y aunque ciertas instituciones bancarias se han librado relativamente de la crisis financiera, están ahora afectadas por la recesión económica que resulta de la crisis. Es el caso especialmente para las instituciones que operaban en sectores muy afectados actualmente por la recesión económica, como el sector inmobiliario.
- So a number of our institutions are going through tough times and are put under the spotlight. Let's admit that the short-term prospects are quite challenging and critical for a number of us. However, for the longer term, I strongly believe that the market failures that we experience now are an opportunity for savings banks and for their business model. Indeed, analysts have evidenced that the development of mega financial institutions, the recourse to always more complex capital products, the short term/big profits driven performances have played a great part in the current meltdown. They have shown the limits of economic activities dominated, even sometimes steered, by financial markets, of banking transactions disconnected from the reality of the customers' needs and of the business they support and of an excessive reliance on the maximisation of short-term gains.
- Ciertas instituciones miembros atraviesan tiempos difíciles y son el centro de la atención pública. Tenemos que reconocer que las perspectivas a corto plazo son desafiantes y críticas. Sin embargo, a más largo plazo, estoy convencido de que las actuales perturbaciones del mercado son una oportunidad para las cajas de ahorros y su modelo comercial. Efectivamente, muchos analistas señalan que la actual crisis fue incrementada por el desarrollo de grandes instituciones financieras, el recurso a productos de



capital cada vez más sofisticados, la tendencia a producir altos rendimientos a corto plazo. Las consecuencias han demostrado los límites de las actividades económicas dominadas, y a veces dirigidas, por los mercados financieros, de las transacciones bancarias desconectadas de la realidad de las necesidades de los clientes y del negocio que apoyan y de la confianza excesiva en maximizar beneficios a corto plazo.

- In this context, I am pleased to hear a number of experts and policy-makers calling for a “back to basics” banking approach. And this is where I am convinced that WSBI member banks and their stakeholder model have a lot to bring and can actively and positively contribute to the re-foundation of financial markets, unanimously called for lately.
- En este contexto, me alegro que ciertos expertos y responsables políticos defiendan un retorno a un enfoque bancario dirigido hacia lo esencial. En este aspecto, estoy convencido de que los bancos miembros del IMCA y su modelo “stakeholder” tienen mucho que aportar y pueden contribuir activamente y positivamente a la reconstrucción de los mercados financieros.
- Indeed, and as you all know, savings banks have developed a long-standing intermediation activity between deposit-taking and credit activities, acting as engines of growth for local markets and supporting the real economy. This model, based on a close relationship with retail customers and a sound knowledge of their needs and capacities, leads to a long-term vision and greatly reduces the impact of the volatility of financial markets on the solvency and liquidity of the institution. Confidence of customers, illustrated by the massive inflow of deposits at many WSBI member banks over the last months, results from this stabilising function. The benefits and role of socially committed retail banks, supporting local economic and social development and organised along a stakeholder business model, therefore



needs to be highlighted as a central component of balanced, sustainable and efficient banking markets.

- Como ustedes ya saben, las cajas de ahorros han desarrollado una actividad de intermediación de largo plazo entre actividades de depósito y de crédito, actuando como motores de crecimiento en los mercados locales y apoyando a la economía real. Este modelo, basado en una relación de proximidad con los clientes minoristas y en un profundo conocimiento de sus necesidades y capacidades, conduce a una visión de largo plazo y reduce significativamente el impacto de la volatilidad de los mercados financieros sobre la solvencia y liquidez de la institución. La confianza de los clientes, demostrada por la afluencia masiva de depósitos en varios bancos miembros del IMCA estos últimos meses, resulta de esta función de estabilidad. Los beneficios y el papel de los bancos minoristas con vocación social, que apoyan la economía local y el desarrollo social y estructurado según el modelo “stakeholder”, tiene que realzar como un elemento central de los mercados bancarios equilibrados, sostenibles y eficientes.
- No misunderstanding here, I am not a man of the past and WSBI is definitely in favour of innovation and progress. But I also strongly believe that innovation and progress must be put to the service of our banks’ core market segment, the retail customers, the small businesses and the society as a whole that are at the heart of our business values.
- No soy un hombre del pasado y el IMCA está definitivamente a favor de la innovación y del progreso. Por otra parte, estoy convencido de que la innovación y el progreso tienen que estar al servicio de los segmentos del mercado de nuestros miembros, es decir de los clientes minoristas, la pequeñas empresas y la sociedad en general, centro de nuestros valores comerciales.



- Let me also add that the current situation is an excellent occasion to reiterate once again our plea in favour of the diversity of financial sector providers. Different business models, scopes and sizes of market players are a key asset to stimulate market innovation and healthy competition, for the benefit of financial services end-users. Besides, in the current context, the coexistence of different banking structures has so far helped contain the risk of extension of the financial crisis. If it was not for the diversity of market players and business models, which prevented a situation where all market players are affected with the same severity, this crisis could indeed have grown to be unmanageable. It is therefore essential to recognise the key role of pluralistic banking structures for the stability, sustainability and competitiveness of the financial system.
- La situación actual es una oportunidad ideal para reiterar una vez más nuestro compromiso a favor de la diversidad de los proveedores del sector financiero. Los diversos modelos comerciales, coberturas geográficas y tamaños de los actores del mercado representan ventajas a favor de la innovación del mercado y de un nivel de competencia leal para el beneficio de los clientes. Además, en el actual contexto, la coexistencia de diferentes estructuras financieras ha permitido hasta ahora limitar el riesgo de extensión de la crisis financiera. Si no fuera por la diversidad de los actores del mercado y de los modelos comerciales, que ha impedido una situación en la que todos los actores del mercado están afectados con la misma intensidad, esta crisis hubiera podido evolucionar de forma incontrolable. Es por lo tanto esencial reconocer el papel de las estructuras bancarias pluralistas para mantener la estabilidad, la durabilidad y la competitividad de los sistemas financieros.



- To put it in a nutshell, both the proximity banking model and the pluralism of banking markets should be considered as building blocks for the reconstruction of the global financial system. WSBI pointed at these very important elements in the contribution it recently brought to the attention of the G20 Heads of States and Governments, ahead of their London Summit: the merits of what worked well need to be recognized without discrediting all existing process and structures.
- En dos palabras, el modelo bancario de proximidad así cómo el pluralismo de los mercados bancarios deberían ser considerados como la base de la reconstrucción del sistema financiero mundial. El IMCA subrayó estos elementos cruciales en su contribución que comunicó a los Jefes de Estado y de Gobierno antes de la cumbre de Londres: es importante reconocer los méritos de lo que ha funcionado sin desacreditar todo el proceso y estructuras existentes.

[The importance of WSBI in this context]

- In this chaotic, but also promising, environment for us, I am more than ever convinced of the obvious need for you all, to be able to count on a strong platform, which can promote your views and express your concerns to the external world. I am pleased that WSBI can play this role. Its worldwide coverage and the extensive range of institutions represented gives it a solid background to act as the global voice of savings and retail banking.
- It is true that over the last years, WSBI has heavily focused on financial sector development and has taken a lot of initiatives related to access to finance, for the main benefit of members from developing countries. It is however important that we get the balance right and that our activities



equally mirror the interests of members from developing and developed markets. The joint work that we have carried out over the last months, first with the Brasilia Resolution at the early stage of the crisis in November 2008, and now with the WSBI contribution to the G20 demonstrate that there is ground and appetite for joint messages and initiatives directly related to the banking and financial fields.

- We found a very broad consensus between WSBI members from the G20 countries, from the USA to South Africa, on the need to:
 - ✓ call on the crucial importance of preventing distortions in competition linked to short-term crisis management;
 - ✓ plead in favour of the definition of an adequate system to oversee and regulate systemically important banking institutions, leaving the central role to local supervisory authorities;
 - ✓ support enhancing sound regulation and strengthening transparency, by initiatives on credit rating agencies, hedge funds, accounting practices, and the analysis of potential weaknesses of the Basel II Accord, without questioning its basic principles;
 - ✓ strongly encourage reforming international financial institutions and supporting financial sectors in developing economies, in particular through the development of solid domestic banking infrastructure.

- This is very encouraging for us and confirms our idea that WSBI should be more actively involved in international banking and financial regulatory and policy debates, which can contribute to raise its member banks' profile as efficient, competitive and proficient socially committed retail banking institutions.



- However, this will not be done to the detriment of our long-term focused work on Access to finance. We will indeed further evidence the role played by member banks in providing adapted and affordable financial services for all, and improve the current level of access. Our recently launched project on *Doubling the number of savings accounts for the poor*, undertaken with the support of the Bill and Melinda Gates Foundation, is a major, and ambitious, step in this direction. This Congress will enable us to discuss the topic at length and in more details.
- Before turning to the focus of the Congress, let me underline once again my conviction that WSBI is the right channel to exchange information, experiences and know-how. But WSBI should also, reaching the next level, aim at strengthening members' market positions, developing their business and providing them with a competitive advantage as compared to other players. Cooperation, on a bilateral or multilateral level, leading to business opportunities, must be the underlying objective of all WSBI individual activities. So I would encourage you to make the best of your presence here in Santiago to network with your peers, get to know about their business, their priorities and strengths and identify those who could be your partners for your next strategic moves.
- With the global crisis, it is more than ever imperative to join forces and publicly communicate on the dynamism and vitality of our unique worldwide network. Let's collectively demonstrate to the external world our solidarity, cohesion, strength and commitment, particularly required in these chaotic times.



[Focus of the Congress]

- I would like now to briefly come back on the topic of the 22nd WSBI World Congress: “*Financial Inclusion in a Globalised World: OUR CHALLENGE*”. This brings us to the heart of the competitive, economic and social situation faced by WSBI members, in all markets.
- Financial inclusion is understood as the provision of access to appropriate financial services and products, at affordable cost, to the widest part of the population. Across the world, it involves both delivering basic banking services as a way out of poverty in developing countries, and reducing the vulnerability of mainly low income households to financial and social exclusion and multiple debts in more mature markets. Given the overall economic context, this issue is, today more than ever, calling for efficient and sustainable responses.
- With their specific features, savings banks are of course well-placed to play a key role for the development of inclusive financial sectors. WSBI has over the last years documented and demonstrated their contribution. In all parts of the world, the issues of geographical access, high quality and adapted services as well as consumers’ ability to make informed choices are indeed core milestones to achieve financial inclusion. And savings banks are, as you all know, built, structured and organised to serve these specific needs.
- However, much progress remains to be done. We all know, especially today, that access to financial services for all is still an objective to reach. Besides, in the environment in which we operate, evolution, modernisation and innovation are essential to keep up with the fast-changing market conditions that globalisation and competition bring with them.



- Our objective over the next days will therefore be to define strategic guidelines to overcome our common challenge: how can savings and socially committed retail banks develop sustainable and innovative solutions to maintain their longstanding commitment in favour of giving access to finance to all citizens and entrepreneurs? And how can they, at the same time, meet the efficiency and profitability objectives imposed by the globalised environment and the fierce competitive pressure?
- This will include of course looking at the specific current financial crisis context, which at the same time enhances the vulnerability of the most fragile categories of the population and increases the commercial and regulatory pressure on financial institutions. We will benefit from a variety of perspectives on these questions, from prominent policymakers active at regional and international level, academics, representatives of savings banks and other financial institutions. We will specifically assess how technological innovation can support the development of financial inclusion and what is the contribution brought by savings banks through their CSR, philanthropy and foundations' initiatives. Particular attention will also be given to successful financial inclusion initiatives and policy developed in Latin America, as our host region.



[Thank you]

- Our high-level speakers and panelists, I am sure, will stimulate our discussions and debates, and inspire concrete solutions to bring the benefits of financial inclusion to every individual citizen.
- I am convinced that this World Congress will be an unforgettable event which will give all of us food for thought and inspire us in our daily business. Once again, thank you all for being with us. I wish you all fruitful and lively debates.
- Thank you very much for your attention