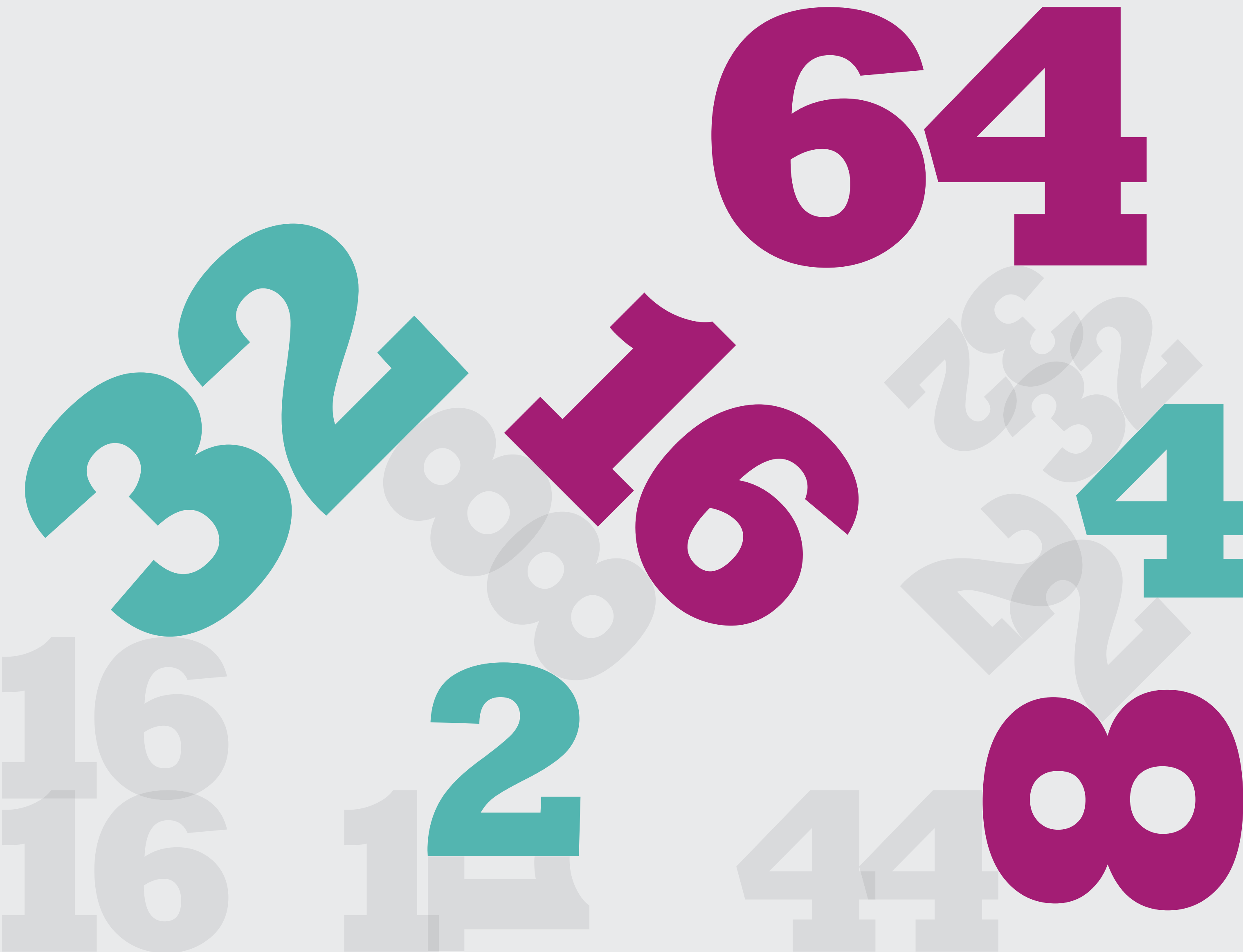
Outcome Report of the Consultation with
Southern Market Leaders in Financial Services for the Poor

DOUBLING FINANCIAL INCLUSION IN THE ASEAN REGION BY 2020



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The consultation meeting was organised by CARD Mutually Reinforcing Institutions (MRI) and the UN Capital Development Fund (UNCDF). The meeting brought together southern market leaders in financial inclusion to identify the potential a regional approach offers for newer South-South forms of cooperation in expanding financial inclusion. This document synthesises the priorities identified and presents the recommendations for a strategic programme of work to accelerate financial inclusion in ASEAN. It also outlines the role that UNCDF can play as a market facilitator in cooperation with market leaders and ASEAN member states.

CARD MRI
CARD Mutually Reinforcing Institutions

CARD MRI is a world-class leader in microfinance and community-based social development undertakings that improves the quality of life of socially and economically challenged women and families by empowering them through access to financial, microinsurance, educational, livelihood, health and other capacity-building services.

UNCDF
Microfinance • Capital Development

UNCDF is the UN's capital investment agency for the world's 49 least developed countries. It creates new opportunities for poor people and their communities by increasing access to microfinance and investment capital. UNCDF programmes help to empower women, and are designed to catalyze larger capital flows from the private sector, national governments and development partners, for maximum impact toward the Millennium Development Goals.

CONTENTS

INTRODUCTION

Welcome Message from Marc Bichler, Executive Secretary, UNCDF

"The UNCDF is very pleased to share this publication as a synthesis of the discussion among key Southern market leaders in Financial Inclusion but also as a concrete proposal on how to shape a regional strategy for Financial Inclusion in ASEAN"

Leveraging Existing Capabilities in the Region

Dr. Jamie Aristotle B.Alip, Founder and Managing Director, CARD MRI

"This was the first time that we exchanged ideas and that was so powerful because we don't have to reinvent the wheel"

Leading southern market-leaders in financial inclusion called for a strategic programme of work to accelerate and realize the vision of doubling financial inclusion in the ASEAN region by 2020. A regional approach to financial inclusion has been identified as an important complement to the national efforts in many of the ASEAN countries. In addition, it is also seen to be an important strategy to support the broader goals of greater economic integration as laid out in the ASEAN Economic Community (AEC) blueprint.

Financial sector deepening is a key policy objective in the AEC blueprint.[1] This is particularly impactful in the capital and capacity constrained, small financial systems of Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV). However, it must take place in parallel with the advancement of financial inclusion such that greater economic convergence between ASEAN member states is founded on the base of inclusive growth and equitable development.

Globally, developments such as the dramatic expansion of financial services and formal commitments to financial inclusion have enabled the scale up and acceleration of financial inclusion.[2] This as well as the 2015 target for ASEAN present an important window of opportunity. The year 2014 is also a critical milestone as it marks the conclusion of the Millennium Development Goals (MDGs) global compact and the initiation of a shared vision for the Post-2015 Development Agenda.[3] Strengthened ASEAN regional cooperation will be instrumental in defining and implementing the development framework in the post-2015 era. Regional cooperation, including South-South cooperation, will help by focusing on commonalities and comparable experiences and bridge the gap between global goals and national realities.[4]

This vision for financial inclusion in the ASEAN region by 2020 is all the more important as it allows sufficient time to contribute to the preparatory phase for achieving greater regional economic convergence as well as to sustain progress of these goals post-2015 with the realization of the ASEAN Economic Community (AEC).

The following sections provide highlights from the discussions among the participants, concluding with recommendations of the key focus areas for a strategic programme of work for the region.

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[1] See ASEAN Economic Community Blueprint. http://www.asean.org/archive/5187-10.pdf
[2] See A Quick Guide to the Maya Declaration on Financial Inclusion. http://www.afi-global.org/sites/default/files/publications/afi_maya_quick_guide_withoutannex_i_and_ii.pdf
[3] See UN Secretary-General at Regional Summit Calls For Strategic Plan to Bolster Growing United Nations-ASEAN Partnership http://www.un.org/News/Press/docs/2013/sgsm15384.doc.htm
[4] Regional Commissions, A Regional Perspective on the Post-2015 United Nations Development Agenda, E/ESCWA/OES/2013/213-0077. http://www.regionalcommissions.org/post2015regionalreport.pdf

REGIONAL INTEGRATION

The first session of the consultation meeting discussed the current state of economic and financial development in the region and highlighted UNCDF's commitment to support the broader economic convergence process in ASEAN, with particular commitment to accelerate the development of the least developed countries (LDCs) within the region.

Potential for South-South learning

Pamela Eser, Advisor,
MicroLead, UNCDF

"ASEAN integration is a great opportunity to bring together some of the South and Southeast Asian market leaders, of which there are excellent examples of successful organizations that are very innovative."

Shameran Abed, Director,
Microfinance and BKash, BRAC

"Learn from your neighbours - you can learn from the successes and the pitfalls."

Concerning the MDGs, the ASEAN region as a whole has had considerable success, particularly in reducing levels of poverty. However, great inequalities persist both within the region and countries; and poverty remains pervasive, especially in LDCs[5], There still exists a significant development gap between the richer and poorer members of ASEAN.

Box 1: Initiatives to achieve broader economic convergence in ASEAN

Labour market:
- Post 1997 reforms
- Improved regulation
- Foreign participation
- RIA-Fin

Goods and services market:
- Trade Liberalization and harmonization
- Movement of skilled labour

Capital market:
- Capital market development
- Liberalization of financial services
- Capital account liberalization
- ASEAN currency cooperation
- Regionalization of payment systems

Source: ASEAN Economic Blueprint, 2007

[5] UN-OHRLLS, State of Least Developed Countries (LDCs) 2013, http://www.unohrlls.org/UserFiles/File/UN-OHRLLS%20Flagship%20report%202013%20LDCs.pdf.

The participants drew attention to the very different economic circumstances of the ASEAN Member States. In particular, the very low financial sector assets to GDP ratios of CLMV reflect the small size of their financial sectors. Their very poor "doing business scores" are indicative of high barriers to market entry for firms which generally results in an uncompetitive financial sector (see Tables 1 and 2).

Collectively, these figures are a reflection of the challenges faced in achieving the political vision of a highly competitive market and production base for the ASEAN economies. The participants emphasized the critical need for broader regulatory reform in financial sector development to create opportunities for CLMV to deepen their financial markets.

Table 1:
Doing Business index

	Doing business score
Brunei	79
Cambodia	133
Indonesia	128
Lao PDR	163
Malaysia	12
Myanmar	Not available
Phillippines	138
Singapore	1
Thailand	18
Viet Nam	99

Source: World Economic Outlook, 2013

Table 2:
Financial sector assets/GDP ratio

	Financial sector assets/GDP ratio
Cambodia	0.39
Indonesia	0.41
Lao PDR	0.24
Malaysia	1.7
Myanmar	0.05
Philippines	0.64
Singapore	2.65
Thailand	1.31
Viet Nam	1.33
OECD	3.5

Source: World Bank Global Financial Development Database, 2013

AKM Aminur Rashid,
Director – Program, ASA.

"Regional agenda creates broader responsibility and sensitizes the policymaker at the country level"

Why focus on Cambodia, Lao PDR, Myanmar and Viet Nam?

Significant disparities exist between the economic size and structure in CLMV and other countries in the region. Data reflects lower GDP per capita, higher poverty levels and higher inflation in CLMV than in the other ASEAN member states (See Table 3). While the challenges posed are greatest in CLMV, it is also in markets at this level of development that financial sector deepening can play a particularly key role[6] in accelerating financial inclusion, hence presenting an important opportunity.

Table 3:
Macroeconomic comparison between ASEAN and CLMV

	ASEAN	Cambodia	Lao PDR	Myanmar	Viet Nam
GDP (current, billions USD)	1123	14.24	9.2	53.14	138.07
GDP per capita (current)	2 552	934	1446	835	1528
Inflation (%)	3.95%	2.93%	4.26%	6.1%	9.1%
Share of population earning less than $2 per day	35%	53%	66%	26%	43%
Population (millions)	440	14.6	6.6	63.7	88.8
Share of population between 0-14	28.90%	31.40%	36.20%	25.70%	23.10%

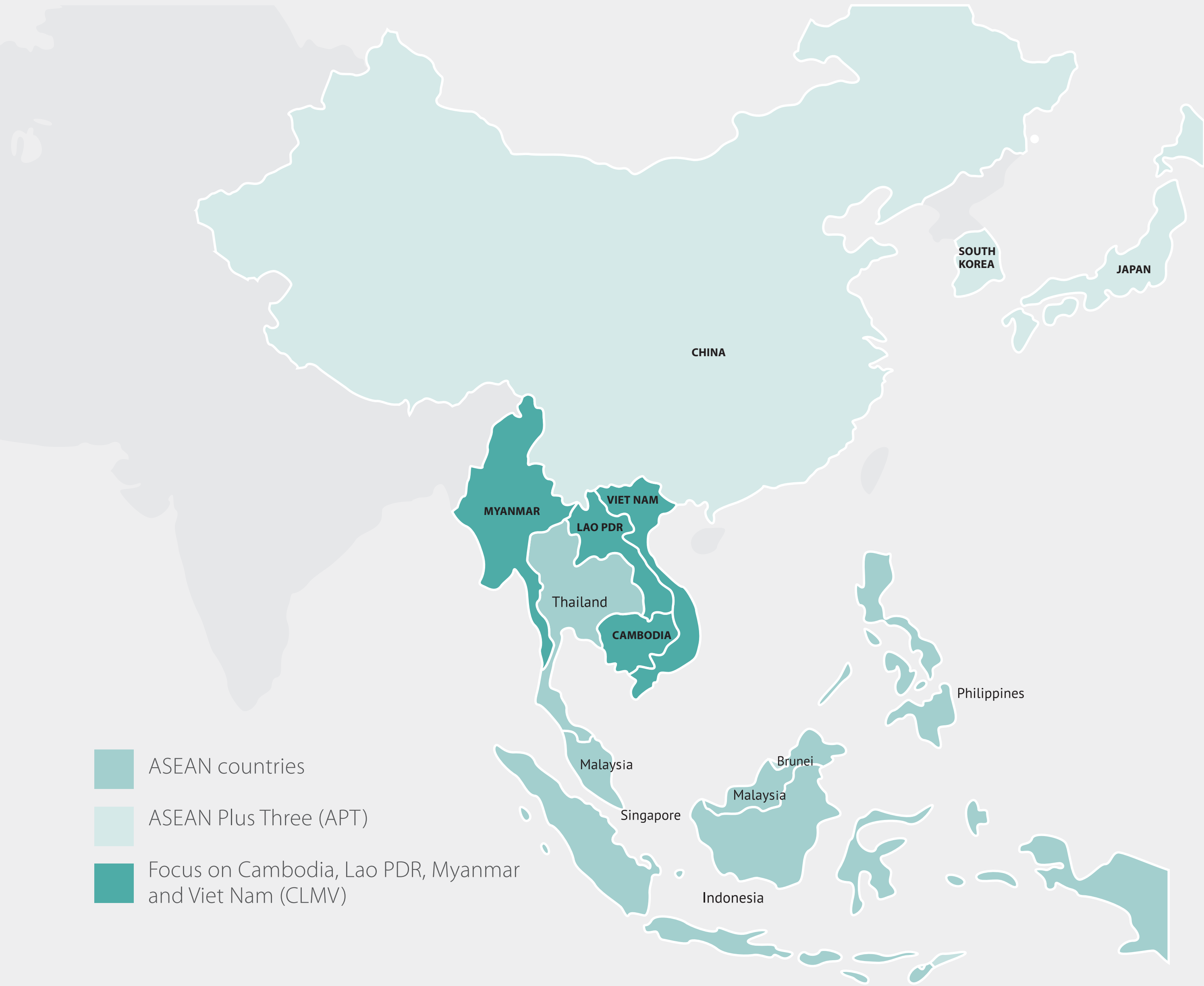
Source: World Economic Outlook, 2013

The geographic location of the ASEAN countries creates further prospects for economic development that are driven by higher volumes of intra-regional trade and capital flows. Particularly, the re-integration of Myanmar provides a unique opportunity to accelerate growth across the region. This strategic importance of ASEAN has also drawn in other major drivers of growth in the region including China, Japan and Korea that has led to the creation of ASEAN Plus Three (APT), a key pillar for East Asian cooperation.

Not only are CLMV well positioned geographically to catch up to their more developed ASEAN partners, the relative youth and "connectedness"[7] of their populations and high population density should create a fertile environment for accelerating financial inclusion.

Furthermore, the similarities between some of the more developed markets in the region and CLMV create opportunities for peer-to-peer learning, while countries continue to take advantage of the broader body of knowledge on policies that have worked across a wide range of developing countries (South-South cooperation).

[6] See Zhuang et al (2009) Financial Sector Development, Economic Growth, and Poverty Reduction: A Literature Review, Asian Development Bank, Manila
[7] Mobile penetration is nearing 100% in most markets other than Myanmar. See ITU, Measuring the Information Society, 2013.



1967

ASEAN is formed with five founding countries: Indonesia, Malaysia, Philippines, Singapore and Thailand

1984

Brunei Darussalam joins ASEAN

1995

Viet Nam joins ASEAN

1997

Lao PDR and Myanmar join ASEAN

1999

Cambodia joins ASEAN

These more recent members (CLMV) have a lower GDP per capita, higher poverty levels and higher inflation than other countries in the ASEAN community. It is in markets at this level of development that financial sector deepening can play a particularly key role in accelerating financial inclusion.

1997

China, Japan and Republic of Korea form a group, ASEAN Plus 3, to help guide cooperation between ASEAN and their countries.

THE PROMISE OF GREATER FINANCIAL INCLUSION

Improved access to finance is not only pro-growth but also pro-poor, reducing income inequality and poverty. Cross-country studies have shown that countries with more developed formal financial systems record faster declines in income inequality and poverty levels.[8]

Besides the broader impact on growth and redistribution for poor people, access to credit, savings and payment services provides opportunities to increase their income through three channels:

1. **New economic opportunities:** access to credit and information on investments through the financial system allows poor people to invest in income-generating activities.
2. **Better management of risk:** savings, insurance and credit allow poor people to smooth their consumption, protect their assets and income against shocks and make lumpy investments in housing, education and health.
3. **Exchange of goods and services:** payments services help poor people remit money, trade in goods and services and reduce their transaction costs. There is also emerging evidence of this effect across the ASEAN region.

Clay O'Brien,
Senior Sector Specialist – Financial Inclusion, AusAID

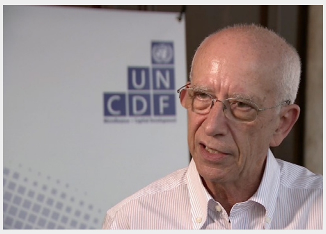
Financial Inclusion "Alleviates poverty and helps economies grow, which benefits all people within that country."

Demand for financial services in Cambodia, Lao PDR, Myanmar and Viet Nam

The level of financial inclusion in any market reflects a complex interplay between demand and supply factors. Translating latent to effective demand requires an in-depth understanding of the needs of the poor, the right combination of innovation in supply and regulatory forbearance.

Savings in many of the countries are relatively high, with loans being the other large driver of financial product usage. However, the gap between savings levels and the number of bank accounts highlight the extensive use of informal and non-bank services (see Table 4). This is consistent with research[9] in other markets that have confirmed that poor people lead active financial lives. This suggests that while most individuals are not entirely financial excluded, most are, however, either beyond the reach of formal markets or they do not make extensive use of products provided by the formal sector.

The poor are excluded from formal markets



Stuart Rutherford, Honorary Fellow,
Brooks World Poverty Institute and Founder, Safe Save

"Most people in this area do have fairly intensive financial lives, however they have poor access to reliable and formal instruments."

[8] A. Demirguc-Kunt (2005), 'Financial Sector Development as an Essential Determinant for Achieving the MDGs: Increasing Private Credit Shown to Reduce Income Inequality', World Bank, Washington D.C.
[9] D. Collins, J. Morduch, S. Rutherford, and O. Ruthven (2009), 'Portfolios of the Poor: How the World's Poor Live on $2 a Day', Princeton University Press, New Jersey.

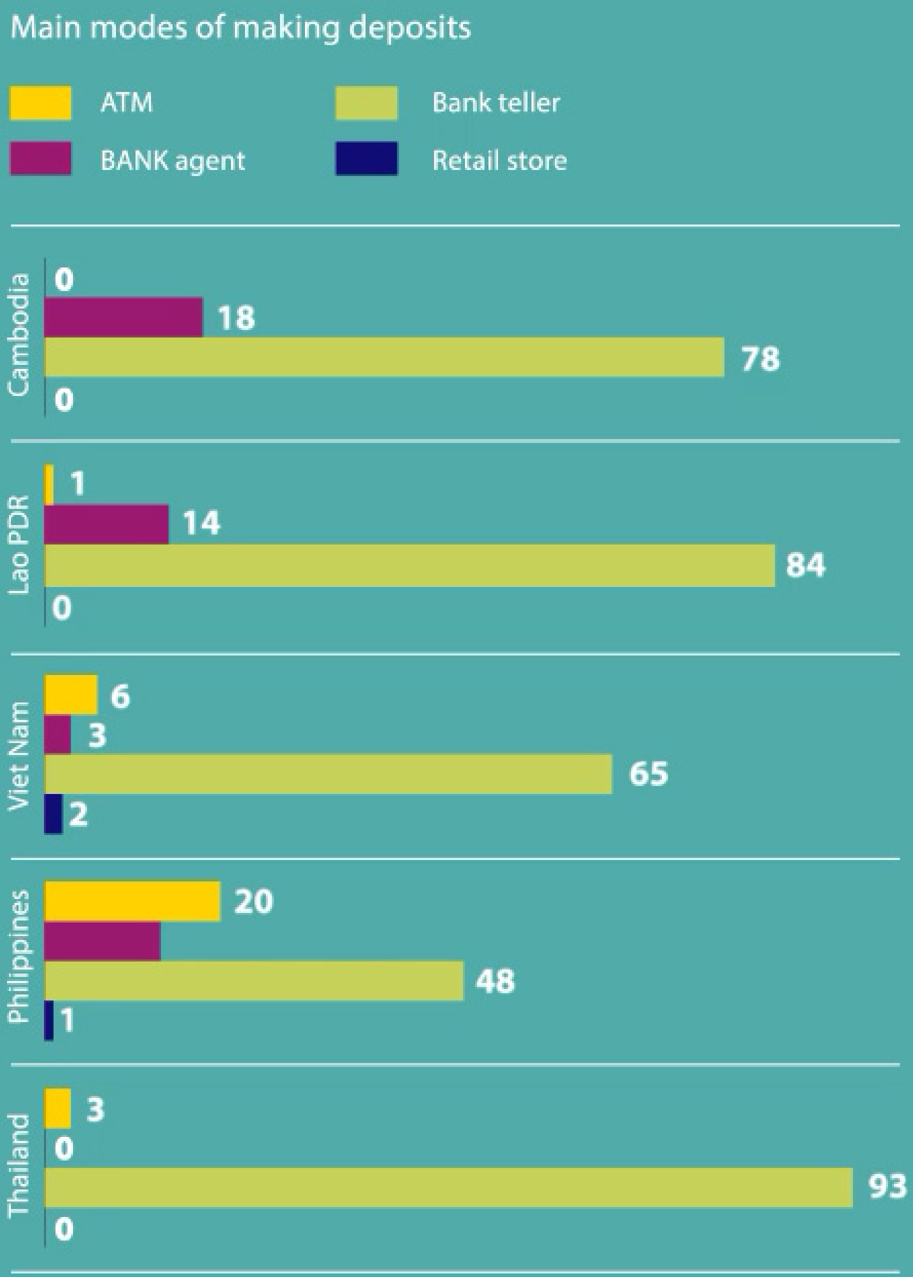
Table 4:
Summary of supply and demand of financial services

	Cambodia	Lao PDR	Viet Nam	Philippines	Thailand
Method of savings (% population aged 15+, 2011)					
Financial institution	0.8	19.4	7.7	14.7	42.8
Savings club	4.3	8.1	5.1	6.5	5.2
Population characteristics of formally banked (%, 2011)					
Urban population having a bank account	10.2	32	29.8	37.1	81.7
Rural population having a bank account	2.4	20.2	16.5	19.5	70
Population aged 15 – 24 having a bank account	4.5	23	22.6	18.3	59.3
Population aged 25+ having a bank account	3.3	28.5	21.1	29.7	75.4
Mobile use (%, 2011)					
Mobile penetration	96	87	99	99	99
Mobile use to pay bills	0.1	0	3.6	2.1	0.5
Mobile use to receive money	0.6	0	3.4	12.5	1.9
Mobile use to send money	0.4	0	2.8	7.3	2.3
Banking sector statistics (2010)					
Number of banks	36	26	101	38	19
Market share of state-owned banks (%)	0	67.4	47.7	14	45
Number of branches	360	83	1988	4363	5308
Number of ATMs	501	346	11700	8842	36611
Number of branches (per 100,000 adults)	4.0	2.6	3.3	7.7	11.2
Number of ATMs (per 100,000 adults)	5.1	4.3	17.6	14.9	77.2
Assets/GDP ratio (%)	58	49.7	14	70	114

Source: World Bank Global Findex

Box 2: How deposits are made

The level of automation in state financial institutions is seen as a reliable indicator of the usage of formal financial services and the level of modernization of such services. The predominance of the use of bank tellers for depositing may reflect the less developed use of agency and branchless services, as well as the role of micro-finance companies in deposit taking activities.

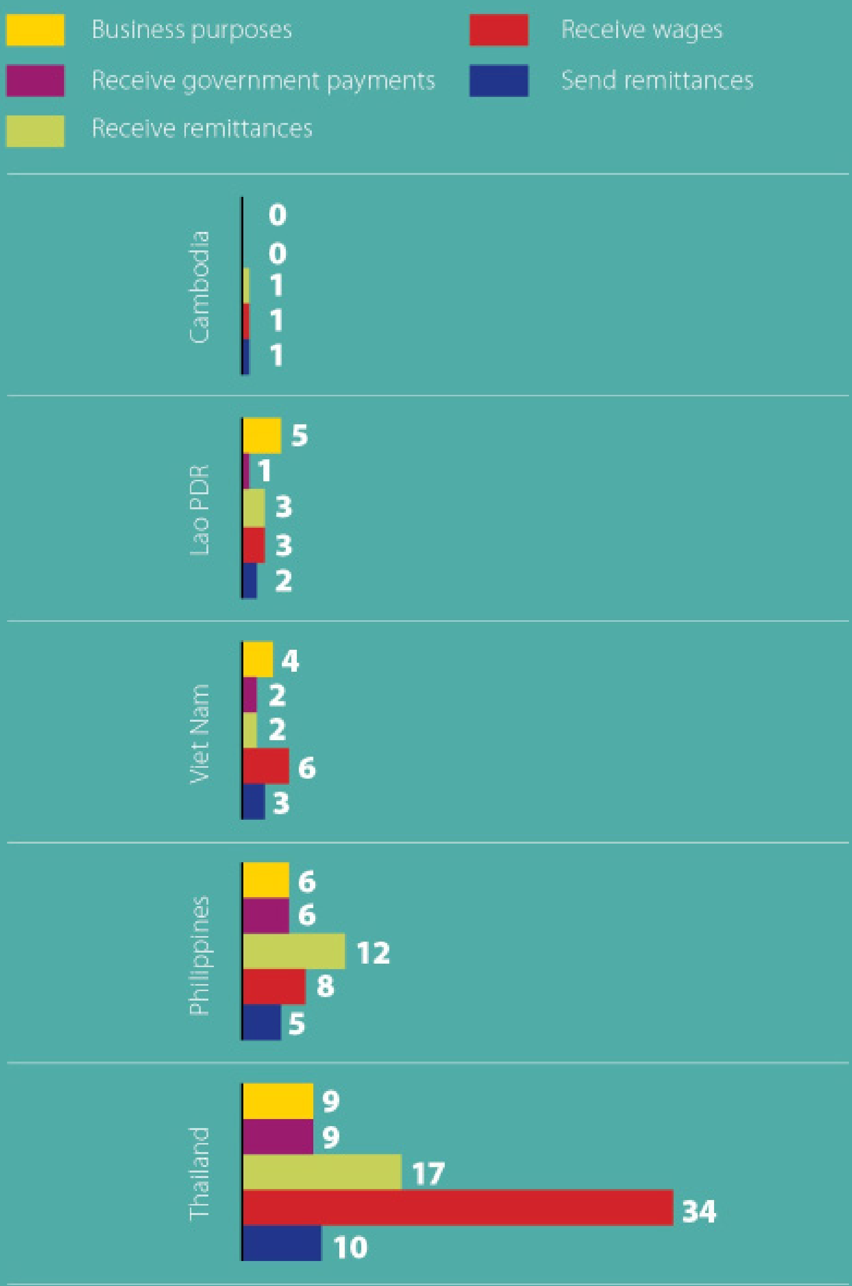


Source: World Bank Global Findex

Box 3: Why people have bank accounts

The most common purpose of having a bank account is to receive wages and remittances, indicating that the banks are still principally servicing the formal market, and the level of controls over cross-border payments that encourage customers to use formal rather than informal channels.

Main use of bank account



Source: World Bank Global Findex

Supply of financial services in Cambodia, Lao PDR, Myanmar and Viet Nam

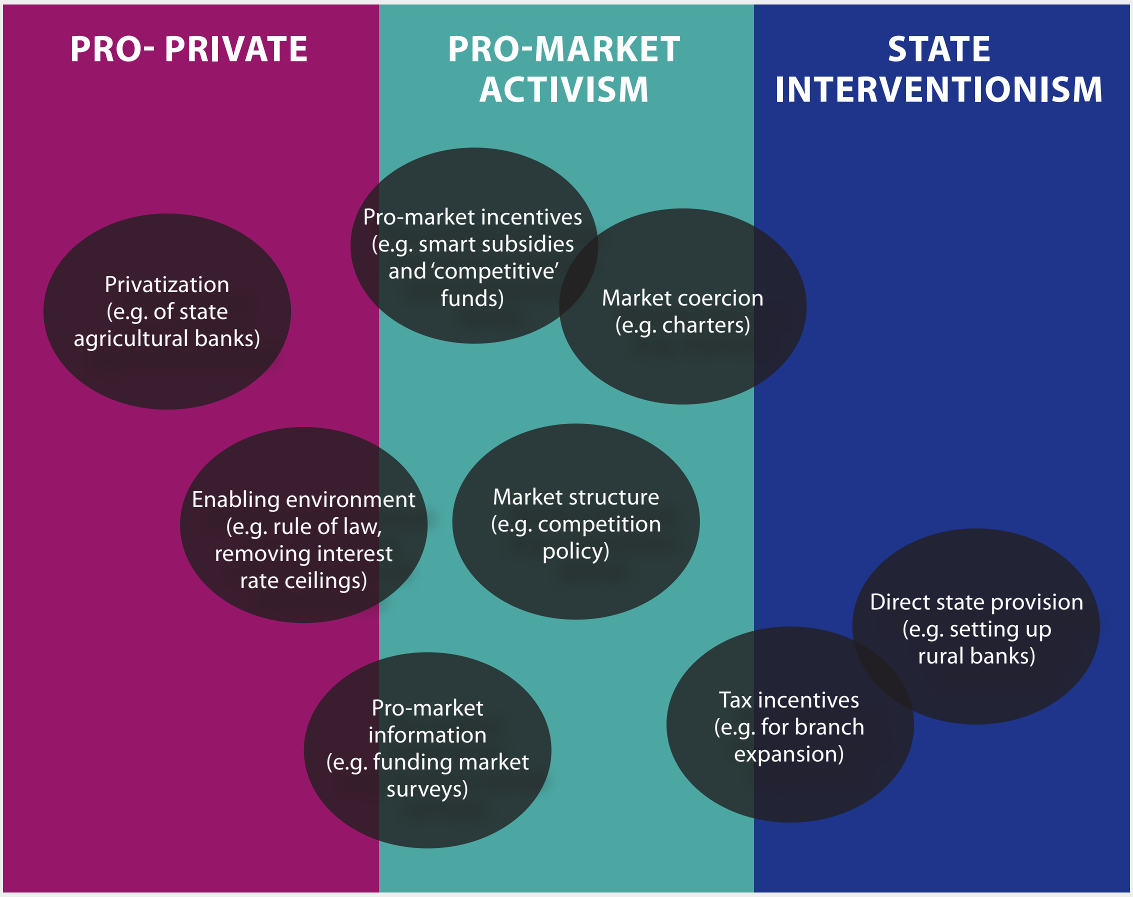
With respect to the supply of financial services, the healthy number of banks in most of the markets conceals a very different reality in terms of the provision of services.

For example, the number of deposit accounts per 1,000 adults is only 108 in Cambodia, which is lower than the median (163) for the low-income countries of Sub-Saharan Africa. The difference in the number of ATM's per capita is even more dramatic with CLMV having less than 10 per cent of ATM's than Thailand.

These statistics highlight the very real constraints that the poor face in accessing a branch, an ATM or other electronic distribution points. This pushes them to rely on other unreliable and costly informal financial services.

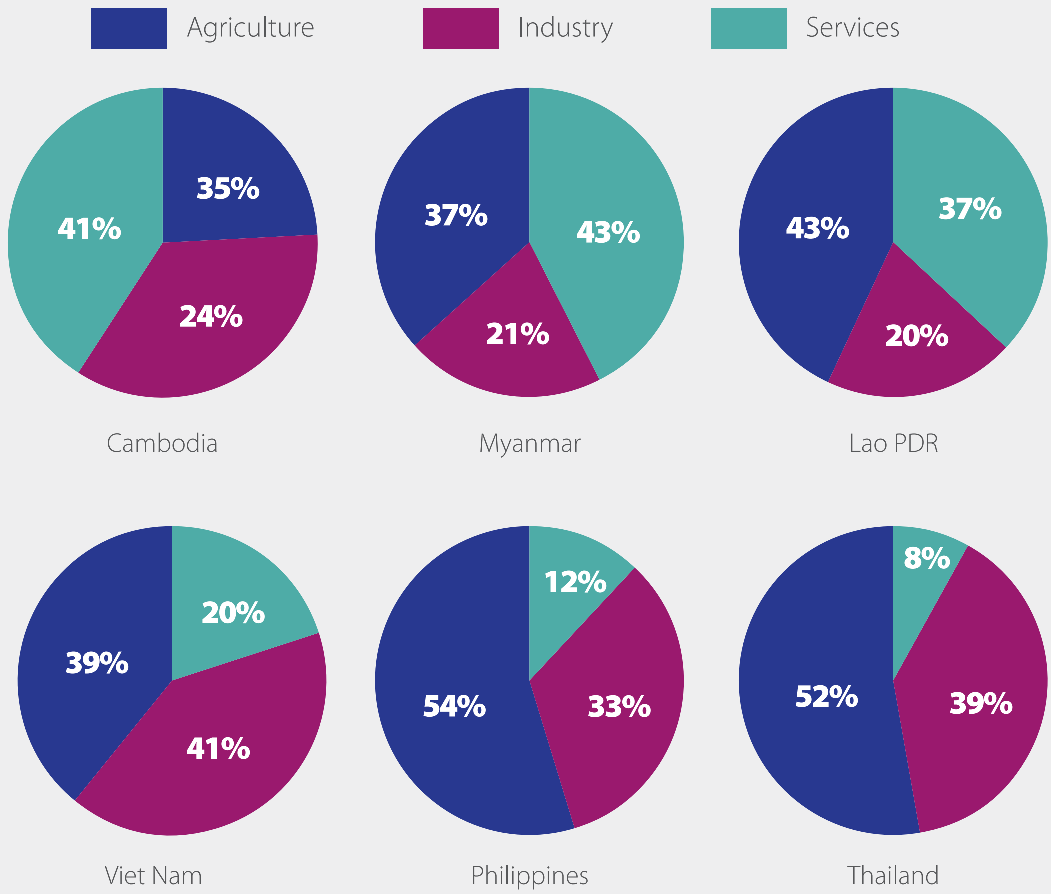
Participants stressed that strategies to improve financial inclusion across the region will need to pay special attention to the distinctive political-economy within and between ASEAN countries to maximize the public policy space for accelerated financial inclusion. This would involve moving away from an exclusive reliance on 'international best practice' pro-private solutions towards tailoring 'best fit' solutions that work with the grain of distinctive political-economies and political priorities. This suggests working across the spectrum of instruments that may include pro-private, pro-market activism and state interventionist solutions based on the specific political economy of the country (see Figure 1). In addition, agricultural development was highlighted as another important focus for financial inclusion measures given the importance of this sector in CLMV (see Figure 2). It was also noted that the current regulatory environment may impede private operators, particularly if interest rates are set at levels that compromise the operation viability of micro-finance institutions[10].

Figure 1:
Range of public interventions to enable inclusive financial market development



[10] It was noted that in Myanmar the current regulated floors on savings rates would make it very difficult to operate microfinance companies.

Figure 2:
Sector share of real GDP (%, 2011)



Source: World Bank and CIA "The World Factbook'

The participants were asked to rate the growth in key financial inclusion indicators that could result from a regional approach to expanding financial inclusion by removing barriers and incentivizing expansion. The participants offered positive projections (see Figure 3) motivated particularly by an enabling regional scenario of dynamic economic growth and change. Through this exercise, a **vision of doubling financial inclusion by 2020** emerged as an appropriately ambitious target that can be secured through deliberate interventions that can leverage the fertile environment for financial inclusion in the region.

Although such an exercise is not "scientific" it provided an assessment of the value of a regional approach and enabled participants to agree on an appropriate vision for 2020. Further, the measures of financial inclusion adopted should define not just the state of inclusion, but how being "included" would contribute to improved livelihoods, in particular the livelihoods of women and children. Participants were generally positive on the progress that would be made, and were further tasked with suggesting activities that could accelerate change.

Validation of a regional strategy for financial inclusion

Henri Dommel, Director,
Inclusive Finance, UNCDF

"A way to validate some of the ideas that we had about what we could do as a regional strategy"

Figure 3A:

Projected growth in assets/GDP (%)

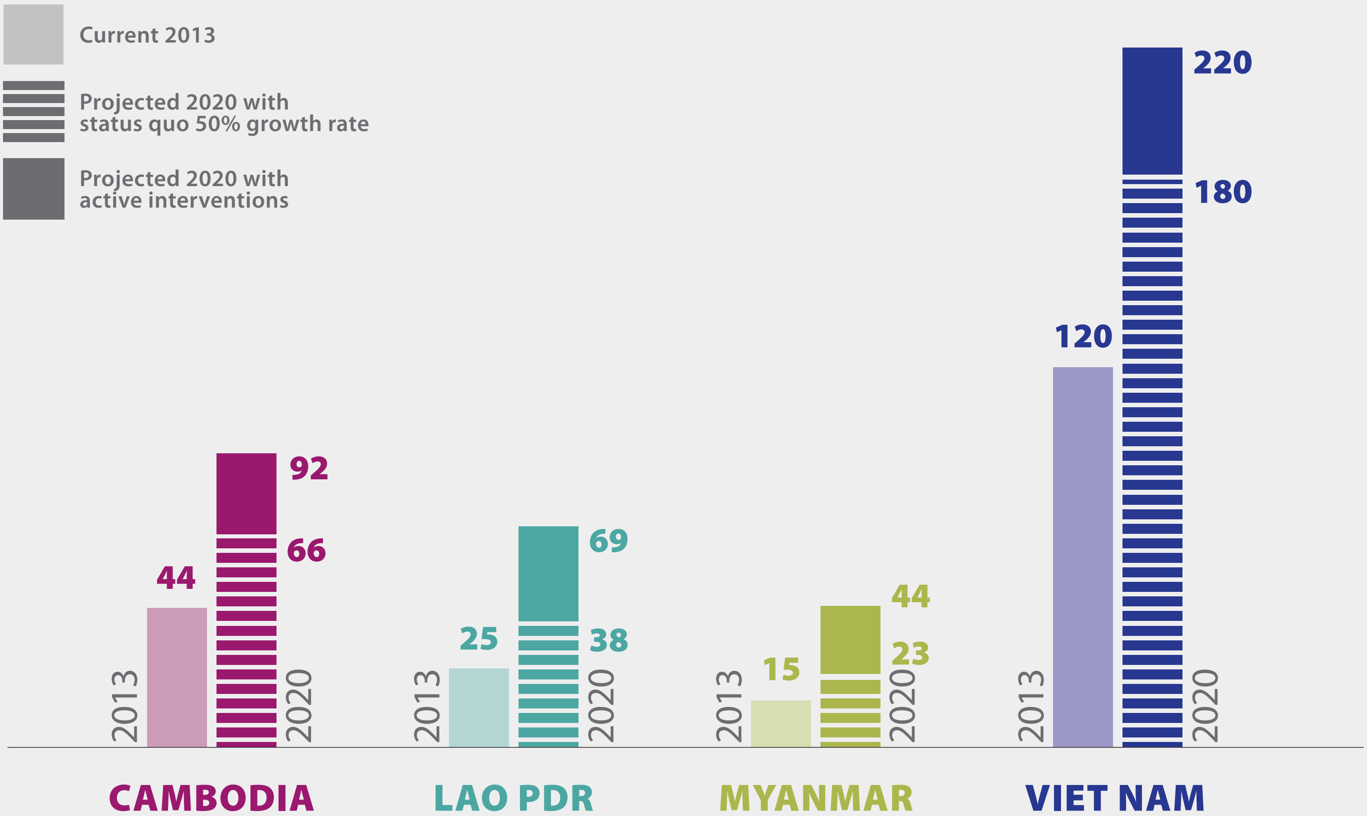


Figure 3B:

Projected growth in savings account (%)

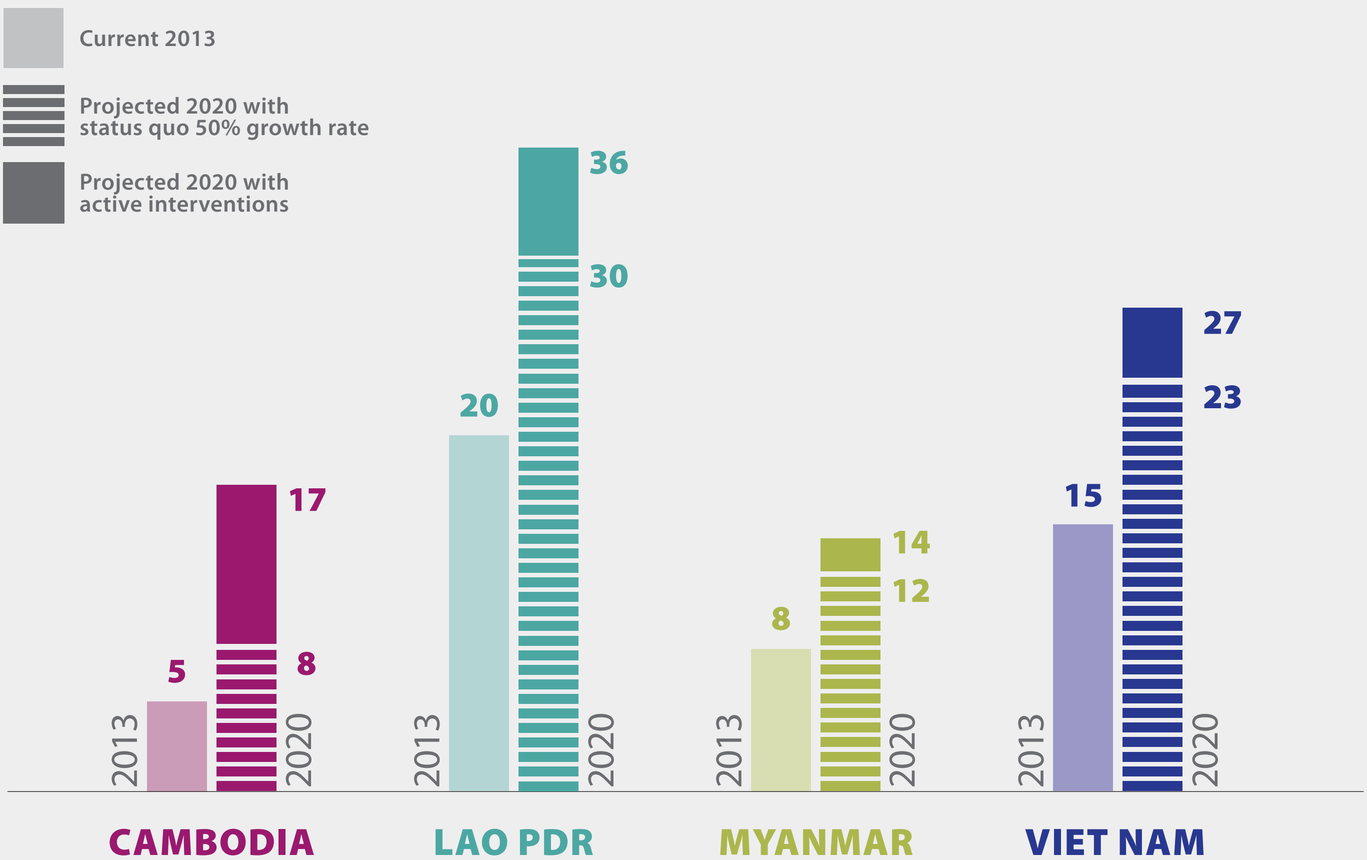


Figure 3C:

Projected growth in urban population with account (%)

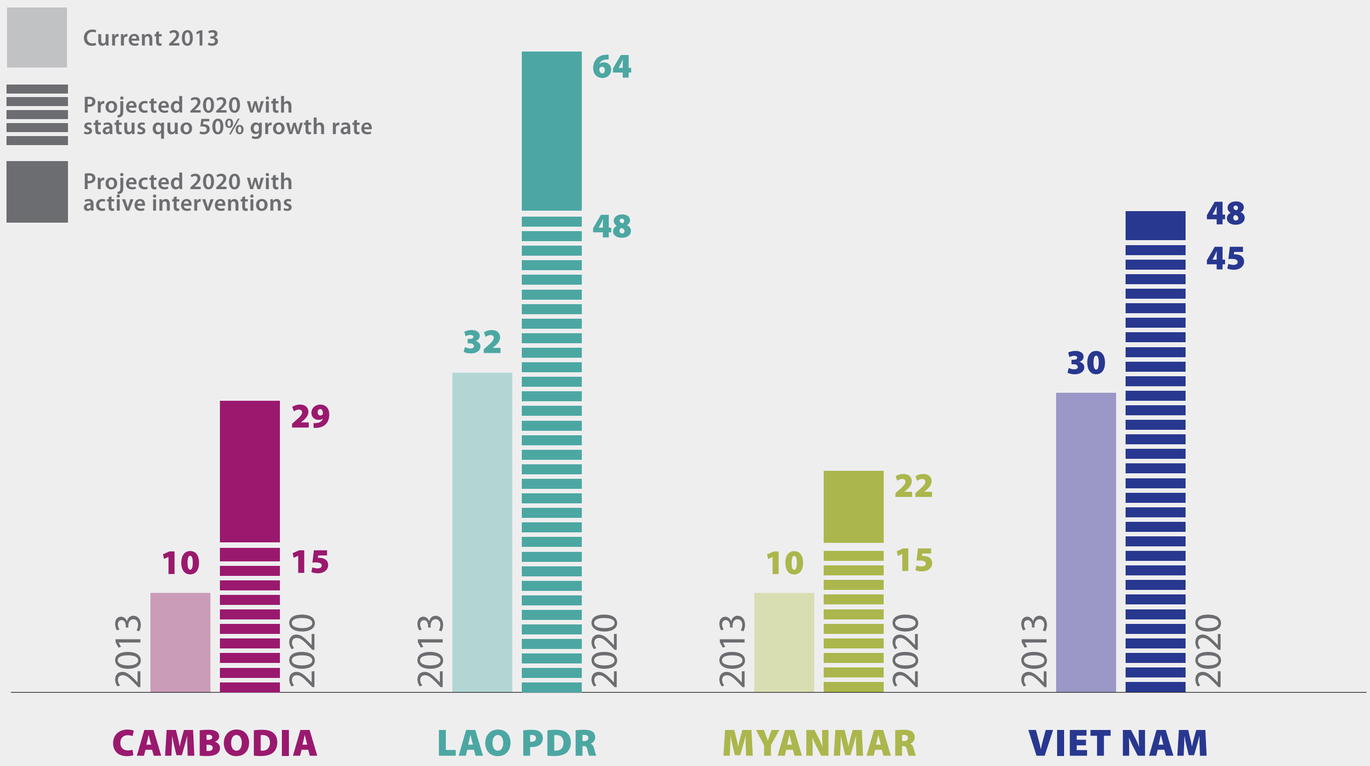


Figure 3D:

Projected growth in rural population with account (%)

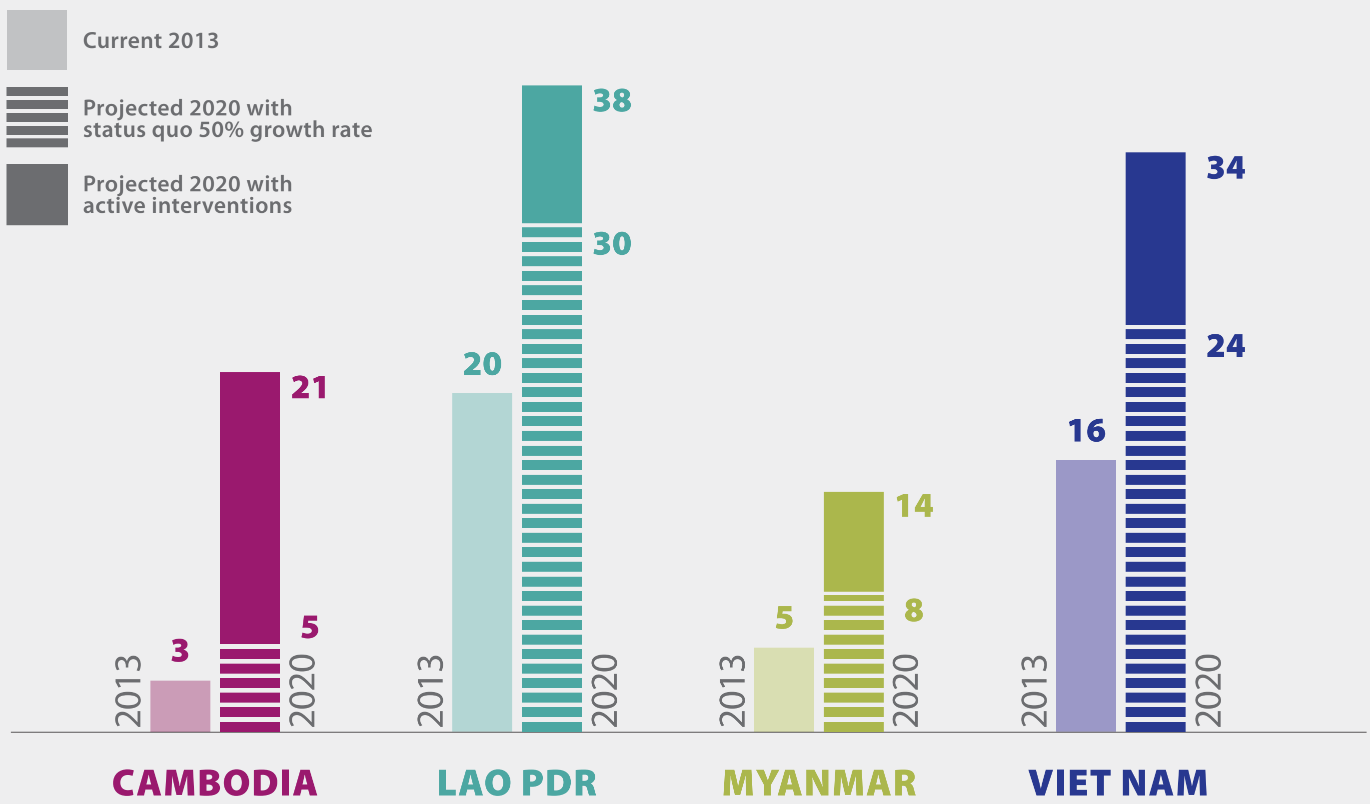
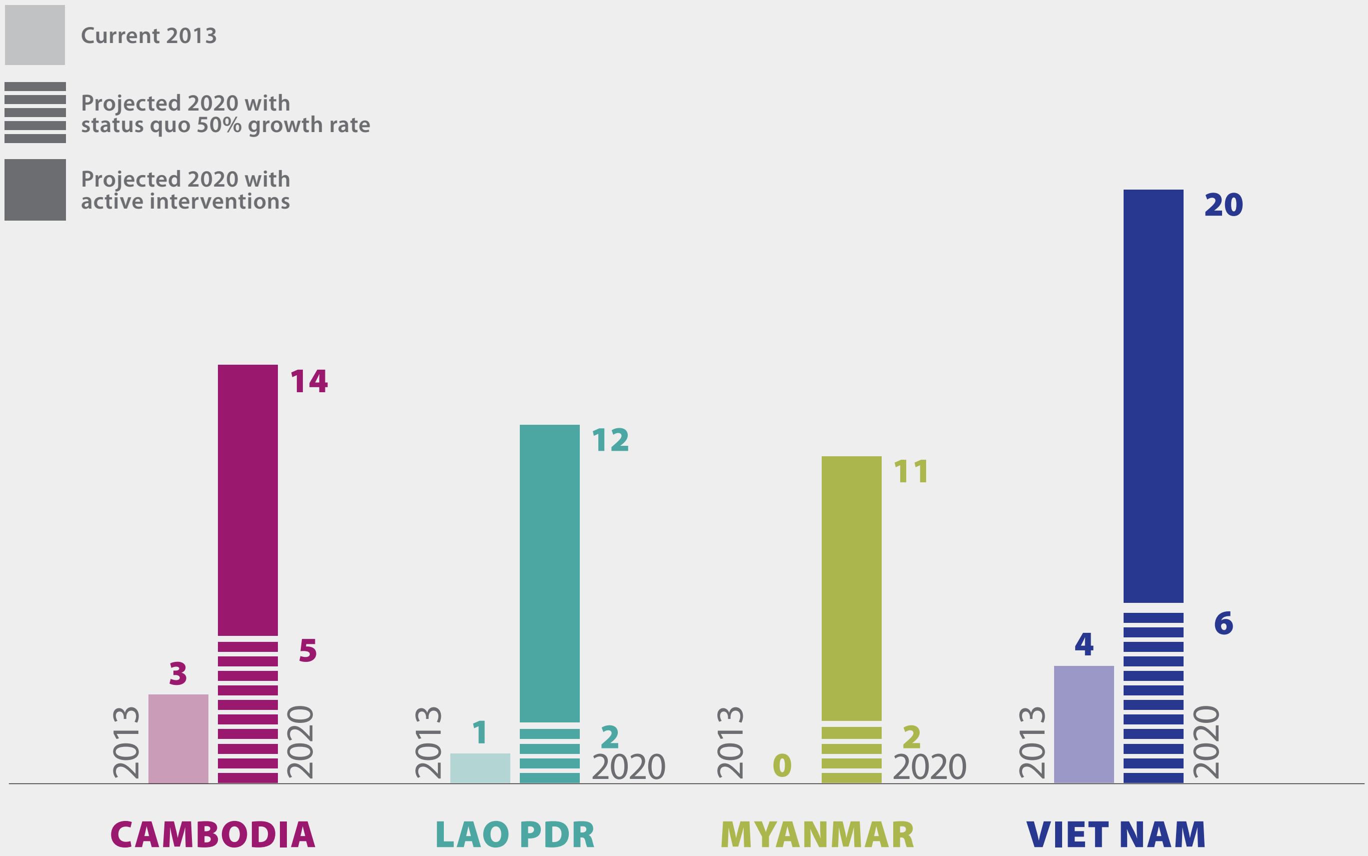


Figure 3E:

Projected growth in mobile banking (%)



THE MAIN DRIVERS OF CHANGE

Participants agreed that strategies for improving financial inclusion need to:

1) find **synergies** as not all donor programmes should seek to address all aspects of financial inclusion;

2) **engage with specific features of the region**, namely the role of the state in financial inclusion and the extent of regulatory interventions in the functioning of financial markets;

3) demonstrate and **leverage successful interventions** that cover the "last mile" to reaching poor households. In particular, it was noted that UNCDF has a strong track record of working with **successful microfinance institutions (MFIs)** across the region and that there is an opportunity to leverage the capacity of these market leaders both within and across countries.

Financial Inclusion neccessary but not sufficient

Vijay Mahajan, Founder and Chairman, BASIX Group

"For every household, every farm, every micro-entrepreneur to prosper they need access to financial services. In that sense it is necessary, but financial access simply without considering real sector issues will not be sufficient."

WHICH INTERVENTIONS WILL HAVE THE MOST IMPACT?

Participants were requested to rate the "interventions" they felt would have the greatest impact on improving the level of financial inclusion in each market. In doing so, points were allocated for each intervention, out of a total of 100 for each country. Table 5 presents the outcomes of the exercise and the explanations of these outcomes are presented below.

Table 5:
Which interventions will double the level of financial inclusion by 2020?

Country	Cambodia	Lao PDR	Myanmar	Viet Nam
Improved function of state FI	4	11	11	13
Government payments	11	10	9	11
Regulatory	10	16	21	18
New distribution models	21	11	11	10
Mobile	23	18	11	14
Microfinance extension	16	19	20	19
Demand analysis	15	15	17	15

- In Myanmar, Lao PDR, and in particular Viet Nam, engaging with state financial institutions could play an important role in increasing financial inclusion. Although such institutions play a key role, participants stressed the importance of finding an appropriate means of constructively engaging with state institutions while eschewing traditional forms of engagement that have proved to be a challenge in most places.
- Leveraging the role of Government payments in promoting financial inclusion will be significant in all markets but will generally account for less than 10 per cent of progress towards the targets.
- Regulatory change featured highly as a constraint to progress in financial progress, with Myanmar highlighted as the country in which this most needs to be achieved.
- New and alternative distribution models such as outsourced or non-branch based services were considered to be most important in Cambodia. For mobile-based service delivery, Cambodia and Lao PDR in particular were viewed as offering greatest potential for impact.
- Extending microfinance was rated as playing a highly significant role in all the markets.
- Any of the interventions need to be supported by appropriate demand analysis (and there was broad recognition of the important role that tools such as MAP, Finscope and Financial Diaries play).

Vijay Mahajan, Founder and Chairman, BASIX Group

"To begin with they have to adopt a regulatory framework and the second thing is the need for basic infrastructure."

Dr. Kammy Naidoo, Advisor, Making Access to Finance Possible (MAP), UNCDF

"At the heart of this is understanding the nature of the demand."

AN EFFECTIVE DEVELOPMENT PROGRAMME DESIGN

The participants considered what was required for an effective financial inclusion programme in the region and the distinctive role UNCDF can play as a market development facilitator. The debate highlighted that such a programme should leverage UNCDF's **distinct capabilities and experience,** which includes the **design and management of using smart-subsidies** to build competitive microfinance markets in the region, its ability to **convene engagements** at the highest levels of Government and Intergovernment as a **neutral facilitator.** At present few Governments have committed to a financial inclusion "vision" and UNCDF can encourage such foundational statements of intent. This would also extend to providing support to market leaders in their engagement with Governments and regulators. In parallel, the UNCDF would also continue to provide "patient capital" to entities engaged in providing livelihood support within communities – the "last mile". There was general support and recognition amongst the participants for the need to support the development of **knowledge products** that can inform both the actions of Governments and regulators and drive the inclusion debate. Moreover, this would provide much needed data to entities involved in the design and delivery of actual services to the poor. Participants felt that these strengths should translate into four broad objectives of a programme:

Feisal Hussain, Senior Technical Advisor, Inclusive Finance – Asia, UNCDF

"Respond by bringing together our constituency, using the knowledge and capabilities from country presence and with the our tools such as diagnostics and investment instruments."

1. **Policy and advocacy:** Help governments, through national and regional fora to translate broad financial inclusion policy commitments and targets into a nationally-owned implementation process. This could be done through supporting a collectively developed vision, roadmaps and action plans for financial inclusion, as well as by highlighting the mutually reinforcing links between increasing financial inclusion and other public policy objectives.

Dr. Prega Ramsany, CEO Finmark Trust

"Rare that you can put around the table so many market leaders - to network, exchange and learn from each other."

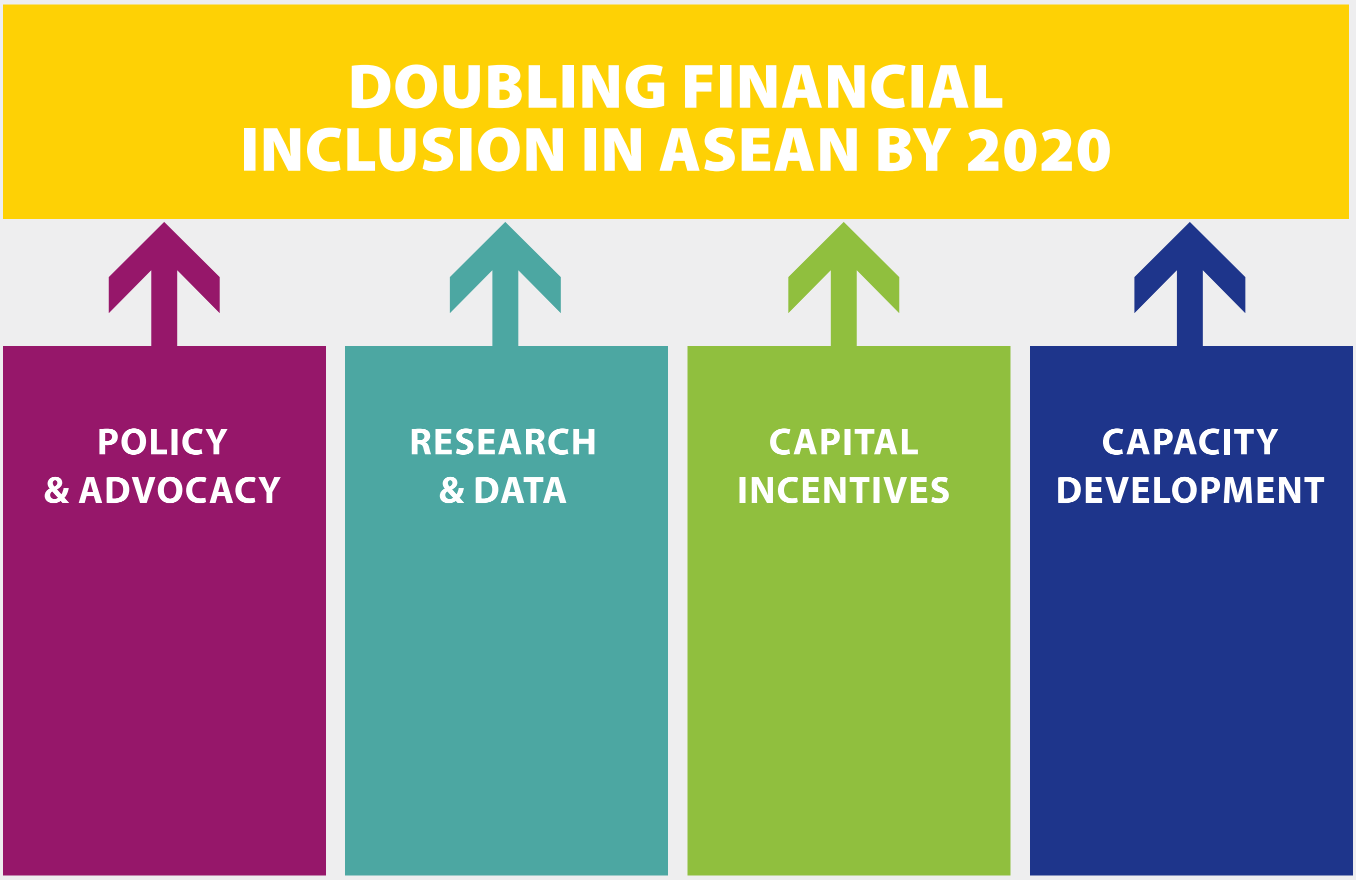
2. **Research and data:** Contribute to bridging the knowledge gap about un-or underserved segments in ASEAN and support the delivery of 'public goods' that seek to inform on potential markets.

3. **Capital incentives:** Provide active financial incentives such as smart subsidies and patient capital where existing risks present barriers for market creation and growth.

4. **Capacity development:** Support capacity development (through technical assistance) and training of human resources to ensure long-term growth and sustainability of financial inclusion sector.

The discussion inevitably raised more questions than could be answered, and will require the resolution of the more complex programming design issues. Participants highlighted the need for further validation of the approach to financial inclusion, the potential impact of different interventions and on how the market leaders and member states could be involved in both the design and execution of the programme. UNCDF committed to complete the design of the programme over the next five months, with a view to launching the programme during 2014.

Figure 4:
Programme to Double Financial Inclusion in ASEAN by 2020



DOUBLING FINANCIAL INCLUSION IN ASEAN BY 2020

POLICY & ADVOCACY

WHY?

There is a need to emphasize the link between FI and public policy objectives and enable mainstreaming of FI into this discourse. In this way, governments are enabled to translate their FI "visions" into realities on the ground.

WHO?

Targeted actors include governments (Ministry of Finance, Financial Regulators), non-government and private sector/industry organisations.

WHAT?

Objectives include:

- Creating a space for CLMV to position FI as part of national strategy for financial deepening and to support their capacity for communication on an ASEAN platform.
- Understanding the relationship and value-add of FI to public policy issues such as food security, social security, etc.

HOW?

Activities include supporting:

- Stakeholder dialogues to advance regional commitments to FI and development of strategic plans.
- Countries to present programmes furthering distinctive national agendas (e.g. FI specific regulatory reforms) through advocacy and identification of national/regional champions.

RESEARCH & DATA

WHY?

Lack of information - demand, supply, regulation and risks – on potential markets increases uncertainty and undermines confidence among investors and market players. Particularly there is a need for a better understanding of the workings and market value of un- or underserved segments and the creation of more innovative market mechanisms that can tap into and grow the market potential of these segments.

WHO?

Targeted audience includes public sector and more importantly private sector financial organizations.

WHAT?

Objectives include:

- Closing the knowledge gap by informing on the demand for FI.
- Supporting demonstration effects aimed at crowding-in sources of capital and talent.

HOW?

Activities include supporting:

- Creation of tools such as Financial diaries, Finscope, Making Access Possible (MAP).

E.g. MAP is a programmatic framework based on evidence-based country diagnostics, leading to national roadmaps with key drivers and specific actions for greater FI.

- Publication and dissemination of success stories to soothe concerns about risks in the market.

DOUBLING FINANCIAL INCLUSION IN ASEAN BY 2020

CAPITAL INCENTIVES

WHY?

Where information is available, there can still exist certain constraints such as higher entry-costs or longer payback periods (e.g. hard-to-reach locations or low-growth local economies). These present risks and barriers for for market players. Hence. there is a need for active smart-financial incentives to remove initial barriers to market-entry.

WHO?

Targeted beneficiaries are a range of institutions that help fulfil different objectives – including MFIs, commercial banks, technology start-ups focused on solutions for BoP financial inclusion.

WHAT?

Objectives include:

- Filling the 'viability' gap where both private and public sectors do not participate (last-mile funding).
- Catalyzing change via funding of programmes and partnerships that demonstrate viability of FI (test-bedding).
- Emphasizing need for patient capital.
- Supporting development of innovations (e.g. in distribution) through a technology incubator.

Examples from Africa point to the enormous potential of mobile phones to play a role in extending the access to finance in rural areas.

HOW?

Activities include supporting:

- Frontier funding
- Funding of regional initiatives
- Public Private Partnerships
- Smart grants or Challenge Fund for innovations in distribution

CAPACITY DEVELOPMENT

WHY?

Capacity development and the training of sufficient human resources to service demand are critical to ensuring the long-term growth and sustainability of financial institutions.

WHO?

Targeted beneficiaries are MFIs, Financial Regulators, Banking Associations.

WHAT?

- Leveraging expertise from market leaders (MFIs).
- Developing long-term partnerships that leverage the competency that has been developed in regional centres of excellence in the financing of low-income people and enterprises.

HOW?

Activities include supporting:

- Support for human resources training and development.
- Technical assistance to MFIs.
- Support for developing and implementing policy reform.

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FEEDBACK

We want to hear your thoughts – and your ideas if you would like to contribute to development of this programme.

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