UMM Thematic Paper

by the e-MFP University Meets Microfinance Action Group

Financial Inclusion & Microfinance in Latin America

9th University Meets Microfinance Workshop
University of Salamanca
May 30th - 31st, 2013
ABOUT UNIVERSITY MEETS MICROFINANCE

The growing interest by students and academics as well as the increasing need for knowledge creation and dissemination in the microfinance sector, led to the launch of UMM by PlaNet Finance and Freie Universität Berlin in 2009. UMM is a European initiative which fosters the cooperation between universities, students in Europe and microfinance practitioners to contribute to microfinance innovation and education for development.

The project is financially supported by the European Commission under the framework of its Development Education and Awareness Raising (DEAR) program, by the European Microfinance Platform (e-MFP), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the Agence Francaise de Développement (AFD), the European Investment Bank Institute (EIB-I), the Frankfurt School of Finance & Management and Capgemini Italia (country partner Italy).

All UMM activities are carried out under the umbrella of the European Microfinance Platform (e-MFP) in the frame of the e-MFP UMM Action Group.

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ABOUT THE EUROPEAN MICROFINANCE PLATFORM

The European Microfinance Platform (e-MFP) was founded formally in 2006. e-MFP is a growing network of over 120 organizations and individuals active in the area of microfinance. Its principal objective is to promote cooperation amongst European microfinance bodies working in developing countries, by facilitating communication and the exchange of information. e-MFP members include banks, financial institutions, government agencies, NGO’s, consultancy firms, researchers and universities. e-MFP’s vision is to become the microfinance focal point in Europe linking with the South through its members.

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The 9th University Meets Microfinance workshop on “Financial Inclusion & Microfinance in Latin America” took place at the University of Salamanca on May 30th & 31st, 2013. This Workshop was organized in close cooperation with the University of Salamanca.

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Financial Inclusion & Microfinance in Latin America

9th University Meets Microfinance Workshop
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Foreword from the European Microfinance Platform

The European Microfinance Platform (e-MFP) is pleased to present the latest workshop report in the “University Meets Microfinance (UMM) Action Group Series”. This issue focuses on the output of the 9th UMM workshop “Financial Inclusion and Microfinance in Latin America”, held in May 2013 at the Universidad de Salamanca – School of Law.

The workshop was a big success. It gathered 64 participants from 14 universities and 11 organisations, including high level expert speakers from Agencia Española de Cooperación Internacional para el Desarrollo (AECID), Fundación CajaMar, Inter-American Development Bank (IDB), NODUS Consultores, Pro Mujer, PlaNet Finance as well as students and professors from University of Almería, University of Greenwich, University of Postdam, University of Salamanca and University of Zaragoza.

The report includes the fascinating articles which were presented and discussed during the workshop. Through the different articles, the issue of financial inclusion is analysed from various angles. It is first addressed globally: which are its challenges, implications and how to measure it. Then within the Latin-American context, highlighting some of the most interesting aspects of the microfinance sector and financial inclusion in the region: role of the Spanish Cooperation Agency AECID, innovative technological solutions, scoring and measuring tools, the non-bank correspondent’s model, the cross-borrowing phenomenon, consumer protection regulation and evaluation of MFIs. And finally, it deals with financial inclusion in Spain: the current situation of financial exclusion due to the crisis, the possible replication of Latin-American best practices in the Spanish context and the presentation of the Spanish Microcredit Programme for Social Inclusion.

Since its inception, the European Microfinance Platform, a growing network of over 120 organisations and individuals active in the area of microfinance, has prioritized the role of research as an essential component for the development of good and sustainable microfinance practices. Therefore, in 2010, the e-MFP University Meets Microfinance Action Group was set up as a result of the interest of several e-MFP members to further enhance exchange and cooperation between microfinance practitioners, researchers, academics and talented students from universities across Europe. Its main purpose is to perform as an innovative task force active at the different levels of education, knowledge creation, capitalization and dissemination in the fields of microfinance and inclusive finance contributing to the development of the microfinance sector.

For e-MFP, it is a pleasure to support excellent and value added initiatives such as the UMM workshops not only because they provide students and academics with the opportunity to present and discuss the outcome of their research with practitioners and contribute to current debates, but also because practitioners get exposure to cutting-edge research and meet talented, future young professionals, academics and other microfinance experts.

We thank all the experts involved in this project for their valuable contributions to the publication and invite you to explore the latest findings to stimulate further reflection and encourage additional research in microfinance.

Best wishes,
Christoph Pausch, e-MFP Executive Secretary
# Table of Contents

Foreword from the European Microfinance Platform 1

Financial inclusion and microfinance in Latin America – Introductory article – Yasmin Olteanu and Fernando Rodríguez 3

“…no one includes you, but you can and should include yourself.” – Interview with Carmen Velasco 6

Midiendo la inclusión financiera: antes y después del Global Findex – Fernando Rodríguez 10

Key challenges of measuring financial inclusion – Verónica López Sabater 13

From microcredit to financial inclusion. The Spanish Cooperation experience – Rafael Cascante 16

Innovative Latin American experiences: A progressive way towards financial inclusion – Juana Ramirez 20

The use of credit scoring and poverty scoring by the MFIs in Latin America – Vitalie Bumacov 25

Financial inclusion and poverty in Peru – Ana Marr and Julian Schmied 30

The perspective of non-bank correspondents (NBCs) in the microfinance sector: Case Study in Colombia – Italo Arbulú, Edgar Arias and Izumi Morillo 33

Cross-borrowing and its impact on microentrepreneurs’ indebtedness, repayment performance and well-being in Peru – Miriam Matzanke, John Orchard and Ana Marr 38

Consumer protection regulation: What are its main features and where is it heading in Latin American Countries? – Verónica Trujillo 42

The evaluation of microfinance and the enhancement of financial inclusion – Javier Sierra Pierna 46

New forms of financial exclusion in Spain – Francisco García Joaquín Cortés 51

Proposal to tackle financial exclusion in Spain – Silvia Rico 54

EL Programa de Microcréditos para la Inclusión Social en España (PROMIS) – Carmen Pérez Sánchez 56

Closing remarks – Vanessa Quintero 62

Annexes 64
Financial inclusion and microfinance in Latin America
Introductory Article

Yasmin Olteanu and Fernando Rodríguez

Financial inclusion aims at creating “a state in which all people who can use them have access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients. Financial services are delivered by a range of providers, most of them private, and reach everyone who can use them, including disabled, poor, rural, and other excluded populations” (Center for Financial Inclusion, 2011).

In the past the measurement of financial inclusion in different countries was challenging, with data for a cross-country comparison being very rare. Among the most quoted approaches are the FinMark Trust’s FinScope initiative, a household survey initiated in 2002 in fourteen African countries and Pakistan, and the European Bank for Reconstruction and Development’s Life in Transition Survey (LITS), a broader survey that has been conducted since 2006 on thirty-five countries in Europe and Central Asia including a number of relevant financial questions. In addition to this demand side related data, CGAP and the IMF collect data for the supply side. In 2011 a valuable complementary initiative to these collection efforts emerged: the World Bank’s Global Financial Inclusion (Global Findex) database, which provides cross-country, time-series data on how individuals use financial services. The Global Findex data show that there are some tendencies that hold worldwide: the female, the young, the less educated, the poor and the rural populations run a higher risk of being financially excluded. Two thirds of all adults in developing countries do not have an account at a financial institution and a fifth of the adult population earns less than US$2 a day.

Reasons are not only the involved costs but also the expected paper work and other transaction costs like travel time (Demirgüç-Kunt & Klapper, 2012).

How close or diverse financial inclusion is from microfinance depends on how microfinance is defined. A decade ago the definition of microfinance mostly ranged around the provision of financial means to the poor and very poor self-employed populations with the objective of enabling them to start or increase a business activity and by this improve their living conditions (e.g. Otero, 1999). With the rapid development and maturing of the sector worldwide, this definition changed.

The Microfinance Gateway today defines it as “a movement that envisions a world in which low-income households have permanent access to a range of high quality and affordable financial services offered by a range of retail providers to finance income-producing activities, build assets, stabilize consumption, and protect against risks. These services include savings, credit, insurance, remittances, and payments, and others” (Microfinance Gateway, 2013). While the original definition included an end objective, today’s overlaps substantially with the financial inclusion agenda. The main difference between the concepts is that microfinance focusses on certain services and providers, while financial inclusion has a broader approach (Reed, 2013). Microfinance can hence be understood as one major, but not the only element of the global financial inclusion movement.

The first steps of microfinance in Latin America date back to the 1970s, when
simultaneously to the beginnings of Grameen Bank, several attempts were made across the region to provide credit to poor microentrepreneurs. Today the region’s microfinance sector has some distinguishing characteristics compared to the other regions. One of them is the higher level of commercialization, leading to a high degree of formality among MFIs (downgraded banking and upgraded NGOs) and less dependency on donations and subsidized funding. Another one is the high number of different but (compared to other regions) small MFIs serving the market (Berger, Goldmark, & Miller-Sanabria, 2006). According to Mix Market data Latin American MFIs however over the last decade have been among the fastest growing across all regions.

Numerous Latin American countries have established financial inclusion agendas with some countries focusing more on its implementation than others. While funding as such is not lacking in the region, the broadening and deepening of financial participation is still a challenge. The four main types of operating MFIs are banks, non-bank financial institutions, cooperatives and NGOs and the general trend is towards formalization and becoming regulated. Indicators suggest that the access to payment and saving services is comparable to peers. Costs for these financial services are however still comparatively high and distribution of access to credit is still uneven (Torre, Ize, & Schmukler, 2011).

The topics of financial inclusion and microfinance are commonly associated with developing and emerging economies. Financial exclusion however does not restrict to these countries (European Commission, 2008). Taking an exemplary look at Spain, it can also be said that the effects of the global financial crisis have led to a deterioration of the grade of financial inclusion (Fernandez Olit, 2012). Research shows that financial exclusion is often linked to social exclusion as being financially excluded speeds up the process of being socially excluded (Carbo, Gardener, & Molyneux, 2005).

This thematic paper brings together articles from experts on the above introduced topics, which are being discussed from three perspectives:

**Financial Inclusion – General Discussion**

In the interview, Carmen Velasco expresses her view on financial inclusion and its current challenges and why she believes the empowerment of clients should form the center of action. Fernando Rodriguez in his article argues that the shift from microfinance to financial inclusion is not just a relabeling of the same instrument, but a considerable paradigm shift. Veronica Lopez discusses the challenges when trying to measure and compare financial inclusion indicators and calls for more respective research efforts.

**Financial Inclusion in Latin America**

Rafael Cascante describes the historical development of the involvement of the Spanish Public Development Cooperation with financial inclusion in Latin America and indicates a possible future path for development agencies in this field. Juana Ramirez describes how innovative technological solutions can enhance financial inclusion in the Latin American region. A discussion of credit and poverty scoring tools and their use in Latin American microfinance institutions is presented by Vitalie Bumacov. Ana Marr and Julian Schmied in their article examine the link between poverty indicators and financial inclusion in Peru. The article also takes a look at the typical features of microfinance institutions that have most impact on financial inclusion. The successful non-bank correspondents’ model in Colombia is presented by Italo Arbulu, Edgar Arias and Izumi Morillo, who conclude that the model might well be replicable in other surroundings and enrich the product portfolio of microfinance institutions.
The phenomenon of cross-borrowing is examined by Miriam Matzanke, John Orchard and Ana Marr. Their article delivers insight into the reasons for cross-indebtedness using the example of Peru. The challenge of consumer protection regulation in Latin America is presented in Veronica Trujillo’s article. She presents an overview about the different approaches that can be encountered in the region. Javier Sierra concludes this section with a discussion on how microfinance institutions can be evaluated taking into account their double bottom line approach.

Financial Inclusion in Spain

Francisco Cortes describes the weaknesses of the banking sector that were exposed during the current economic crisis and the respective increase in financial exclusion in Spain. Silvia Rico sums up the workshop contribution of Armando Muriel, who advocated for the use of best practice financial inclusion approaches from Latin America to tackle the increasing exclusion in Spain. A practical experience is described by Carmen Perez who gives an overview on the Spanish Microcredit Programme for Social Inclusion and its positive results.

References


“...no one includes you, but you can and should include yourself.”

An Interview with Carmen Velasco

In 1990 Carmen Velasco co-founded Pro Mujer, an institution aiming at the socio-economic inclusion of women through integrated services. Carmen worked with the institution for 22 years, served as executive director for Pro Mujer Bolivia and later of Pro Mujer Inc. and co-designed and implemented several programmes, among them the training programme, the community association programme and the health services programme all with the aim to further empower women and their families.

Today Carmen is a board member of the Social Performance Task Force, serves as co-chair to the executive committee for Truelift and participates in the global advisory committee of the Microcredit Summit. She also is a board member of several microfinance institutions (MFIs) and actively promotes the role of microfinance as a tool for social inclusion at numerous regional and international events.

Carmen joined the 9th UMM workshop in Salamanca as speaker and active participant. The interview was conducted by Yasmin Olteanu.

UMM: Carmen, you are a well-known and highly respected expert in the field of financial inclusion. When talking about the topic at conferences and workshops all over the world, you underline the importance of turning financial inclusion into social inclusion. What is meant by this, and how do you think this transformation can take place?

CV: Let's maybe start one step earlier: I do think that the core of the problem is inequality. And I do think that addressing this inequality lies within the responsibility of us all. We do need a holistic and true dedication of all actors, if we successfully want to fight poverty. And fighting poverty lies in the interest of all of us, as it can turn into a tremendous threat to the general wellbeing within a society and even to peace worldwide. I believe it is important that we all agree that, with all our efforts we can depart from a global inequality coined by the lack of opportunities and by the fact that there are many who don't have anything while there are very few that have a lot. The agreement on this point of departure, in my opinion, is the most important step before efforts to fight poverty can be discussed. I do believe that we can change this inequality. I do believe that we don't have to spend our lives accepting these asymmetries. And I am convinced that the more people start being committed and wanting to change things, the more we will see the actual changes. It doesn't matter how people act and what they do - there are thousands of ways of how to make a difference. Unfortunately my impression today is that most people are not aware that they can make a difference and of what their potential role could be.

Having clarified this, I can answer your question: The misunderstanding that happened in the microfinance sector - and still partly exists today - is that social inclusion can be achieved by mere access to financial services. The result is a high number of MFIs offering credit only, without knowing their clients well and without knowing if the financial inclusion is actually helping them with moving ahead. The lack of measuring and tracking of the related social

1 Truelift is a global initiative to renew focus on the pro-poor objective of microfinance. It is a trust mark to signify commitment to positive and enduring change for people living in poverty (editor's note).
inclusion has led to a situation in which, on top of their deprived conditions, many families today are over-indebted. Often the reason for this worsening of a household’s situation is the challenge of having to translate the accessed funds into a worthwhile usage that would eventually improve living conditions, and which apparently often enough is not addressed by MFIs.

Social inclusion happens very slowly. There is no silver bullet for it; rather, it is a process of learning and training. Each client should develop, learn and increasingly be enabled to take the right decisions in her life and for her household. In the end, access to finance can indeed lead to an increased wellbeing but this linkage only holds when the client is empowered, informed, and able to take sound financial and social decisions. This is the indispensable basis of the kind of financial inclusion that will lead to social inclusion. Without this basis we just have people accessing financial services without changing anything in their lives.

It is also important not to forget why the whole movement came about; why microfinance was created. The driving factor was not to create small banks or provide small credits and nor to explore and profit from newly developed markets. No, it was about giving opportunities to a huge part of the population which was deprived, and with the aim of giving them the tools to access a better life!

**UMM:** Hence, you advocate that the whole society should take responsibility for decreasing the existing disequilibrium. In the microfinance sector specifically, you call for a stronger focus on the client including how the credit is used, what negative impact it can have and also, what can be achieved with it on the positive side. In addition, MFIs should engage in educating their clients so that they can take the right decisions for themselves and their families.

**CV:** Exactly. I do believe this should be the responsibility of all MFIs. However many might claim, that this is too much of a burden for them or simply not their task. This challenge can be tackled by assuming that the financial system as such is already a training and education instrument. This however only holds if you have a clear and fully informed communication with your client (regarding the interest rates, the type of guarantees, the difference between individual and group loans, the responsibilities of a guarantor etc.). By looking at the mere participation in the financial system as a training initiative, small or larger MFIs without a specific and participatory education programme also play their role. The condition here is that they communicate all the relevant information in a way people understand and make the effort to explain it: this empowers clients and gives them an enormous opportunity for growth and learning.

Hence, what all MFIs should do is to give complete and transparent information which is very easy to understand, with the aim of leveling out the lenders’ disproportional advantages. The difference between actual training of clients and this measure is very subtle. In the end it doesn’t matter how you get there, but the client has to know how to protect and inform her or himself; and this depends on the attitude of the MFI the client works with. This is why I am supporting the Truelift initiative. It enables the main actor in social inclusion, the client, to choose a service and an MFI. She or he can see and decide: “In this MFI, I don’t have access only to a financial service, but I have certainty that they worry about me, my advances and my wellbeing.”

**UMM:** Summing up, what you suggest is that MFIs truly commit to complete and understandable information on the one hand and, on the other hand, there are external
organizations supporting the client’s decision taking. The certificate that you mention, Truelift, has a signaling character and by this, offers this kind of support as well as other interesting initiatives in the sector.

CV: Correct. Using Truelift, the client can discriminate against MFIs that do not care about their clients’ destiny. A challenge of course, is to spread the knowledge about these initiatives so that the client knows where she can look up the information. Of course there are MFIs that really care about client protection but the front line fighters have to be the clients themselves. Social inclusion hence has to be participatory; the idea behind it is that no one “includes you”, but you can and should “include yourself.”

UMM: Your approach hence, is to empower the clients. With the possibility to compare MFIs and products in the way you suggest, clients would actually be enabled to price shop and chose the MFI and the product that fits best to them. By this method, the pressure on other MFIs to adapt to the clients’ needs would increase.

CV: Exactly. This obviously will create a virtuous circle: You can take good decisions for your life based on good information.

You know, here in Peru for example, there are an enormous number of people who pay for their consumption with credit cards and they don’t have clear information about the conditions that apply and how this affects the final price they are paying. These clients don’t know what kind of impact this habit has on their lives and future. There is a lot of, let’s say, pollution in the financial sector.

And a little digression on the topic of education: I believe that if you don’t educate on financial issues, starting in school, it is very difficult to do it properly afterwards. This is a big responsibility that politicians bear.

UMM: I would like to refer to a sentence that you said during the UMM workshop in Salamanca. You said: “We invented microfinance in order to reduce the vulnerability of poor people. But now we have to protect exactly those people from that same instrument we invented.” What do you think microfinance will look like in 10 years?

CV: I would prefer a situation in which we don’t need to protect the clients anymore because the MFIs’ activities are aligned with the needs of the clients. The clients would be the base for the MFIs’ business development. As a result, the Client Protection Principles2 which are currently being implemented, would be an integral part of all their activities. Additionally, the population would be aware of their obligations and rights towards an MFI, and know how to claim those rights when needed.

For the moment however, in order to ensure that microfinance serves its objective, I believe that the Client Protection Principles and the compliance with the Universal Standards for Social Performance Management3 are crucial. We don’t need many additional new instruments. It is still a long way to go, but as long as all actors persist, we will have a stable and beneficial sector in the end.

2 The Client Protection Principles initiated by the Smart Campaign help microfinance institutions practice good ethics and smart business. They are the minimum standards that clients should expect to receive when doing business with a microfinance institution [editor’s note].

3 The Social Performance Task Force’s Universal Standards for Social Performance are a set of management standards and practices that apply to all microfinance institutions pursuing a double bottom line. Meeting the standards signifies that an institution has “strong” social performance management practices [editor’s note].
If I think of a worst case scenario, in 10 years from now we would have chaos with MFIs that do not feel accountable nor responsible for their clients’ wellbeing. This would be a very damaging situation as we have already seen in several microfinance sectors. Having said this, I also want to underline that it is not just the microfinance sector that has to change. The financial sector as a whole will have to be realigned in order to avoid increased social problems and harm to the population.

**UMM:** Carmen, thank you very much for this interview.
Midiendo la inclusión financiera: antes y después del Global Findex

Fernando Rodríguez

Fernando Rodríguez is Professor for Applied Economics and the Director of the Master Program in Economic Analysis of Law and Public Policies at the University of Salamanca, Spain.

Abstract

In recent years we have witnessed a change in the orientation of financial instruments in the fight against poverty, in which microfinance has ceased to be the sole and undisputed element and has become part of a more general approach, under the broader label “financial inclusion”. The main question in this time of change is whether what we experience is a paradigm shift or simple relabelling. The Global Findex initiative, measuring the major dimensions of financial inclusion, clearly points into the direction of paradigm shift.

En el mundo, únicamente el 50 % de los adultos tiene una cuenta bancaria en un banco formal. El porcentaje baja hasta el 41 % en los países en desarrollo, y hasta el 23 % en los países de renta baja. Por otra parte, sólo el 22 % de los adultos ahorran en instituciones formales (17 % en países en desarrollo, 11 % en países de renta baja)\(^1\). Las diferencias en el acceso y la utilización del sistema financiero hacen que en los países en desarrollo, especialmente en los de renta baja, sea significativamente más gravoso pedir prestado (muy frecuentemente de proveedores y prestamistas), ahorrar (mediante sistemas informales, o materializado en activos poco idóneos, como los animales domésticos) o contratar seguros para la cobertura de riesgos (por medio seguros comunitarios informales, o bien autoseguro), lo que genera mayor vulnerabilidad y carestía y contribuye, en definitiva, al mantenimiento de la trampa de la pobreza\(^2\). En las últimas décadas se han registrado numerosas iniciativas en todo el mundo, públicas y privadas, dirigidas a incorporar al sistema financiero a parte de la población previamente excluida, principalmente mediante instrumentos de microcrédito y, en general, microfinanzas. El tiempo transcurrido no ha sido demasiado, y quizá ello impida obtener conclusiones definitivas acerca de tres cuestiones principales sobre las microfinanzas, concretamente si realmente facilitan que las personas no bancarizadas ingresen en el sistema financiero formal, si ayudan a salir de la pobreza y si su intensificación puede contribuir al desarrollo económico.

En este contexto, en 2008 se fundó la Alianza para la Inclusión Financiera (Alliance for Financial Inclusion AFI), como una red global para compartir conocimiento y mejores prácticas sobre la inclusión financiera dirigida a generar actuaciones en países en desarrollo. Paralelamente, en 2010 se creó, en el seno de la cumbre del G20 celebrada en Corea del Sur, la Asociación Global para la Inclusión Financiera (Global Partnership for Financial Inclusion, GPFI), con fines muy similares, con tres socios operativos iniciales como eran la propia AFI, el Grupo Consultivo para la Ayuda a la Población más Pobre (Consultancy Group to Assist the Poor, CGAP) y la Corporación Financiera Internacional

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1 Datos del Global Findex, 2012.
2 Labie y Armendáriz (2011).
(International Finance Corporation, IFC). A este grupo de socios se incorporaría en 2012 el Banco Mundial y en 2013 la OCDE. La AFI y el GPFI surgen como elementos para el impulso de la inclusión financiera, para muchos observadores como un mero cambio de etiqueta que no implica una evolución respecto del modelo de microfinanzas, pero para muchos otros como un verdadero cambio. En mi opinión, este cambio se ve impulsado por tres vectores principales: la aparición de ciertos casos un tanto perniciosos en el sector de las microfinanzas (entre ellos, la lucrativa salida a bolsa y actividad de Compartamos en México en 2007, la crisis en el estado indio de Andhra Pradesh en 2010, o las acusaciones de falta de transparencia al Banco Grameen y a su fundador, Muhamad Yunus, en 2011 y 2012), los resultados de recientes investigaciones que cuestionan los efectos esperados de las microfinanzas (por ejemplo en Roodman, 2011) y la influencia de la industria, principalmente bancos e instituciones financieras formales que buscan ajustes en la regulación para poder disminuir su escala de actuación sin tener que afrontar requerimientos o provisiones más estrictas.

Las iniciativas impulsoras de la inclusión financiera han entrado en el sector con gran intensidad, apoyadas por actuaciones de grupos e instituciones multilaterales, como el G20 o el Banco Mundial, y de entidades privadas sin ánimo de lucro, como FinMark Trust o la Fundación Bill y Melinda Gates. En cualquier caso, la actividad de estos grupos en los últimos años no ha logrado despejar los tres tipos de interrogantes, antes mencionados, que estaban presentes en el entorno de las microfinanzas relacionados con la integración en el sistema financiero formal y los efectos sobre la salida de la pobreza y el desarrollo económico. Es llamativo, además, que los desarrollos en este ámbito no han afrontado la cuestión de definir el alcance y el contenido básico de la expresión de referencia, inclusión financiera, quizá porque hacerlo supondría forzar consensos entre actores económicos, académicos y políticos que en la práctica no está tan claro que sea posible conseguir. Siendo ello así, tampoco sorprende que sea difícil identificar formas y prácticas que puedan utilizarse para conseguir el resultado de la inclusión, por lo que la tarea que afrontan los catálogos de buenas prácticas en realidad se identifica más con la recopilación de experiencias dirigidas a aumentar la bancarización que con recomendaciones de actuaciones que conducen a un mismo objetivo.

Este escenario ha sido influido muy significativamente por la publicación, en 2012, de la base de datos de Inclusión Financiera Global (Global Financial Inclusion Database), conocida simplemente como Global Findex (Demirguc-Kunt y Klapper, 2012). La base de datos completa una serie de iniciativas que venían presentándose desde el año 2002 como la encuesta Finscope, elaborada por FinMark Trust desde 2002, y el Informe de Acceso Financiero (Financial Access Survey), preparado por el Fondo Monetario Internacional desde 2008. Frente a estas iniciativas, el Global Findex parte de un planteamiento metodológico homogéneo, basado en más de 150.000 encuestas a individuos en 148 países, dirigido a obtener indicadores de cuestiones objetivas básicas sobre el acceso a servicios financieros (principalmente sobre tenencia, motivo y uso de cuentas bancarias, pagos vía teléfonos móviles, ahorros, créditos solicitados y pendientes y seguros) y con miras a permitir un cierto grado de comparación de resultados entre países. Es un gran paso adelante, que no produce una última respuesta acerca del contenido de la inclusión financiera, ni siquiera sobre si su implantación desplaza o no a la categoría de conceptos relacionados con las microfinanzas, más allá de lo que podría ser una mera sustitución de etiquetas, pero que permite sentar las bases para un conocimiento más científico acerca de las medidas que mejoran el acceso al sector financiero y que a medio plazo facilitará la elaboración de análisis sobre los efectos que ello produce sobre otros indicadores de bienestar.

El debate que se produjo después de la presentación se centró en la dificultad, por no
decir imposibilidad, de medir algo que no está definido, como es el caso de la inclusión financiera, y se valoró positivamente la aproximación general e integradora del Global Findex. También se mencionó la importancia del estudio del Finscope como precursor de la iniciativa Global Findex.

References


Key challenges of measuring financial inclusion

Verónica López Sabater

Abstract

With the recent institutional recognition of the importance of financial inclusion in the international political agenda of G20, weaknesses and challenges become more prominent and the focus of a new international debate for practitioners and scholars. The implementation of a comprehensive national strategy for financial inclusion, knowledge transfer to citizens as well as consumer protection and fair treatment are identified as the major pillars of the financial inclusion endevour conducted by G20. In order to ensure the realization and preservation of these basic pillars and to identify the first-best solution for each specific country context, a thorough definition of financial inclusion as well as efficient measurement tools need to be put in place. A remaining overall challenge for the coming years is to establish standard and comparable global indicators on the one hand and on the other hand, conduct deeper research on the particular features of concepts and indicators related to financial inclusion at the national level.

At Fundacion AfI we guide our work by our conviction that financial education, innovation and inclusion are key factors in making people more productive, fostering autonomous decision-making, fortifying the economic development of our global society and contributing to the alleviation of poverty. It is therefore great news that financial inclusion is finally present in the international political agenda since G20 countries agreed in 2010 to incorporate this objective among the set of important issues in the global economic and financial agenda. Financial inclusion has been scaling up under the South Korean and, specially, the Mexican presidencies of the G20. Under today’s Russian presidency, the commitment of the G20 towards financial inclusion has been explicitly made public.

The three pillars over which the financial inclusion objective is being pursued within the G20 cooperation platform are key and respond to important weaknesses identified in most countries. Every country’s efforts towards building a financially inclusive environment should be built upon a comprehensive and honest financial inclusion national strategy that sets clear public policy priorities and brings light to all stakeholders involved. That is the basis of the work in pillar one, and participating countries have built mechanisms to share lessons learned as well as to transfer knowledge and successful innovations. Pillar two – and this has not been exclusive of developing and emerging countries – recognizes that financial capability and understanding of all citizens needs to be strengthened for two basic reasons: on the one hand, to avoid potential undesirable effects resulting from consumers’ ignorance (misuse, inability to understand risks and functioning of financial products and services, etc.); on the other, to enhance people’s attitudes towards financial innovations and readiness to deal with what is offered to them. Last, but not least, pillar three focuses on the necessary regulatory, institutional and behavioural conditions to guarantee consumer protection and fair treatment.

The Global Partnership for Financial Inclusion (GPFI), a working group comprised of national governments (both G20 and non-G20) and other stakeholders involved in pursuing financial inclusion goals, is bringing more and more countries from all over the world to join forces to overcome this specific development challenge. GPFI’s concrete actions are taking place
in three areas: dissemination, SME finance and **measurement**.

Having said that, what is financial inclusion, actually? Do we have a meaningful one-size-fits-all definition? So far, that does not seem to be the case, but work is being undertaken to establish a broad and meaningful definition. Some countries are already working on their own “national” definitions, which could be a first step towards designing a financial inclusion strategy.

Moreover, in order to conceptualize a country’s financial inclusion definition there is need for a characterization (i.e. description) of the phenomenon, which in turn requires appropriate measurement (indicators). In essence, this definition should be able to describe who, how and for what reason a certain agent is providing specific products/services to a certain client.

This is precisely what the Global Financial Inclusion Database (Global Findex) has started to build: “the first public database of indicators that consistently measure people’s use of financial products across economies”. Built from the demand side by asking the users/consumers about their use of a set of financial products and services, the Global Findex offers an innovative picture of how people deal with their personal finances all over the world. Before the Findex was built and accessible, most of the available data had come from the supply side (from the financial industry, upon request of their national financial authorities, supervisors and/or regulators and the International Monetary Fund) allowing for certain knowledge on the “access” dimension of financial inclusion at a global level.

In this process, if we believe that converging towards standardized financial inclusion concepts helps us to better acknowledge what works and what does not work in a specific country, what may or may not work in another, or the feasibility of these initiatives (because the solution may be based on a country’s specific regulatory framework, institutional architecture, cultural drives, past experiences, etc.), we should therefore push for building internationally comparable indicators when defining the national indicators. In other words, do “savings accounts” have the same basic attributes in country A and B, or are they rather different products?

Today, the measurement efforts are to be focused on two complementary and interrelated issues: (i) standardization and comparability of global indicators (both from the demand and the supply side) so as to be sure that concepts are effectively equivalent among countries; and (ii) deeper research on the particular features of such concepts/indicators at the national level. Both issues can be addressed by national financial inclusion surveys, resulting in the perfect complement to the Global Findex to inform responsible policy makers.

Measurement at the national level is important for several reasons, all of them key conditions to achieve and replicate success elsewhere: (i) it allows for the construction of a baseline to identify both obstacles and opportunities; (ii) it informs public policy decisions by providing the means to identify the main barriers to access and adequately use financial services (regulatory, commercial, physical, cultural, institutional, etc.) and guide reforms; (iii) it enables the sharing of findings with the private sector, hence allowing its involvement to better design products and services that meet the needs of the unserved or underserved in a responsible way; (iv) it constitutes an empirical and quantitative reference to measure progress and effects of implemented reforms; (v) it contributes to the standardization and international

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comparability in financial inclusion measurement within the GPFI efforts; and (vi) it becomes a valuable input for academic research.

During the workshop, interesting questions arose from the public, such as the following:

Request for clarification of specific concepts, such as “microfinance” and “financial inclusion”. In my opinion - I answered - the former is a subset of the second. In other words, microfinance is one way to contributing to financial inclusion, which is in itself a public policy objective in a growing number of countries.

Emphasis was placed by the author on the importance of measurement, which is key for understanding the core problems and design solutions accordingly, for drawing a reference baseline and the distance to a desirable benchmark, and for acknowledging how well or bad (how fast or slow) we are doing. Honesty, transparency, inclusiveness of all involved agents and an open mind are necessary conditions for success in pursuing a more financially inclusive society.

**Further Reading**


From microcredit to financial inclusion: the Spanish cooperation experience

Rafael Cascante

Rafael Cascante was born in Madrid in 1955. He has a degree in Political Science and Sociology (Complutense University of Madrid). He has been working for more than 30 years in development co-operation, mainly at AECID and for the past 12 years in the microfinance sector.

Abstract

Since the first decade of the century, in many Latin America countries, the leading microfinance institutions began to move from being supported primarily by non-profit institutions - public and private - to receive funding from the national and international financial markets. Subsequently, the Spanish Public Development Co-operation (SPDC), particularly in Latin America, became one of the major players for promoting microfinance and a rapid transition from microcredit to inclusive financial systems came on track. In this spirit, AECID highlighted the need for universal and sustainable access to financial services (not just to the productive microloans) and the fundamental importance of deposit and saving services. The overall aim of the new loan strategy was to help microfinance services reach more people with lower incomes and at the same time, to provide services better tailored to their needs. Nevertheless, a large part of the population of the region still does not have access to the four basic financial services: deposit/saving, credit, insurance and transfers today. To overcome this, in a time of scarce resources (especially severe in Spain), is difficult. In the end, the development agencies have to be much more selective and must address clear strategic objectives.

The initial stage of microfinance’s development in Latin America was probably ending at the time that the Concesión de Microcréditos (FCM) (Microcredit Fund) began its activity (first loans disbursed in 1999). It was evident that it was possible to provide sustainable basic financial services (especially microcredit) to populations not previously considered as potential clients by traditional banking provided that the appropriate institutions, managers, products and regulatory frameworks were in place.

With the development of endogenous microfinance capacities in the Latin America region, the role of the non-profit external agents (bilateral and multilateral aid agencies, development banks, nongovernmental organizations (NGOs) and their networks...) which had such a significant role on the development and dissemination of microfinance in the 80s and 90s, became less important. Ultimately, during the first decade of the century in many Latin America countries, the leading microfinance institutions began to move from being supported primarily by non-profit institutions - public and private - to receive funding from the national and international financial markets.

It is in this context that FCM, in just over a decade (it was liquidated in 2011, transferring its assets and liabilities to the Fondo para la Promoción del Desarrollo (FONPRODE) (Fund for the Promotion of Development), a universal fund with additional financial instruments),

1 The opinions expressed are the author’s own, without compromising in any way the AECID.
situated the Spanish Public Development Co-operation (SPDC), particularly in Latin America, as one of the major players for promoting microfinance.

The initial situation

Although the SPDC was growing with only minor fluctuations since the 80s, it cannot be said that microfinance would have played an important role in its agenda. Most of its action in microfinance was implemented through credit components (very frequently, revolving funds) in actions with broader aims. While Spanish NGOs followed a similar pattern, only two of them (CODESPA and the Un Sol Món) had worked on microfinance with a broader approach.

In 1998, the FCM was created with financial resources that were significant yet not matched by a comparable allocation of staff resources, either in terms of quantity or knowledge. This imbalance between financial and human resources remained during the 12 years of its existence and has been unanimously regarded as one of its main weaknesses. Fortunately the FCM was supported by the Instituto de Crédito Oficial (ICO) (Spanish public bank) as a financial agent with expertise in international finance but not in microfinance.

A rapid transit: from microcredit to inclusive financial systems

Despite the lack of staff already mentioned, since 2000 AECID had an external consultant who provided highly qualified expertise in microfinance and, more importantly, allowed AECID’s staff to internalise a more “modern” vision of microfinance. Thus, it can be claimed that AECID achieved in a few months, a process that took other players decades.

AECID went from a scheme focused on microcredit to a microfinance/financial inclusion approach. That means to say, it highlighted the need for universal and sustainable access to financial services (not just to the productive microloans) and the fundamental importance of deposit/saving services.

Also, something that I consider to be extremely important within the institutional culture of an aid agency, it cautioned against expecting miraculous results in the short term. That is, assuming that the mission of an aid agency is to collaborate in order to create an efficient, effective and diversified financial system for providing services to the entire population and adapted to their needs. Additionally, the effects are not always readily apparent and are expressed in the long term and in many different ways: smoothing consumption fluctuations, reducing financial stress, developing commercial opportunities, reducing prices paid to informal providers financial services... Also the criterium of double bottom line (the pursuit of financial and social sustainability) were applied in identifying borrowers MFIs.

At international level the AECID’s entry to the Consultative Group to Assist the Poor (CGAP) in 2005 (although it maintained close relationships since 2001) helped AECID to stay on top of the main topics of discussion in the microfinance field.

“The greatest challenge for successful financial inclusion is the extension of the financial services into areas with deficits: peri-urbans, small towns and rural areas.”

- Rafael Cascante Fernandez, Spanish Agency for International Cooperation and Development
The election of a product

Although the legal framework of the FCM was able to provide financial assistance (loans) and technical assistance (grant), their activity was focused from the beginning on financial assistance almost exclusively. That choice was based not on the analysis of their needs but, in my opinion, on staff limitations (management of technical assistance is labour-intensive) and the pressure to spend (technical assistance spends less of the financial resources) which is very present in aid development.

For all the above reasons, this combination of constraints defined the main FCM product: a long term loan, up to ten or twelve years, with costs similar to the market rate. This kind of product was very suitable, especially for the Latin American MFIs because no public or private agent offered it; three years was usually long-term for a MFI borrower. In Latin America, many MFIs were growing while they were strengthening and were often in the process of becoming regulated. This long term debt allowed them a better leverage level and from the point of view of AECID, the long term loan was a financial product less difficult to manage than others (e.g. participation in capital).

The extension, deepening and improvement of microfinance services

The ultimate objective of the FCM loans was to help microfinance services to reach more people with lower incomes and, at the same time to provide services better tailored to their needs. In this respect, the agreements with borrowers included clauses to set objectives regarding new clients from underserved areas: rural, peri-urban, etc. Some targets were also set in relation to loans below a certain amount and, in the event that the MFI is a deposit taking institution, in accounts with balances below a certain amount.

Additionally, since 2009 and following the CGAP recommendations (2009), The Client Protection Principles were included in the agreements with MFIs (http://smartcampaign.org/about-the-campaign/smart-microfinance-and-the-client-protection-principles) and social rating assessment were disseminated and co-financed. Additionally, FCM made loans in local currency and promoted the use of mechanisms to reduce the exchange rate risk.

The following data gives a vision of the FCM outreach in Latin America:

- From 1999 to 2011, 84 loans were approved for 56 MFIs from 18 countries or sub-regions with a total amount of more than 465 million EUR.
- In 2010, the AECID was the second largest bilateral donor in microfinance. The first was the German KfW. (Beatriz Morant personal communication.)
- During the same year it was estimated that, with the FCM loans, more than 237,000 additional microcredits were granted in Latin America: Bolivia, Central America, Colombia, Ecuador, El Salvador, Guatemala, Haiti, Mexico, Panama, Paraguay, Peru, and Dominican Republic.
- In 2012, the Microfinance AECID Co-operation was in 13 Latin American countries (equalled only by Oxfam Novib and probably with much less funding) and only surpassed by the Inter-American Development Bank which was in 15 countries. (CGAP 2012.)
**Conclusions**

Despite the development of microfinance in Latin America, there remains much to do in order to achieve inclusive financial systems. A large part of the population of the region still does not have access, in quantity and quality, to the four basic financial services: deposit/saving, credit, insurance and transfers.

Development agencies have yet to foster an important role in Latin America, but in a time of scarce resources (especially severe in Spain) and given the growth of microfinance itself, their actions have to be much more selective and must address clear strategic objectives.

**References**


Innovative Latin American experiences: a progressive way towards financial inclusion

Juana Ramirez

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Abstract

Innovative financial inclusion refers to the continuous examination and improvement of microfinance institutions’ practices and methodologies. The overall aim is to reach the excluded and unbanked populations in the most efficient manner possible. Empirical Evidence from Latin America and the Caribbean Region prove the necessity for innovative approaches, as huge gaps in coverage can be identified despite the high prevalence of microfinance institutions in the regions. Currently approximately 250 million adults remain excluded from financial services in the region. Recent innovations in technology for communication and media devices raise expectations and high potential for a new wave of innovation, enabling excluded individuals to access financial service via flexible mobile applications. Challenges remain nonetheless: efficient regulation of electronic money, data security and the need for strong cooperation between different operators are only some of them requiring a coordinated effort of the public and private sectors.

Further advancing innovative financial inclusion should contribute to fighting poverty while reducing inequalities in the Latin American and the Caribbean Region.

“Innovative Financial inclusion means improving access to financial services for poor people through the safe and sound spread of new approaches”\(^2\). This definition supposes, that in order to achieve better financial inclusion, it is essential to innovate with respect to the methodologies previously used to reach this end, and that the development of new and accountable inclusive finance delivery models, becomes fundamental.

What can also be inferred from this definition is that the promotion of an “innovative financial inclusion” framework could be interpreted as an invitation to examine and improve current microfinance institutions’ practices. Basically, these institutions’ methodologies and mechanisms were supposed to reach an excluded and unbanked population, yet despite success in some particular cases\(^3\), they have failed to sufficiently expand the coverage of

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\(^{3}\) “Focusing on credit technology and client-institution relations, has allowed today’s MFIs to attain high repayment rates. These successes—which, at least for some shining examples among MFIs, translated into cost coverage, profits and formal registration as financial institutions—an achievement presumed impossible only a few years before—were the root of the dream of the “win-win solution”. (Terberger 2003. p. 189)
the financial system or offer a larger degree of inclusive financial services for the poor. In the case of the Latin American and Caribbean region, the former assertion can be sustained by data published and collected by international development institutions such as the Inter-American Development Bank and experts on measuring financial inclusion: “Even in countries where microfinance is firmly established there are wide gaps in terms of coverage. More than 250 million adults are still excluded from the formal financial system" and “only 15% of the rural population of Latin America and the Caribbean has access to formal financial services. Although people continue to move from the countryside to cities, lower income individuals tend to end up in marginal urban areas where banks are rarely present.

Furthermore, although poverty levels have dropped significantly in the region during the last decade, approximately 60 million people are still living on less than $US2 a day and levels of inequality persist. The main reason is that very often, economic growth has been promoted at the expense of an unequal distribution of benefits and development opportunities between the cities and the countryside, and between urban and rural populations. As a matter of fact, the richest 10% of the population in the region receive 48% of total income, while the poorest 10% receive only 1.6%. New methodologies fostering innovative financial inclusion and focusing more on how to better channel resources will have to be delivered in order to unleash the potential of the poor and boost new markets, meeting the needs of those who are excluded yet need access to resources and opportunities in Latin America and the Caribbean. Are microfinance institutions up to this challenge?

Jonathan Morduch suggested in 1999 that “the greatest promise of microfinance had so far been unmet, and that the boldest claims do not withstand close scrutiny”. Eva Terberger also referred to the microfinance movement’s innovations in her paper: Quoting Morduch, Professor Terberger argues that, given that the microfinance dream has not yet come true on a large scale, the advice offered by Jonathan Morduch and others is to improve the institutional set-up of MFIs and “take another hard look at management structures and mechanism design in order to lower costs while maintaining outreach. Doing so will be far from simple, and it is hard to imagine substantial progress without a second major wave of innovation” (Morduch, 1999, p. 1609).

Yet, that moment has come and we are on the verge of this major wave of innovation and a new step toward financial inclusion. This digital revolution is explained thusly: “the advancement of technology from analog electronic and mechanical devices, to digital technology, such as internet and mobile devices is changing the way we communicate, interact and do business”. By the end of this decade, the internet will reach more than 25 percent of the world’s population. Mobile communication too has become very

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4 See Terberger. 2003. p. 189
7 The World Bank, Poverty & Equity Data Bank and PovcalNet. Poverty and Equity, Regional Dashboard, Latin America and the Caribbean. Regional Poverty Trend: People living on less than 2USD a day. n.d. Web. 24/08/2013
11 Microfinance institutions in the development of financial markets, published by the CEPAL Review 81 in 2003
12 Such as Banerjee (2002) and Hulme and Mosley (1998)
important, as nearly 70 percent of the world’s population now own a mobile phone. The connection between websites and mobile devices has become a standard in communication. Furthermore, it is predicted that by 2015, the innovation of tablet computers will far surpass personal computers for use of the internet and the promise of cloud computing services. This will allow users to consume media and use business applications on their mobile devices, applications that would otherwise be beyond the capabilities of such devices\(^{14}\). The mobile payments trend, undoubtedly, is on its way towards becoming a mainstream phenomenon and will change how society thinks about monetary transactions\(^{15}\).

Many actors in the Latin American and the Caribbean region are already investigating and developing new policies or delivery models to reach excluded and underserved populations as well as isolated rural areas lacking the presence of the formal financial system\(^{16}\). Currently, “the use of products and services from formal financial institutions – banks, credit unions, cooperatives, post offices, or microfinance institutions – is often the benchmark by which financial inclusion is measured. Though there is great hope that innovations such as banking agents and mobile payments may eventually redefine how adults in Latin America and the Caribbean interact with the formal financial sector\(^{17}\). Countries like Bolivia, Brazil, Peru, Mexico, Colombia and recently, Guatemala are putting in place policy frameworks in order to enable partnership building and multi-stakeholder initiatives\(^{18}\).

Nonetheless, it remains to be proven that the mobile payments revolution will not remain as an unmet promise for the poor and unbanked, and that current financial institutions including MFIs will adapt and help build new inclusive financial ecosystems.

Innovation regarding e-payment models and the intervention of actors such us MasterCard, willing to extend the use of technology in order to allow microbusiness and entrepreneurs to access payment systems was at the core of the debate during the 9th University Meets Microfinance session on “Innovative Latin American Experiences” in the University of Salamanca. Having had the pleasure of moderating the session, I am pleased to summarise and commend the contributions of Francisco Escamilla, Julian Schmied and Professor Ana Marr as well as the subsequent discussion with the audience.

Francisco Escamilla explained that payment inequality excludes 8 million micro-businesses from the possibility of accepting card payments in Mexico. He explained how new, existing technology devices such as an “electronic chip” could complement the functionalities of a mobile phone; in order to facilitate microbusiness in offering payment solutions and accepting credit or debit cards from clients. The innovation consists of enabling mobile phones to transfer the information required for completion of a financial transaction without having to rely on traditional payment methods, such as data phones. Mr. Escamilla argued that this type of innovation could allow credit card payments in small grocery stores, the market place or other micro-businesses, including those currently excluded from the payment system. The discussion focused on identifying key success factors for the adoption of these new technologies and devices. Participants emphasised issues related to cost, specifically on how to distribute costs between the network of agents using the new technology, the

\(^{14}\) Idem.


\(^{16}\) Alliance for Financial Inclusion. Smart policies for mobile finance in the Americas: The next financial inclusion breakthrough?. February 2013. Web.24/08/2013


\(^{18}\) “Smart policies for mobile finance in the Americas: The next financial inclusion breakthrough?” conference on 21-22 February 2013 in Cartagena, Colombia.
technology providers, the financial institution guaranteeing cash and/or cash management and the ultimate client. All costs cannot be transferred to the end-user or to the micro-entrepreneur - a balance needs to be created between all actors that benefit from the new services in order to incentivise adoption. “Consumers should benefit from a range of low cost basic services offered by multiple providers on a common platform. Competition between providers would yield new services, presumably at a premium. This approach is hardly novel. As an example, Visa, MasterCard, and other global payment companies provide common payment networks and rules of engagement on which numerous financial service providers build their products and value propositions19. The discussion of Ana Marr and Julian Schmied argued that factors such as a lack of internet access and the isolation of the rural population can explain rates of financial exclusion in Peru. Therefore, providing access to new technologies can indeed be seen as a value proposition for micro-entrepreneurs, particularly when it enhances building new channels of communication, such as a network of agents able to distribute financial services and knowledge creation, new business ideas, as well as changes in the supply chain of products and services available in rural areas.

However, there are challenges to building inclusive schemes adding value or benefiting clients, operators and service providers at the same time. The use of and access to innovative technologies will require coordination among different actors. Approaches such as ensuring that retail agents or microbusinesses are able to differentiate between the many different technology service providers’ offerings are a possible way of tackling the challenge of building operational systems. Mapping the offer and clearly identifying its differences, should reduce the cost financial intermediaries and microbusiness’ face in building up their own networks to use and provide adapted technology solutions for their clients20. Ultimately, those systems in which both the technology service provider and the retail agent benefit will be those that thrive. It will, nonetheless, be crucial to deal with cultural, idiosyncratic and regulation barriers. Consumers’ adoption of new technologies for financial inclusion has a lot to do with trust of the existing financial system, its supervision and the way information is channeled and packaged to consumers. It will therefore be important to consider consumer financial literacy factors at the same time that efforts are being concentrated on developing a secure and trustworthy offer of products and services.

The latter can be a major challenge, particularly when the latest research reveals that “trust in how personal data is collected and shared is acting as a barrier to the widespread take-up of mobile apps in Latin America21”. In its latest research, the GSMA22 is exploring the impact of privacy concerns on the adoption of mobile apps and services in Latin America. The study, which involved some 4,500 mobile users across Brazil, Colombia and Mexico, concludes that, without taking action to protect consumer privacy, Latin America risks falling behind other parts of the world in the adoption of new mobile services. Mobile operators recognise the need to work closely with governments and wider industry to address these issues. They are calling on policymakers to increase their level of engagement with the mobile ecosystem as new consumer protection laws are being drafted23.

19 Prateek Shrivastava, The Guardian, Global Development Professionals Network Partner Zone, supported by DAI. Mobile services for the unbanked: finding a viable commercial model. Web. 2/09/2013
20 Idem.
21 Idem.
22 The GSMA represents the interests of mobile operators worldwide. Spanning more than 220 countries, the GSMA unites nearly 800 of the world’s mobile operators with more than 230 companies in the broader mobile ecosystem, including handset makers, software companies, equipment providers and Internet companies, as well as organizations in industry sectors such as financial services, healthcare, media, transport and utilities. The GSMA also produces industry-leading events such as the Mobile World Congress and Mobile Asia Expo. For more information, please visit the GSMA corporate website at www.gsma.com or Mobile World Live, the online portal for the mobile communications industry, at www.mobileworldlive.com
23 GSMA, Newsroom. Press Release. GSMA Reveals fears over mobile privacy are holding back the growth of mobile apps in Latin America. April 24, 2013. Web. 2/09/2013
There is still somewhat of a vacuum with regard to the regulation of electronic money. Nonetheless, three distinct forms of regulating electronic money seem to be emerging. The key change regarding the existing regulation applying to the banking sector is that, e-money regulation could “enable non-banks to issue electronic money (e-Money). This would allow a non-bank company to offer an electronic wallet (in many cases associated with a mobile device) where a person could store money, pay and exchange money with others, similar to how a banked customer uses a current account attached to a card. Three markets are leading the pack in allowing non-banks to issue e-Money – Bolivia, Peru and Brazil. Three other countries have prepared drafts for this and are already into the process of consultation – Colombia, El Salvador and Paraguay. México does not seem to have specific plans to follow suit, but has provisions within their banking law that in practice, could regulate non-bank e-Money issuers in a manner similar to how they are regulated in the other Latin American and Caribbean countries24”.

Advancing innovative financial inclusion in Latin America will not only require a coordinated effort among both public and private actors in order to build an appropriate financial services distribution network that goes beyond microfinance best practices to date, it will also require ingenuity and experimentation in order to adapt practices and build new regulation and supervision frameworks guaranteeing fairness as well as sound and accountable practices for the benefit of all customers, particularly the poor.

The use of credit scoring and poverty scoring by the MFIs in Latin America – a survey

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Abstract

To prevent a deviation from the social mission of microfinance, intelligence in borrowing and microfinance institutions’ strategies is required. Due to the lack of a classical collateral, the core of the lending intelligence is formed by a continuous learning process based on personal experience in managing loans by the credit committee. Classification remains a major concern in the efficient use of lending intelligence. In this context, the article discusses credit and poverty scoring as potential approaches of intelligent borrowing in Latin America. In order to measure the use of credit- and poverty-scoring tools in MFIs operating in Spanish-speaking Latin American countries, a survey was conducted and compared to a similar survey covering worldwide context. The results confirm a compelling interest of microfinance institutions in Latin American countries as well as in the entire developing world, in the techniques of credit scoring and poverty scoring. Furthermore the survey reveals a problem on the supply side because the prices of consultancy are considered to be elevated. The lack of exploitable databases points to a need to encourage implementation of appropriate management information systems in MFIs.

Introduction

Self-selection of applicants for microcredit poses problems to MFIs. In most markets, significant proportions of applicants do not have the capacity to borrow, while many of those who have the capacity and the need to borrow do not apply for credit. The business environment, which is mostly informal in developing countries, makes the process of targeting and selecting the creditworthy borrowers difficult. This difficulty expands further if when selecting creditworthy borrowers that are in a state of poverty – good borrowers that are poor. Solving this complexity engages the time of the loan officer, thus increasing operational costs. If the MFI considers relying on guarantees, this usually translates into “cherry-picking”, as only the few applicants that can provide strong and liquid collateral receive loans. The “cake” (without the cherry on the top) remains unserved. Without solid business intelligence the MFI deviates from its social mission or disappears.

Intelligence in borrowing

Intelligence could be defined, based on a famous 1993 statement by academics working on the topic as a “very general mental capability that, among other things, involves the ability to reason, plan, solve problems, think abstractly, comprehend complex ideas, learn quickly and learn from experience…” (Gottfredson 1997). In microfinance, the specific lending
intelligence of loan officers comes mainly from learning by experience. Short loan cycles, usually up to 12 months, and a great number of active borrowers per loan officer allow for many iterations – giving a large array of both good and bad cases to learn from.

Good (creditworthy) borrowers run good businesses. Unfortunately, the current ability to repay their debts doesn’t guarantee their future aptitude. Assessment of the future ability to repay a loan by the loan officer involves a certain subjective margin. Financial institutions impose threshold ratios for estimated future debt, cash flow and operational margin of potential borrowers, but these can be manipulated by both the loan officer and the declaring applicant. Strong competition lowers such eligibility requirements while the informal environment makes them less reliable.

The borrower can lose his/her ability to repay a loan due to personal or professional shocks. Health issues are a typical example of personal shocks whilst market problems such as a sudden drop in demand, a strong increase in the price of raw materials or imposition of a tax that annihilates the business margin, are professional shocks. Similar to the case of force majeure circumstances, the borrower is not responsible for the default and the loan officer cannot be blamed for negligence. Nevertheless, the character of the borrower can determine his/her preference for a certain business activity which can be more prone to volatility, or his/her predisposition to certain hazardous actions. The loan officer might be then held responsible for not observing the “bad” character of the borrower, especially if the latter is suspected of strategic default.

If MFI’s lending policies screen loss-making and risky businesses, then the intelligence of the loan officer is oriented mainly at identifying borrowers that have the appropriate character. The loan officer collects the information required for loan appraisal which corresponds mainly to policy verifications and, should the good character of the applicant be in doubt, the loan officer can deepen the verification of collected information; intuition often helps unmask the dishonest applicants.

In addition to lending procedures and intuition, the loan officer may rely on private information, but also on the knowledge of more senior officers. However, the core of the lending intelligence will be formed in a continuous learning process from personal experience in managing the loans defended & approved by the credit committee. The mind of the loan officer infers patterns specific to bad and to good borrowers; should an applicant’s pattern match one identified previously in bad borrowers, it is likely that the demand for credit will be declined.

Surprisingly, intuition is also defined using the concept of patterns: It is a process of matching patterns in order to quickly suggest feasible courses of action (Klein 2003). Emotions, self-interest, and stereotypes, as well as past experiences out of the credit context can influence the process of how patterns are identified and matched, allowing for subjective decisions which penalise the social and economic missions of the MFI.

**Pattern matching and artificial intelligence**

Pattern matching is used in classifiers – functions that classify objects in computation. Classification represents a central concern in the field of artificial intelligence. In this light,
credit scoring (and poverty scoring also) can be seen as artificial intelligence oriented at the specific problem of classifying potential borrowers as good borrowers or bad borrowers (meaning bad at meeting repayments, not necessarily poor).

A credit scoring algorithm learns patterns from past experience similar to the mind of the loan officers and uses this knowledge in future decisions. Such algorithms are classifier algorithms which can be “trained” using various empirical methods including regressions - most common technique in credit scoring - but also decision trees (Armingger et al. 1997), neural networks (Van Eyden 1995), support vector machines, etc. It seems that the technique of neural networks emulates best the functioning of a human mind although there is no one best technique for credit scoring. The selected technique usually has the lowest type II error - actual bad borrowers considered as a good borrower - when applying the algorithm to a test sample of good and bad borrowers.

Supposing that loan officers’ main mission is to identify applicants with bad character, it is interesting to investigate how credit scoring algorithms capture such patterns. Since MFIs generally don’t collect data on the character of the borrower, reflection of borrower’s character can be found in his/her socio and business – demographic characteristics, loan preferences, as well as in his/her past credit behavior. The first question however is whether microfinance institutions use such classifiers for identifying good/bad credit risks and, in the case of socially oriented microfinance institutions, poor/not poor applicants.

Survey of microfinance institutions from Latin America

We designed a short online survey in Spanish to measure the extent of the use of credit scoring and poverty scoring tools in the microfinance institutions operating in Spanish-speaking Latin American countries. We targeted 472 institutions from 17 countries by e-mail with most e-mail contact information being collected from MIX Market’s website. Other national databases available online were consulted to increase the number of institutions and 156 total answers were collected.

The results of this survey are compared with the results of a similar survey, an English translation of the current survey that tried to capture the same information for all developing countries several month before. From the English survey, 17 answers corresponding to different microfinance institutions operating in Spanish-speaking Latin American countries, were added to the current “Spanish” database. After screening double entries, the final database contained 150 answers from distinct MFIs. Analysis of 17 multiple answers from the same institutions revealed only one inconsistency in the declared information as to whether the MFI used credit scoring or not. When dealing with diverging answers to other questions, the response of the more senior employee was used. When we could not identify the responders, we considered the most recent answer and ignored the others.

The results of the “Spanish” survey are presented below. The differences with the English worldwide survey are presented in brackets – a positive number indicating a higher percentage in the worldwide survey. We found that 35.3% (+3.5%) of the institutions declare their use of credit scoring in the process of screening bad clients. 30.7% (+2.3%) of the institutions state their intention to implement credit scoring in the short-term, 24% (-5.6%) in the long-term, and the remaining 10.0% (-0.3%) of the institutions do not use credit scoring and do not have intention to use it. A certain bias cannot be excluded since information is self-declared and those familiar with the scoring techniques may be more willing to answer.
Excluding the answers that failed to define correctly the concept of credit scoring, while stating that it is in use in the institution, the percentage of microfinance institutions that use credit scoring becomes 24% (+5.1%), with a margin of error of 5.7% (+2.4%) at 95% confidence level. We can also state that 32.1% (−7.1%) [6.2% (+1.7%) error margin at 95% confidence level] of the microfinance institutions have a false perception of what credit scoring is, confusing it with subjective rating techniques.

The institutions that are not yet using the technique of credit scoring but intend to implement it in the short or long term declared the most important obstacle to its implementation to be the lack of budget/high prices of consultancy for the development of credit scoring algorithms. In the worldwide survey this obstacle came in the second place, after the lack of an appropriate database to “train” the credit scoring algorithm. In the “Spanish” survey the lack of database is the second most important obstacle. The third obstacle in both surveys is the absence of consultancy and human resources required to organize the development of a credit scoring algorithm. Other, less important obstacles include the need for more time to understand how the technique functions. 19.6% (+1.5%) of the microfinance institutions which intend to use credit scoring in the short-term reported that they are already in the process of its implementation. After eliminating from calculation the wrong definitions of credit scoring, we can state that 5.3% of the surveyed microfinance institutions in Latin America were implementing credit scoring at the moment of survey.

The institutions that don’t use credit scoring now, nor intend to in the future stated in proportion of 2/3 that they have greater confidence in the decisions of their loan officers. Other causes of their rejection of credit scoring are the lack of a budget and the feeling that the benefits of using credit scoring are outweighed by the costs of running and maintaining such tools.

14.7% (+25.1%) of the surveyed institutions reported that they currently use the technique of poverty scoring in the process of targeting poor clients. 36.7% (−13.4%) stated their intention to implement the technique in the short-term, 26.7% (−5.3%) – in the long term and, the remaining 22% (−6.5%) of the microfinance institutions – declared no interest in using the technique.

Excluding the answers that failed to define correctly the concept of poverty scoring while stating that it is in use in the institution, the percentage of users of poverty scoring becomes 12% (+21%), with a margin of error of 4.3% (+4.2%) at 95% confidence level.

Poverty scoring is based on the adaptation of the technique of credit scoring to the needs of identifying subjects (individuals or households) with low incomes. The technique was popularised by Schreiner (2010) from 2004 and later, by the Internet portals www.microfinance.com and www.progressoutofpoverty.org. Most algorithms have been developed using data from national surveys conducted to measure country-level poverty. Large samples of subjects identified as poor and as not poor are used to “train” algorithms that allow fast classification of subjects with high accuracy.

In the “Spanish” survey, contrary to the worldwide survey, the percentage of microfinance institutions that use poverty scoring is less than the percentage of institutions that use credit scoring. Only 4.7% (+16.4%) of the participating microfinance institutions use both poverty scoring and credit scoring [2.8% (+4.8%) error margin at 95% confidence level]. 6.7% (−3.2%) of the institutions do not use these scoring techniques and nor not intend to use them in the future.
These results confirm the compelling interest of microfinance institutions in Latin American countries, as well as in the entire developing world, in the techniques of credit scoring and poverty scoring. Credit scoring is in a wider use than poverty scoring in surveyed countries in Latin America. The survey reveals a problem on the supply side because the prices of consultancy are considered to be elevated. The lack of exploitable databases points to a need to encourage implementation of appropriate management information systems in MFIs.

Discussion

Discussions with UMM participants focused around the need for risk based pricing in microlending. Credit scoring can be successfully used in deciding the appropriate interest rate on loans, based on the estimated credit risk. Renewing borrowers that show excellent past credit behavior get systematically better interest rates and in this way, customer loyalty is built and maintained. Certain riskier borrowers can also receive loans in order to test their business ideas, paying a risk premium which should compensate the extra delinquency cost.

Other discussions concerned the supply of credit scoring consultancy and related services. Major companies in mainstream banking are developing their offerings in the microfinance sector – a sign that they are aware of the potential demand which has been highlighted in this paper.

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Financial inclusion & poverty in Peru

Ana Marr & Julian Schmied

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Abstract

Poverty is ostensibly a multi-dimensional issue. Economic, social and political forces play a role in its creation as well as its eradication. Financial inclusion, understood as the provision of micro-credit to populations that have never before had access to lending, has for some time been considered a useful way to help reduce poverty. In this paper, we have taken a two-pronged approach: (1) we tested the power of financial inclusion in influencing poverty outcomes, and (2) we identified those features in the microfinance institutions (MFIs) that closely determine the extent of financial inclusion. To this end, we gathered original data on financial inclusion in Peru for three years, 2008-2010, and employed a panel data analysis which concluded that financial inclusion has an alleviating effect on poverty and that larger MFIs – and those that target the poorer clients – tend to be more successful in enhancing financial inclusion.

Poverty measures

On the poverty dimension, our model takes into account three different measurements of poverty:

- Incidence of Poverty, which is the share of population below a pre-defined poverty line.
- Depth of Poverty or poverty gap, which is determined by the distance between the position of an individual poor person and the national poverty line.
- Severity of Poverty, which is close to the concept of poverty gap but takes into account the squared distance between income and poverty line which puts more weight to the income distribution among the poor population.

Definition of financial inclusion

For our purposes, financial inclusion is defined as the provision of financial services to people who had been excluded from financial markets. In other words, it represents the provision

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of finance to brand new clients, i.e. those who for the very first time have obtained access to finance. In addition, we focus on the largest financial product offered by microfinance institutions, i.e. micro-credit, although we are aware that a broader definition would include savings, micro-insurance, remittances, etc. Therefore, the applied indicator is defined as the number of people who received micro-credit for the very first time.

**Impact of financial inclusion on poverty**

**Theory**

Conceptually, we can argue that financial inclusion might have a positive impact on poverty through specific impact mechanisms arising from theorising a number of possible economic and social effects.

For example, following the investment theory, it is argued that financial inclusion disproportionately benefits the poor population when collateral requirements and borrowing costs are lowered (Beck et al. 2009). Meanwhile, the human capital theory supports the view that people need access to credit in order to invest in their human capital, e.g. via schooling, training etc., to eventually find a well-paid job (Galor and Zeira 1993). The firm-behaviour theory can tell us that people who are financially included might themselves help to reduce poverty if they create a business and hence generate jobs.

**Empirical evidence**

The model measures the correlation between financial inclusion and three indicators of poverty, controlling for other possible factors that might influence national poverty, e.g. economic growth, unemployment, development aid, education, rurality.

After applying a panel data random effect model, our analysis reveals that poverty is (statistically) significantly alleviated by financial inclusion, internet access and average loan-size. But poverty becomes worse in rural areas, i.e. the variable named rurality is positively correlated with poverty. Although, intuitively, the results resonate with plausible validity, we encountered endogeneity through reversal causality in the results, which means that we cannot tell the direction of the causal effect between poverty and financial inclusion. In other words, we can conclude that there is significant correlation between the two variables but we cannot tell whether financial inclusion causes poverty-reduction or the other way around.

**Major drivers of financial inclusion**

To identify the major determinants of financial inclusion, we constructed a new model that measured the effects of certain MFI characteristics – such as size, returns, risk disposition, age, profit status – on financial inclusion.

When applying a panel data random effect model, the results highlighted the fact that larger MFIs foster greater financial inclusion, which can be explained by their ability to employ larger resources in extending financial services to a larger number of people in the country. On the other hand, the “average-loan-size” variable presented a negative correlation with financial inclusion which means that the lower the average loan-size, the larger the financial inclusion. In other words, this result appears to say that as MFIs extend smaller loan sizes (or provide for the poorer clients) they are financially-including more people. Intuitively, it is
possible to validate this finding as people who are financially excluded are likely to demand small loan sizes and therefore those MFIs in a position to offer those loan sizes are more likely to expand financial inclusion more than other MFIs.

**Challenges and opportunities of MFIs when reaching out to rural regions**

In the aftermath of this session, we discussed possible challenges and opportunities for MFIs to reach rural regions. Among the challenges, we identified three main areas of concern: (1) types of financial services needed in rural farming communities: depending on crop production, they are typically larger in maturity and size; with micro-insurance playing a central role; (2) types of activities in rural areas: agriculture, non-agriculture, farm, on-farm, off-farm; and (3) type of client profile: farmer, trader, miner, fisher folk. The diversity of profile and productive activities demands a wide-range of financial services ad-hoc to the needs of the clients, their activities and the environment in which they live and work.

Among the opportunities, the audience lively debated ways in which to highlight how MFIs could adapt their operations and services in order to reach out the rural poor. The most salient conclusion was to take a value-chain approach in which MFIs can clearly identify the market segment at each point in the value chain. Once this is achieved, financial services can usefully adapted to support the functioning of productive value chains in rural areas.

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The perspective of Non-Bank Correspondents (NBC) in the microfinance sector: case study in Colombia

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Abstract

In a case study of Colombia the article presents bibliographic information and statistics on Non-Bank Correspondants (NBC) in order to reveal strengths, weaknesses and potentials of this model. Results reveal that the NBC model has been largely successful as it has been possible to increase access for thousands of Colombians to financial services, as reflected in banking statistics provided by the Bank of Opportunities. Furthermore, the promotion of financial education by the Colombian government is a positive sign for an efficient commitment to good governance in the microfinance sector. The authors of the analysis conclude that the NBC’s model may be a replicable and suitable model for MFIs and could be considered as a powerful tool to develop a series of additional products in the context of microfinance.

Our research is based on the collection of bibliographic information and statistics on Non-Bank Correspondents (NBCs) in Colombia, which represent an innovation in the financial system of the country. The NBCs started in Colombia in 2006 as a strategy to boost the country’s banking system, coinciding with the objective of microfinance, which is to achieve the bankarization\(^2\) of the citizens (Echeverry & Fonseca, 2006; Tafur, 2009). The model of the NBC has favored development of the microfinance sector in Colombia and therefore, the objective of this study is to assess the factors that affect the implementation of the NBC model in the development of microfinance institutions (MFIs) and by doing so, to identify its main strengths and potentials as well as the weaknesses of the model.

According to the question posed in the development of this research, the authors analyzed the experience of NBC’s development in Colombia through a strategic analysis of their business model and to evaluate its main strengths and weaknesses in the potential expansion of this tool to microfinance institutions. In this sense, we can say that the NBC model has favored the development of the microfinance sector in Colombia because, through them, it has been possible to increase access for thousands of Colombians to financial services, as reflected in banking statistics provided by the Bank of Opportunities. This institution has

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1 Research was carried out in the year 2009

2 For the purpose of this paper, the term “bankarization” is used variously to indicate access to financial services, financial inclusion, availability, and use of financial services, among others.
shown a progressive evolution of the number of micro-entrepreneurs who have accessed credit for the first time (47% in 2006 to 55.5% in 2008). On the other hand, the Colombian government has created an environment of motivation on both sides (supply and demand) of the financial services. This also promotes financial education in the population that uses (or seeks to use) these services. This is the fundamental key to the success of the MFIs and the NBCs with a commitment to good governance.

The NBC growth reflects the spirit of competition between many entities in the sector that somehow ensures that coverage of financial services will continue its expansion to places currently without much access to them. It also allows us to conclude that if this strengthening continues through increased coverage in the market, it will become more difficult to promote the entry into the market of new institutions that aspire to large coverage.

In the market for microfinance in Colombia, there is a usury limit for microcredit; this measure is fixed through a maximum rate which is currently set at an annual rate of 33.93%. Even though the existence of interest rate limit should be a barrier to the market growth, the expansive process of microfinance should lead us to believe that other factors would explain microfinance development in Colombia.

According to the analysis of supply and demand within the NBC’s market in Colombia, it is possible to identify which are the main guidelines of the model. It was evident that within the market there are two strategies; one promoted by Citibank, which seeks to use the NBC’s extensively; and a second one, fostered by BANCOLOMBIA, which uses a much smaller amount of NBC’s business but seeks higher trading volumes through this channel.

In relation to the demand side, the authors sought to analyse the evolution of the main services required by users as well as the number of transactions and their average value. It was noted that some years ago, the main demand for financial services in NBCs corresponded to activities of collection. However, in recent months, the services related to deposits and withdrawals have gained importance, which shows that users have gradually recognized and exploited the potential of the services provided by the NBCs. Nevertheless, the authors noted that placements within the NBCs were almost zero and that, in this sense, it is necessary to understand that this channel should be considered as a complementary strategy to exploit additional services.

The cost of implementing a NBC should also be considered as an advantage; evidenced by the fact that banks have expanded their coverage at a rate which would not be possible in other cases (branches). For example, from March 2008 to March 2009, 1,087 new NBCs have been opened to the public by several financial institutions in Colombia. Undoubtedly, this is an opportunity for microfinance institutions that have limited capacity of expansion through branches. Importantly, as far as the authors know, there are no reported cases of fraudulent operation of the technology used by the NBCs yet which increases the confidence between the three actors in the process: financial institution, NBC and user.

Having undertaken this analysis, the authors can conclude that the NBC’s model may be a replicable and suitable model for MFIs. We can say that the use of NBCs could be considered as a powerful tool to develop a series of additional products in the context of microfinance such as products liability (savings). Likewise, through the NBC’s model, it is possible to reduce transaction costs, and thus, improve the indicators of arrears and foster the repayment of debts more efficiently.
The efficient and historical methodology used by MFIs provided a framework in which the loans were made (or at least guaranteed) on the basis of a trusted component through which it was possible to have greater information about the client of the MFI, and the intended use of the credit granted (Monnavarian & Ashena, 2009). In this sense, it is important to mention that the NBC’s should not be used as a tool for micro positioning itself as, by doing so, it would increase the risk of losing all the elements that have provided comparative advantages to MFIs, both in current and potential areas served by NBCs. Thus, is should be mentioned that to rely exclusively on NBCs could foster inefficiencies.

The opening strategy of NBC’s by an MFI should aim to increase the additional financial services that MFIs provide such as savings products (that diversify the sources of financing for MFIs) or sales of microinsurance. With respect to products related to microcredit, the NBCs have proven to be a very important tool in reducing the delay in payments and, therefore, in improving the quality of the credit portfolio, since they encourage prompt payment of credit with lower transaction costs to the borrower.

Nonetheless, it can enhance the usefulness of the NBCs for MFIs if their opening is combined with a parallel trading strategy that aggressively captures new customers and allows the use of the NBCs as the most appropriate collection channels, demonstrating to new clients that it is no longer necessary to travel great distances to repay their loans. Additionally, it allows the MFIs to have a greater presence (from an advertising perspective) with regard to financial services in several cities and thus, a stronger position in new potential markets.

The current legal conditions established with regard to interest rates also require an effort from the government however in adjusting their financial policies to encourage greater participation of MFIs in order to offer their services to people with limited access to financial markets either by financial market liberalization or through alternative mechanisms that generate such promotion (Murcia, 2007).

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Cross-borrowing and its impact on microentrepreneurs’ indebtedness, repayment performance and well-being in Peru

Miriam Matzanke, John Orchard and Ana Marr

Abstract

This study aims at contributing to the understanding of cross-borrowing in microfinance. It observes the phenomenon from the clients’ perspective and sheds light on cross-borrowing as a whole, i.e. from its causes to its impact on the borrowers’ indebtedness, repayment performance and wellbeing. The research focuses on Peru and was realised with support of Financiera EDYFICAR, one of the largest MFIs in Peru. The main findings suggest that the prominent reason for interviewees to combine loans from various formal lenders is to obtain larger loan amounts, while the reason for cross-borrowing from both formal and informal lenders is to overcome short-term money shortages including those dealing with crises and emergencies.

Introduction

In recent decades, the microfinance industry has experienced unprecedented growth which was intended to deliver simultaneously social objectives and financial sustainability. This growth has resulted in highly competitive and even overheated markets in some regions of the world (Chen et al. 2010).

Today, in the most competitive microfinance markets, for-profit microfinance institutions (MFIs) compete with commercial banks, state-owned banks and NGOs for the same clients, offering the same or similar products and fighting fiercely to increase their market shares. One consequence of this increased competition is that microentrepreneurs can turn to different institutions for financial services. As a result, some of them take loans simultaneously from different lenders, which is usually referred to as double-dibbing, client overlap, multiple borrowing or cross-borrowing (Burki 2009; Chaudhury and Matin 2002; Krishnaswamy 2007; Maurer and Pytkowska 2011; McIntosh et al. 2005; Pytkowska and Spannuth 2012; Vogelgesang 2003). For a number of practitioners and academics, cross-borrowing is a matter of concern since it is perceived to be associated with over-indebtedness and repayment problems and thus, is feared to harm both borrowers and lenders. There is however, sparse empirical evidence to support these perceptions.

Research objectives and methodology

This study aimed to contribute to the understanding of cross-borrowing in microfinance. It observed the phenomenon from the clients’ perspective and shed light on cross-borrowing as a whole, i.e. from its causes to its impact on the borrowers’ indebtedness, repayment performance and wellbeing. The research focused on Peru and was realised with support of Financiera EDYFICAR, one of the largest MFIs in Peru. The Peruvian market was chosen because it is characterized by strong competition and high transparency (Economist Intelligence Unit 2012). The study consists of both qualitative and quantitative elements. The qualitative study is based on 32 lengthy semi-structured open-ended interviews with clients
of EDYFICAR that cross-borrowed, as well as on additional interviews with management and staff. Interviews were conducted in 2011-2012 and analysed using the grounded theory approach, an inductive method to derive a theory or generalisable idea from data (Corbin and Strauss 2008). For the analysis, interviews were transcribed and more than 2,000 text units were labelled with over 400 different codes. Subsequently, higher-level categories were built and consolidated to a bigger picture. In the quantitative part, data provided by Financiera EDYFICAR on 550 clients was analysed using different methods including tests to compare groups and correlation analyses. Due to the limited length of the workshop presentation and this article, the next sections will focus mainly on the qualitative part.

Main findings

The main reason for interviewees to combine loans from various formal lenders was to obtain larger loan amounts. When borrowers needed additional funds, they regularly turned to their existing lender first, since this was the easiest option. However, when this lender refused to disburse a further credit, customers turned to other loan providers. This strategy was often successful since different loan officers came to different conclusions when estimating a client’s monthly payment capacity. Often, this was caused by the fact that some officers based their estimates on positive scenarios in order to be able to grant a loan and gain a new client and in addition, because some microentrepreneurs have learned how to manipulate the estimates. The main reason to combine formal loans with informal ones or credit card debt was to overcome short-term money shortages including those dealing with crises and emergencies. Cross-borrowers were found to manage complex loan portfolios, whereby the composition of the portfolios depended on the reasons for cross-borrowing and the borrowers’ access to different financial products.

The borrowers with the most intense cross-borrowing strategies combined formal loans from different MFIs with various informal loans and credit cards. While complexity in the financial portfolios of the poor was also found by Collins’ et al. (2009) it must be acknowledged that cross-borrowing intensifies the complexity and with it, the challenges that microentrepreneurs face when managing their finances in a reality dominated by uncertainty and vulnerability to crises. Since cross-borrowing is a strategy to obtain additional funds, it regularly increases a client’s indebtedness level. This finding from the qualitative study was also confirmed in the quantitative part, in which a strong correlation (Spearman’s rho of 0.71, significant at the 0.01 level) between the number of a client’s non-EDYFICAR loans and the client’s indebtedness in the financial system was found. In the most severe cases, cross-borrowing leads to exceedingly high indebtedness levels, in which every small movement of income or expenditure causes a financial imbalance. Some clients have reached indebtedness levels which are manageable only if their businesses and private situation remain in an ideal scenario. Regarding its impact on a client’s indebtedness, cross-borrowing bears the risk of negatively impacting the repayment performance but was found to be neither a necessary nor sufficient condition for repayment problems. The quantitative analyses found no correlation between cross-borrowing and repayment performance, but clients with more than two non-EDYFICAR loans repaid less consistently than their peers (generalisation of the latter finding limited due to small sub-sample size). Hence, especially in combination with uncertainties and vulnerability for crisis resulting from a lack of savings and insurance, cross-borrowing may cause repayment problems if it leads to exceedingly high indebtedness levels.

One principle reason why cross-borrowing has not yet caused a structural repayment crisis in Peru may be be the high transparency in the market; Peruvian lenders have access to
timely and complete information on a customer’s credit history, which is provided by the supervisory body SBS and commercial credit bureaus. The lack of a repayment crisis could be attributed to the fact that MFIs, in most cases, use this information wisely to identify reliable clients with the potential to manage a cross-borrowing situation. However, the assumption that those who repaid in the past will continue to do so in the future is risky when clients reach critically high indebtedness levels. Also, repayment issues may exist before they show in reported figures; for instance when clients make financial sacrifices in order to fulfill their obligations. Note also, that the transparency in the Peruvian market challenges the assumption that cross-borrowing results from a lack of information sharing (Chaudhury and Matin 2002). Clients reported a negative impact of cross-borrowing on their well-being, assessed in terms of life satisfaction, only in cases in which cross-borrowing had caused repayment problems. In these cases, borrowers suffered from the material, sociological and psychological consequences of overindebtedness as described in Schicks (2011). Thereby, the consequences for cross-borrowers were intensified for two reasons: first, loan officers were found to execute more pressure on crossborrowers to ensure that what they can pay is paid to the respective institution and not to the competitor and second, for cross-borrowers it is more difficult to reschedule their debt since they have come to terms with several lenders.

However, for those who manage their finances well, cross-borrowing can be an engine of growth and greater well-being. To sum up, it can be said that cross-borrowing puts the Peruvian borrowers in a very challenging situation but at the same time it does not necessarily result in repayment problems or a deterioration of well-being. Therefore, to generally prevent cross-borrowing would mean unnecessary credit rationing. Instead, borrowers should be enabled to understand the consequences of their financial decisions through fostering financial literacy, as the SBS is already striving to do. In addition, the spread of savings and insurance products should be increased to help the clients manage financial challenges. After years of focusing on growth, a return to the client focus in microfinance is required. This includes responsible lending practices and a close relationship between borrowers and the loan officer allowing both to work together effectively.

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Consumer protection regulation: what are its main features and where is it heading in Latin American countries?

Verónica Trujillo

Abstract

Low income consumers and micro-entrepreneurs have usually been excluded from financial services and their lack of experience and knowledge about financial products is one of the main reasons behind the recent emphasis on consumer protection regulation among financial inclusion initiatives. There have been several guides issued on how to regulate microfinance, develop financial inclusion initiatives and specifically, on how to approach the issue of consumer protection in the financial system. But, how are countries implementing this kind of regulation? And what can we say about the effectiveness of a regulatory design concerning consumer protection? To answer these questions we have evaluated and compared regulatory frameworks on financial consumer protection of 17 Latin American countries as a first step to better understand this issue.

Consumer protection regulation: the motivation behind it

Consumer protection regulation is an attempt to address information asymmetry problems in the financial system’s intermediation activities. Consumers cannot make rational choices if they don’t have enough information. The wide gap of information available between consumers and financial institutions make the former susceptible to abusive practices and have the most severe consequences for microfinance clients with little experience regarding financial services and products. Fundación AFI (2010) state that today, efforts to increment financial inclusion should be accompanied by rules designed to protect consumers financial interests while trying to increase market access, thus ensuring fair competition and the free flow of accurate and complete information.

According to the World Bank (2012), consumer protection regulation promotes efficiency, transparency and a deepening of financial systems. It also helps to ensure equitable financial inclusion results, improves governance of financial institutions, deals with the risk of managing retail customers and protects financial system from government overreaction.

International guidelines on consumer protection regulation

Some international institutions such as CGAP (2012), ASBA (2010), the Smart Campaign (2011) or the World Bank (2012) have analyzed the regulation applicable to the microfinance sector or specifically for the protection of financial consumers and have designed “International Guidelines” for this purpose. Based on experiences and recommendations from regulatory authorities, practitioners and others sector’s stakeholders, these documents present guidelines to be considered in the design of national regulatory frameworks. General topics covered include criteria suggesting the design of a specific regimen for the protection of financial consumers, guidelines related to customers’ information, product affordability, cooling-off periods, bundling and tying clauses, advertising and sales materials, customer records and account handling and maintenance, debt recovery, credit cards, privacy and data protection

1 AFI (2010b), page. 3
and dispute resolution mechanisms.

Analysis of the regulatory frameworks for the protection of consumers in Latin America

The great variety and high specificity of topics related to regulatory frameworks for financial consumer protection when contrasted with the existing rules at national level lead us to realise that many criteria haven’t been implemented yet by any country, for example, in the case of criteria related to information about customers, product affordability or cooling-off periods. Our study focused only on rules applicable to institutions regulated and supervised by the financial authorities and is based on a comparative evaluation of 13 criteria selected from the aforementioned documents. Chart 1 summarises the results, country by country, about the implementation of a minimum framework for the financial consumer protection.

### Chart 1

<table>
<thead>
<tr>
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<th>Argentina</th>
<th>Brazil</th>
<th>Bolivia</th>
<th>Chile</th>
<th>Costa Rica</th>
<th>Colombia</th>
<th>Ecuador</th>
<th>El Salvador</th>
<th>Guatemala</th>
<th>Honduras</th>
<th>Mexico</th>
<th>Nicaragua</th>
<th>Panama</th>
<th>Paraguay</th>
<th>Peru</th>
<th>DR</th>
<th>Uruguay</th>
</tr>
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<tbody>
<tr>
<td>No ceiling on interest rates</td>
<td>-G</td>
<td>-S</td>
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<td>-G</td>
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<tr>
<td>Requirement to publish interest rate (no Annual, only Total=T)</td>
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<tr>
<td>Regulation on cost and administrative expenses</td>
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<td>Regulation on contract’s content</td>
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<tr>
<td>Specific financial consumer rights</td>
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<tr>
<td>Regulation on abusive practices in the financial system</td>
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<tr>
<td>Law grant the possibility to pay in advance</td>
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<tr>
<td>Requirements to publish financial information &amp; product features</td>
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<td>Regulation on over indebtedness</td>
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<tr>
<td>Privacy and data protection</td>
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<td>Credit card rules</td>
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<td>Specific consumer protection for third parties as agents</td>
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<td>Dispute resolution mechanisms</td>
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<td>Financial education</td>
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</table>

Source: Elaborated by the author

Note: (G) General, for the financial system; (S) Specific, for microcredit. (NA) Not applicable, because those countries do not have regulation for third parties as agents.

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2 These general topics include specific and detailed criteria. In the case of product affordability we could have evaluated if the product or service the institution offers is in line with the need of the consumer; if the institution gives sufficient information to enable the client to select the most suitable product or service, and if the consumer credit worthiness is properly assessed.

3 International guidelines indicate consumer protection regulation for financial intermediation activities should be applicable to all types of financial institutions whether prudentially regulated or not.
The analysis of the implementation of these criteria across the countries in first place indicates that while many of them (11 out of 17) have defined a specific set of rights for the financial consumer, their level of specificity varies widely and there is still space for improvement. Some topics such as privacy and data protection rights or the publication of interest rates and other costs, have been incorporated by all regulators. However the way to regulate the latter (the publication of interest rates) varies between the different countries analysed. Even when all countries have rules favouring the publication of interest rates, only 11 out of 17 specifically ask to show the total annual cost of the credit (or other financial product), which is a recent requirement in consumer protection spheres because of the usual misunderstandings regarding the cost of credits.

Ceilings over interest rates are considered instruments for consumer protection by most countries (11 out of 17), as well as regulations over cost and other administrative expenses (13 out of 17 countries at least require no charges without a previous service). Only 8 out of 17 countries set specific rules for contract’s content, particularly in the cases of standard-form contracts. The regulation to forbid abusive practices in the financial system have been identified as an important concern by 14 countries (out of 17), who have designed specific rules to deal with this problem. Another criteria widely implemented is related to the publicication of information about products and disclosure of financial information; particularly the last part, closely related to the prudential supervision of financial institutions that also requires the disclosure of financial information and services.

Consumer protection rules on credit cards have only been implemented by 8 out of 17 countries, and the level of detail of their development also differs considerably. Dispute resolution mechanisms and financial education programs have also been incorporated by most countries, even when the design of both varies widely across countries. Other criteria such as regulation to prevent over indebtedness, rules granting the possibility to pay credit in advance or consumer protection regulation for third parties as agents, have not been yet implemented in most countries, probably due to the novelty of these issues and the lack of experience on how to deal with them.

Conclusions

The regulation for the protection of the financial consumer in Latin America has seen a laudable improvement during the last years with the implementation of specific rules, dispute resolution mechanisms and financial education initiatives. Yet, countries can still enhance the development of their regulatory frameworks, dealing specifically with issues that are usually a concern and cause of dispute between financial institutions and clients such as regulations on credit cards, product affordability and other product features.

We observe a great variety of constantly evolving regulatory approaches that constitute a source of innovation and answers that should be tracked. Databases about dispute resolution mechanisms could help in better-designed national regulatory frameworks by emphasising issues still unresolved by financial authorities. It would also be advisable to track the results of financial education initiatives and of over-indebtedness rules to evaluate if they can contribute to solve these major industry concerns. This analysis constitutes a first step towards understanding and evaluating the effectiveness of consumer protection regulation; by knowing what is the basis we build on, we would be able to better understand how markets are replying.
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The evaluation of microfinance and the enhancement of financial inclusion

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Abstract
In recent years, the microfinance sector has experienced an increased focus on financial sustainability and efficiency of MFIs as a consequence of the rising competition among institutions, the commercialisation of microfinance, the technological innovations developed by the institutions, financial liberalization and the regulation implemented in the sector. This greater emphasis on financial sustainability and self-sufficiency of MFIs has raised concerns about the effects of this shift on the social aspects of the programs. Furthermore, there is no clear evidence regarding the effects on the balance between the social and financial objectives. The main findings of recent studies suggest that assessing the performance of the MFIs from a rather contextualised approach may allow for an evaluation of its activity, according to the particular characteristics of their environment. This is a key issue for future performance of microfinance, since it may contribute to the identification and definition of achievable goals for MFIs.

Introduction: the double bottom line

Microfinance institutions (MFIs) are a special kind of financial institution; they differ from traditional financial institutions in the sense that in addition to financial goals, they also pursue social objectives. This two-fold orientation is known as the double bottom line of microfinance. The set of social objectives that an institution seeks to achieve defines its social mission.

Providing microfinance services to the poor and excluded is a costly activity. The two main reasons behind the high costs of microfinance are the lack of collateral and the personalized design of the programs. These two problems were overcome thanks to the innovations developed by the MFIs, with the financial support from donors and international agencies. For that reason, subsidies have been very important in microfinance and still play a key role in the setting up and development of microfinance programs.

The microfinance sector has grown significantly during the last two decades and, parallel to this, microfinance activity has evolved towards a commercialisation approach. Experiences

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of success have attracted more actors to the sector, increasing the amount and diversity of funding sources. In recent years, the microfinance sector has experienced an increased focus on financial sustainability and efficiency of MFIs. This is a consequence of the rising competition among institutions, the commercialisation of microfinance, the technological innovations developed by the institutions, financial liberalization and the regulation implemented in the sector (Rhyne and Otero, 2006). This greater emphasis on financial sustainability and self-sufficiency of MFIs has raised concerns about the effects of this shift on the social aspects of the programs (Armendáriz and Szafarz, 2009). In addition to, there is no clear evidence regarding the effects on the balance between the social and financial objectives.

The evaluation of microfinance

At the initial stage, the evaluation of microfinance programs focused on the financial aspects with the social benefits usually taken for granted. This may be because, at the beginning, microfinance services were provided principally by NGOs. The focus on financial sustainability and the evidences of several cases of mission drift gave rise to an important debate between those who emphasise the financial aspects of the microfinance programs and those who give prominence to the social aspects (Robinson, 2001). These two positions are known as institutionists and welfarists, and even though the debate between the two approaches has not been concluded, recent literature seems to favour the institutionist approach (Hermes and Lensink, 2007).

At present, evaluation of microfinance is conducted through a holistic approach. There is a consensus about how to measure MFIs’ financial aspects (CGAP, 2003). Evaluations are based on the traditional indicators adapted to the particular characteristics of the microfinance sector, and they are used to assess the classical categories, i.e. profitability and sustainability, portfolio quality, assets and liability management and efficiency. But even though, in recent years, some convergence has been achieved on social assessment of the microfinance programs (Copestake, 2007), to date there is no consensus on how to measure the second bottom line (Gutiérrez-Nieto et al., 2009). This lack of consensus regarding the assessment of the social orientation leads to mixed results in the literature.

Main findings in recent studies

There are several articles analysing the relationship between contrasting orientations of microfinance programs; some authors provide evidence of synergies and compatibilities between the two dimensions, while others suggest that there may be a trade-off in pursuing this dual mission. Some studies show a clear relationship between the percentage of women clients and the depth of outreach (Louis et al., 2013; Quayes, 2012; Hermes et al., 2011). Mersland and Strøm (2007) suggest that MFIs should increase their efficiency in order to increase the depth of their outreach. Quayes (2012) provides evidence of a positive relationship between outreach and financial self-sufficiency for MFIs. Caudill et al. (2009) affirm that older MFIs generally operate at lower costs and that a reduction in the dependence on subsidies per loan is associated with cost improvements. In addition to this, Dewez and Neisa (2009) show that the oldest MFIs represent the highest scores in social performance.

Bédécarrats et al. (2009) suggest that portfolio quality is positively correlated with high scores in social responsibility. In a subsequent study, they point out that the quality of services, reasonable interest rates, and social responsibility measures to staff increase
portfolio quality. The quality of services and social responsibility towards the community and the environment has positive effects in lowering the operating costs of MFIs (Bédécarrats et al., 2011).

Using the DEA method, Gutiérrez-Nieto et al. (2009) provide evidence of a weak but positive relationship between social and financial efficiency and highlight a significant positive relationship between the efficiency in serving women and poverty reduction. Serrano-Cinca et al. (2011) find no relationship between social efficiency and profitability, but present significant correlations between financial efficiency and profitability ratios.

There are several studies that point out the existence of a trade-off between the social and financial objectives of the MFIs. Cull et al. (2007) suggest that seeking efficiency may cause mission drift, and Hermes et al. (2011) provide evidence of a trade-off between depth of outreach and efficiency of MFIs. They suggest that the percentage of female borrowers in the portfolio is negatively correlated with efficiency. Thus, the lower the average loan level, the less efficiency rates for the MFIs. Hence, they affirm that the aim of increasing financial efficiency pushes MFIs up the market, focusing on better-off clients. They also suggest that higher efficiency levels may only be achieved if MFIs focus less on the poor.

Socially efficient MFIs are also financially efficient but when the organizations are not able to achieve efficiency in both dimensions, they choose to aim for financial performance (Gutiérrez-Nieto et al., 2009). Balkenhol (2007) affirms that financial performance does not necessarily coincide with efficiency. Hartarska et al. (2012) provide evidence of the existence of a trade-off between sustainability and outreach.

**Methodological implications**

Differing results may be a consequence of the use of several techniques and different combinations of indicators to assess the social orientation of the microfinance programs. Interestingly though, there are several studies that apply the same techniques to similar MFIs and still provide mixed results. This may lead to the consideration that the cause lies in the environmental characteristics of the context where MFIs are active. Such a finding highlights the role of context as a determinant of the double bottom line of the programs.

This raises the first question that this research aims to tackle: when does the double bottom line exist? It is very important to develop ways to identify and measure the double bottom line for those situations where the existence is not clear. This is especially relevant for those MFIs that may present bad performance results as a consequence of the environmental conditions of the area where they operate. These MFIs may be affected by a double difficulty. On the one hand, they may be facing more complicated needs and more complex problems. On the other hand, they may be punished in the assessment process as a result of their apparently bad performance.

The second step is to understand the importance of the context. Thus, the key determinants of the double bottom line must be identified and understood as well as why and how they affect the performance of the MFIs. Only then will it be possible to define the real threshold for improvement of microfinance programs.

To conclude, assessing the performance of the MFIs from a contextualised approach may allow for an evaluation of its activity, according to the particular characteristics of their environment. This is a key issue for future performance of microfinance, since it may
contribute to the identification and definition of achievable goals for MIFs.

Discussion

Some participants stressed the importance of progressing towards a consensus on evaluation techniques without forgetting the need for simplification of the assessment framework. They emphasized that the mixed results on some specific issues may be a consequence of the lack of information and reliable data, the impossibility to establish direct links about the impact of the programs, or a result of both factors.

Some participants also expressed their doubts about the importance of the corporate social responsibility as a key dimension of the social orientation of the programs. In their opinion, a key aspect is not sufficiently considered in the assessment of the social performance: the issue of how social improvement has been defined and through which measures it has been achieved. They emphasised the importance of the definition of poverty profiles of clients and highlight that, since they are subject to changes linked to environmental characteristics, they may be affected by such key external determinants.

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New forms of financial inclusion in Spain

Francisco García Joaquín Cortés

**Abstract**

The current economic crisis in Spain has exposed weaknesses in the banking sector and left many families very close to the poverty line. The three pillars of microfinance: access to credit, financial education and protection of the user, have shown their weakness in Spain with the economic crisis and the disappearance of the savings banks threatens even sharper financial exclusion.

**Introduction**

In the last three decades Spain has experienced significant economic growth, accelerated by joining the European Union in 1986. In addition, entry into the Eurozone has allowed access to a framework of macroeconomic stability with low interest rates and relatively easy access to finance. Families and businesses had access to credit and this led to one of the most significant periods of economic growth in contemporary Spanish history.

This whole process has contributed to a very solid banking system, with solvency levels the highest in the world as well as a particularly dynamic technological implementation. As a result, we have found a special retail banking model; one bank branch for every thousand inhabitants. Specifically, according to the European Central Bank (2012), in 2007 Spain had 45,500 bank branches, representing almost 25% of the Eurozone’s total. In 2011, the number of agencies fell by almost 12% compared to 2007, however Spain remains the country with the highest number of bank branches per capita.

The financial crisis of 2008 has radically changed the situation and shown the high indebtedness of Spanish households. The GDP has declined by about 7%, and unemployment is close to 30%. Relative poverty levels are of particular concern. According to the National Statistics Institute (2011), the Spanish household income fell 4.4% on average in 2011, 35.9% of Spanish families are unable to handle unforeseen expenses, and 21.8% of the population is below the poverty risk threshold.

According to the most widely accepted definitions, Spain now exhibits new forms of financial exclusion: access to credit, high fees to access bank accounts, poor access to banking services in towns with less than 5,000 inhabitants, etc. The latter case is particularly worrying with many rural areas in Spain having no opportunity to access banking services, causing such exclusion regardless of the economic situation (Peachey and Roe 2005).

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The three pillars of microfinance

There are certain difficulties, both academically and professionally, in defining financial exclusion. There are however minimum elements included in most proposed definitions.

This minimal conception is best exemplified by the definition proposed by the European Commission (2008):

Financial exclusion refers to a process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong.

Meanwhile, Servet (2001) associated financial exclusion with the inability to live normally in society as a result of difficulties in accessing the use of means of payment, credit, savings or insurance; a definition that makes Spain a country where financial exclusion is growing alarmingly. In some cases this growth is strictly financial exclusion, but also other forms of financial marginality. Traditionally, the most vulnerable segments of the population are most affected by this new situation: unemployed, pensioners, students, etc. (World Bank 2005).

The situation has been caused by the weakness of the three pillars of microfinance and financial inclusion:

- Access to credit
- Financial education
- User protection banking

With regard to the first pillar, we can say that the diagnosis of the situation in Spain is now widespread restriction of credit (credit crunch), so that businesses and families face significant barriers in accessing finance. This is still the leading cause of financial exclusion today.

With regard to the second pillar, we must say that, although the initial situation in Spain was not alarming, it is true that the complexity of the banking products marketed in recent years has caused a situation that is difficult to manage. This situation leads us directly to the third problem: the user unprotected bank.

The third pillar has caused mortgage protection measures to be launched recently by the Spanish Government. Legislative initiatives are obligated to highlight the code of banking practices. Virtually the entire banking sector in Spain has voluntarily joined this code because they are aware of the need for major change in the industry.

Conclusions

Easy access to credit during the last period of economic growth in Spain, together with the factors highlighted, have caused a situation of over-indebtedness of Spanish households made visible with the change of cycle. Indeed, this change of the economic cycle, coupled with the peculiarities of the Spanish economy has shown inefficiencies within the banking sector in Spain and malpractices of both banks and users for decades. The situation that arises from it is one of deepening poverty and financial exclusion. This situation becomes
even more complex with the disappearance of the savings banks, now converted into banks. Savings banks have been linked to the segments of the population most vulnerable, and for centuries have contributed very efficiently towards reducing financial exclusion. Their disappearance poses a risk likely to exacerbate financial exclusion in Spain in the coming years.

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Proposal to tackle financial exclusion in Spain

Silvia Rico

Abstract

The major aim of Armando Muriel’s presentation was to fight against the financial exclusion process that is currently affecting the Spanish population by disseminating and using good practices developed and implemented in other countries, especially in Latin-America. In the case of Spain, the recent evolution of the financial exclusion process is mainly characterised by the lack of access to credit, but also by the decrease in the number of financial institutions and branches, poor customer protection regulation, the lack of basic financial education, a rising trend of exclusion and the absence of public initiatives to combat it. The key elements to take into account in order to promote financial inclusion in Spain should be: the role of Public Administration, the Monetary Authority, the financial system and other institutions, and the criteria and methodology adopted.

Summary of Armando de Muriel’s (Nodus Consultores) presentation at the University Meets Microfinance Workshop: “Inclusión Financiera y Microfinanzas en América Latina” in Salamanca (Spain), 31st May. Translated and written by the workshop moderator, Silvia Rico (Fundación Nantik Lum).

During the UMM workshop “Financial Inclusion and Microfinance in Latin-America”, held in Salamanca (Spain) on the 31st May 2013, the consultant Armando de Muriel from Nodus Consultores, offered several proposals to tackle financial exclusion in Spain based on his broad experience and lessons learned throughout several microfinance programmes worldwide. In particular, the main goal of his presentation was “to fight against the financial exclusion process that is currently affecting the Spanish population by disseminating and using good practices developed and implemented in other countries, especially in Latin-America”.

According to Armando de Muriel, a person can be defined as financially excluded when he/she has lack of access to one or several products and services offered by the financial institutions in his/her country or when he/she does not make use of them or utilises them at a disadvantage. Access to financial services refers to bank transfers, savings, credit and insurance. Financial inclusion promotes access to the financial system under fair conditions and within a context of public policies and strategies addressed to the population and particularly, to the low income segment. In summary, it means trying to avoid social exclusion by promoting access to financial services amongst the population at risk of poverty, as well as bringing back into the economic loop those people and initiatives with the appropriate skills.

In the case of Spain, the recent evolution of the financial exclusion process is mainly characterised by the lack of access to credit, but also by the decrease in the number of financial institutions and branches, poor customer protection regulation, the lack of basic financial education, a rising trend of exclusion and the absence of public initiatives to combat it.

The key elements to take into account in order to promote financial inclusion in Spain should
be: the role of Public Administration, the Monetary Authority, the financial system and other institutions, and the criteria and methodology adopted.

The Government should develop a financial inclusion policy or strategy at a national, regional and local level that encompasses all the key elements that affect financial exclusion. For example, the Government could launch a multiparty alliance for financial inclusion or an investing vehicle similar to the Multilateral Investment Fund from the Inter-American Development Bank Group, or replicate the strategy of the UK local councils to foster financial inclusion initiatives after the disappearance of the savings banks during the Thatcher period.

The Monetary Authority, i.e., the Bank of Spain, should facilitate the existence of financial institutions that address products and services (especially credit) to the low income segment of the population. Moreover, the Bank of Spain should perform an appropriate and specialized supervision of the microfinance sector (including those private institutions that offer “fast credit” with usury interests) and guarantee suitable customer protection regulation.

The financial system should promote financial inclusion through “specialized foundations” (the former Savings Banks), upgraded and/or non-regulated institutions with experience in serving this type of client, such as the ethical bank Fiare and other social entities. Other organizations that should form part of the financial inclusion policies or strategies are education, training and technological institutions. Following developing countries’ experiences, the technology of mobile phones should be further explored. Also, the possibility to use bank agents, such as groceries in the rural areas should be taken into consideration.

Financial policies and strategies should be designed based on the following criteria: sustainability, efficiency to reduce operating costs, technical rigor and client orientation. Finally, the methodology to be applied by the Spanish microfinance sector should be based on individual loans, credit risk control, affordable and stimulating guarantees to pay back the loan relying more on a moral or psychological pressure than on economic capabilities, and adequate monitoring procedures.
El programa de microcréditos para la inclusión social en España (PROMIS)

M. Carmen Pérez Sánchez

Ms. Carmen Pérez Sánchez has a degree in Philosophy and Education from the University of Seville and a Master in Microfinance and Social Development from the CIFF and the Alcalá de Henares University (Madrid) where she has also taught.

In 1983 she began her career in the commercial side of Cajasol (saving bank of Andalucia) where, for more than 20 years, she was manager in several branches. At the same time, she taught Retail Banking at the internal School of Cajasol.

In 2006 she moved to Cajasol Foundation where for five years she was the Head of Social Economy and Microcredit and launched two microfinance programs: one linked to financial inclusion and the other to social inclusion. She also participated in the launching of a Cajasol Project on financial education within the corporate volunteers program.

A speaker at numerous conferences and forums on microfinance including the IV Global Microcredit Summit, nowadays she is an independent microfinance consultant.

Abstract

The objective of the Spanish Microcredit Programme for Social Inclusion (PROMIS) is to promote social and financial inclusion of socially excluded people by providing them access to microloans with favorable conditions and without requiring collateral. The results and impacts that were found are an improvement of skills and abilities in financial management of the household, increased generation of income, empowerment, improved self-esteem and social networks, improved living conditions and thus an increase of the chances for social inclusion.

Introducción

El objetivo de este artículo es exponer el Programa de Microcréditos para la Inclusión Social en España (PROMIS). Este programa es el resultado de un proceso de síntesis de la experiencia piloto desarrollada en Sevilla y Huelva durante casi 4 años por la Fundación Cajasol y la Fundación del Instituto de Crédito Oficial con la colaboración de varias Entidades Sociales.

Concepto de exclusión social

El término “exclusión social” se refiere a una situación concreta que sufren determinado tipo de personas y que es el resultado de un proceso creciente de desconexión y pérdida de integración y de vínculos personales y sociales. Como consecuencia de ello la persona o el colectivo se ve privado del acceso a las oportunidades y recursos de que dispone la propia sociedad, y de la participación plena en la vida económica, social y política pudiendo

1 Centro Al Alba (mujeres víctimas de redes de explotación sexual), Fundación Genus (mujeres víctimas de violencia de género), Fundación Sevilla Acoge (inmigrantes), Cruz Roja (población excluida en general), y Fundación Valdocco (población excluida en general).
llegar a perder sus derechos sociales.

No solo la falta de recursos económicos o pobreza pueden ser motivo de exclusión social. Hay todo un conjunto de factores ambientales, sociales, laborales, socio-sanitarios, formativos, relacionales, etc., que pueden ser el origen o desencadenante del inicio de este proceso en el que habitualmente se conjugan varios de estos factores simultáneamente, o unos surgen como consecuencia de los otros. Y este fenómeno afecta cada día más a amplios sectores de población en España como veremos a continuación.

Otro concepto que nos interesa mencionar es el de “exclusión financiera” que podemos definir como la falta o dificultad de acceso a determinados productos financieros básicos como cuentas corriente o de ahorro, tarjetas de débito o crédito, pequeños préstamos o seguros.

Exclusión social y exclusión financiera generalmente van de la mano y reflejan ese proceso de desconexión del que hablábamos al principio.

Otros tres factores de carácter personal afectan grandemente a las probabilidades de padecer mayor vulnerabilidad y exclusión social, y estos tienen que ver con el género, como veremos en el gráfico, con la etnia o la procedencia (inmigrantes) y con la edad.

Para ilustrar con algunos datos de qué estamos hablando y cual ha sido la evolución en España en los últimos años se muestra un gráfico basado en la Encuesta de condiciones de vida (ECV)

**Gráfico 1: Riesgo de exclusión social en España**

*Fuente: Elaboración propia con datos del Instituto Nacional de Estadística*

Aunque en la presentación en PowerPoint se muestran gráficas referentes a la Tasa de Pobreza y los Ingresos medios por Hogar, aquí solo se presenta que refleja la evolución del riesgo de exclusión social en España entre 2004 y 2011, ya que a la fecha de este workshop los datos de 2012 no eran definitivos.

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2 La ECV es una investigación estadística dirigida a hogares que se realiza en todos los países de la Unión Europea. El objetivo principal es proporcionar información sobre la renta, nivel y composición de la pobreza y la exclusión social. Con ella se puede observar la situación y evolución en España y hacer comparaciones en el tiempo con otros países de la Unión Europea.
En cualquier caso, estos datos confirman la tendencia alcista en el riesgo de exclusión social en España que ya en 2011 estaba por encima del 25% y en progresión ascendente hasta la actualidad.

Y otra de las observaciones que se puede constatar es el mayor riesgo de exclusión social en mujeres que en hombres, algo conocido y generalizado en todo el mundo y que se ha dado en llamar “feminización de la pobreza”.

Es precisamente en 2008, inicio de la crisis y punto de inflexión en el que la línea de la exclusión social comienza a elevarse, cuando se puso en marcha la experiencia piloto que da origen a este programa ya sistematizado. Y es ahora más que nunca cuando cobra relevancia el poner en valor la metodología del programa que a continuación se expone.

Programa de Microcréditos para la Inclusión Social (PROMIS)

Objetivo General

El Objetivo general del proyecto es favorecer la inclusión social y financiera de las personas excluidas socialmente facilitándoles el acceso a microcréditos en condiciones favorables y sin exigirle garantías.

El programa se centra en la mejora de las capacidades para obtener ingresos a través de la obtención de microcréditos y de los servicios no financieros que se describe más adelante, y es precisamente esto lo que hace diferente al PROMIS de otros programas de microcrédito desarrollados en España; y lo hace de forma complementaria a las intervenciones de apoyo especializado que requieren las personas que están en riesgo de exclusión social. Estas técnicas de intervención especializada se proporcionan a través de las entidades sociales que son uno de los pilares fundamentales del proyecto y sin cuyo trabajo y conocimiento no se podría desarrollar.

Y todo ello enmarcado bajo la premisa de un enfoque de género que ayude al empoderamiento de la mujer y a la igualdad ya que como veíamos anteriormente el riesgo de exclusión social es más alto en mujeres que en hombres.

Actores

Promotores del PROMIS: Entidades sociales públicas o privadas en cuya misión y visión encaje el programa para alcanzar sus objetivos, y tengan los recursos necesarios para desarrollarlo.

- Entidad financiera o con recursos económicos suficientes que será la proveedora de fondos para los microcréditos.
- Personas usuarias que han de pertenecer a uno de los colectivos descritos posteriormente y han de estar siendo atendidas por la entidad social en otros programas paralelos.
- Recursos humanos necesarios: Director/a del proyecto, asesor/a de implementación, facilitador/a de la dinámica grupal y oficiales de crédito.

La asunción de estos roles puede ser diferente en función de las capacidades que tenga la entidad promotora, y se podrá asumir más de un rol por parte de una sola persona.
El papel de las entidades sociales

El papel que juegan las entidades sociales en este programa es fundamental ya que el microcrédito se convierte en una herramienta más y complementaria de las que habitualmente utilizan de forma específica para combatir la exclusión social en el colectivo al que se dedican. Las necesidades de las personas en situación de exclusión social son numerosas y variadas y el PROMIS no puede cubrirlas o abarcarlas todas; y por eso se concibe como una actuación en paralelo junto a las que realiza la entidad social.

Es importante que las entidades sociales realicen una intervención sistemática y específica de atención a alguno de los colectivos que después mencionaremos ya que es en esa intervención donde se enmarca la actuación de las dinámicas de grupo y el acceso a los servicios financieros y no financieros que ofrece el PROMIS.

Por todo ello es importante que las personas que accedan al programa sean usuarias de estas entidades colaboradoras especializadas. El conocimiento de las entidades sociales de sus usuarios, de sus capacidades y apititudes, de sus carencias se convierte en esencial para el desarrollo del programa y para aumentar las posibilidades de éxito de cada uno de esos usuarios.

Colectivos: Este programa se dirige fundamentalmente a determinados colectivos que concentran los factores de exclusión social que se mencionaban anteriormente y que en España hemos identificado con mujeres víctimas de violencia de género, mujeres víctimas de redes de trata o explotación sexual, inmigrantes regulares o no, personas en situación de desempleo de larga duración, personas de etnia gitana, personas sin techo.

Metodología

Grupal: El uso de la dinámica de grupo es un elemento diferenciador en este programa ya que la experiencia ha puesto de manifiesto la efectividad de la metodología en este tipo de colectivos. Con ella se pretende fomentar la autoconfianza y la confianza mutua, el empoderamiento, las habilidades sociales individuales y relacionales, las redes de apoyo mutuo, etc.

También se facilita el afloramiento de líderes, el empoderamiento individual y grupal, y el fomento de la autonomía personal que se considera clave puesto que lo que se pretende es disminuir progresivamente la dependencia del grupo y del programa.

Se trata de realizar reuniones periódicas quincenales de todos los usuarios que han de ser elegidos con un criterio común que aluda al factor de exclusión. Este nexo común es lo que proporciona cohesión al grupo y lo que permite desarrollar técnicas e intervenciones específicas para cada colectivo.

Se recomienda que los grupos tengan un mínimo de 5 personas y un máximo de 15.

Individual: En cuanto a la titularidad del crédito que es suscrito de forma individual por cada persona usuaria sin el aval o garantía de ninguno de los otros miembros del grupo. También se hace de una forma individual la planificación de la permanencia en el grupo y el seguimiento dentro del mismo por parte del técnico de la entidad social, así como la salida del mismo de una forma programada.
La combinación de ambas metodologías grupal e individual es la propuesta diferenciadora que hace el PROMIS.

**Servicios financieros**

El programa está enfocado a la concesión de microcréditos con la anteriormente citada metodología grupal en cuanto al estudio, evaluación, concesión y posterior seguimiento. Incluso la firma del mismo se realiza en el seno del grupo una vez se ha concedido por la entidad de crédito ya que ello refuerza el compromiso que el prestatario adquiere frente al resto de los miembros del grupo.

Sin embargo el microcrédito es contratado individualmente por cada persona usuaria sin aval o garantía de ningún tipo.

Hay tres tipos de créditos en función del importe y la finalidad:

- **Crédito Confianza**: hasta 600 EUR y 12 meses de amortización y que sirve para cubrir necesidades urgentes y/o de difícil atención.

- **Crédito Personal**: hasta 3.000 EUR y 24 meses de amortización para atender otras necesidades sociales.

- **Crédito Autoempleo**: hasta 15.000 EUR y 60 meses + 6 meses de carencia. Este está destinado a un micronegocio o pequeña actividad productiva o generadora de ingresos.

Las condiciones financieras de tipo de interés, comisiones, etc., se dejan a criterio de la entidad financiadora aunque se aconseja que sean similares a las de mercado aunque algo mejoradas dados los colectivos a los que se dirige.

**Servicios no financieros**

Los más relevantes son las reuniones de grupo periódicas que se celebran quincenalmente. En ellas tiene lugar las dinámicas específicas de intervención para cada colectivo y que son realizadas por el personal técnico de las entidades sociales.

También se contempla una formación básica obligatoria en dos áreas:

- **Gestión de la economía doméstica** que capacite a la persona para gestionar convenientemente los ingresos y gastos de la economía familiar.

- **Educación financiera básica** que le permita manejar los conceptos básicos necesarios para un desenvolvimiento mínimo en este aspecto.

Los miembros del grupo podrán demandar una formación básica complementaria para afianzar o profundizar en algunos conceptos contenidos en la formación anterior.

Adicionalmente y para las personas que vayan a montar un micronegocio, la entidad social les proporcionará orientación y el acceso a los medios necesarios para la elaboración del plan de negocios, y les ayudará y acompañará en las cuestiones específicas para el desarrollo o la gestión de su actividad generadora de ingresos.
Resultados e impactos posibles

Los resultados e impactos que se pretenden obtener con esta intervención son la mejora en las capacidades y habilidades de gestión económica y financiera tanto de la economía doméstica como de la generación de ingresos, el empoderamiento, la mejora de la autoestima, la creación de redes sociales de apoyo, la mejora en las condiciones de vida y por tanto el aumento de las posibilidades de inclusión social.

Contribución al programa

Lo que se llevó a discusión en el taller de Salamanca fue añadir una tercera formación básica sobre el uso y manejo de las TICs a incluir en el capítulo de los servicios no financieros. Se expuso que la llamada brecha digital es un indicador de una significativa dimensión de pobreza, la “pobreza informacional” que estaría en el límite de la exclusión social. El manejo básico de un teléfono móvil, el uso de un ordenador y el acceso a internet se proponen como esa tercera formación básica que en los momentos que vivimos no podemos dejar al margen ya que ello contribuye a aumentar el riesgo de exclusión social.
In recent years, the topic of financial inclusion has found its way onto the agendas of international political players such as governments and policymakers. Financial inclusion, recently defined as “a movement that envisions a world in which low-income households have permanent access to a range of high quality and affordable financial services offered by a range of retail providers to finance income-producing activities, build assets, stabilize consumption, and protect against risks. These services include savings, credit, insurance, remittances, and payments, and others” (Microfinance Gateway, 2013) raises many debates and questions. By focusing on one region, Latin America, the 9th UMM workshop has generated a wide debate focusing on specific country contexts as well as the region as a whole.

Opportunities for advancement in the microfinance sector and especially the measurement of the relatively new concept of financial inclusion are being pursued by a variety of organizations mentioned in this publication, such as The Global Partnership for Financial Inclusion, Fundacion AFI, and the Alliance for Financial Inclusion. This report additionally presents different opinions and schools of thought on the subject, highlighting both the gains and the shortcomings of the sector in measuring financial inclusion today.

Currently, further research opportunities at different levels exist, allowing sector patterns to be tracked and new conclusions to be drawn. A few ideas on potential future research that were brought forward during the workshop can be listed here:

- Exploring links between financial and social inclusion is an interesting way of framing the subject. Carmen Velasco (Pro Mujer, page 6) presented social inclusion as a necessary extension of financial inclusion. Her belief that MFIs should empower clients to make the best social and financial decisions for themselves is one shared in many corners of the microfinance world, and presents interesting research opportunities.

- Studying the influence of financial inclusion in terms of poverty alleviation and international development.

- Exploring what are the major drivers of financial inclusion.

- Defining whether global, regional or national indicators should be used.

- Documenting best practices where new technologies and innovation play an important role in enhancing financial inclusion.

- Overcoming challenges to building inclusive schemes adding value or benefitting clients, operators and service providers at the same time.

These clusters of research could be relevant to MFIs, donors, academics, policymakers and students alike. Opportunities exist for meaningful progress in defining, measuring financial inclusion and documenting experiences. We expect that the experiences and outcomes presented in this report will help in one way or another to promote reflection on the topic of
financial inclusion and microfinance in Latin America but also in other regions.

We would like to express our special thanks to the Universidad of Salamanca for their cooperation and for hosting the 9th UMM Workshop. We also would like to extend a special thanks to the funders of UMM. Without their support the organization of the workshop and the publication of this report would not have been possible: Thank you to the European Microfinance Platform (e-MFP), the European Commission, GIZ-BMZ, AFD, Freie Universität Berlin, Capgemini Italy, the Frankfurt School of Finance and Management and PlaNet Finance. Special thanks also go to Yasmin Olteanu, the UMM Scientific Coordinator from Freie Universität Berlin, for her valuable contribution in producing this publication.

Finally, we thank all the participants who attended the workshop and the speakers from 8 European universities, the Spanish Cooperation Agency (AECID), the Inter-American Development Bank (IDB) and 8 specialized organizations active in Spain and worldwide.

We welcome any comments and suggestions you may have,

Sincerely,

Vanessa Quintero
for the UMM Team

umm@planetfinance.org
www.universitymeetsmicrofinance.eu
www.facebook.com/universitymeetsmicrofinance
Annex I: Photo Gallery
Thursday, May 30th

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<thead>
<tr>
<th>Time</th>
<th>Programme</th>
<th>Room</th>
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<tbody>
<tr>
<td>16:00 – 16:30</td>
<td>Registration</td>
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<td>16:30 – 18:30</td>
<td><strong>Opening and Welcome</strong></td>
<td>Salón de grados</td>
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<td></td>
<td>Ricardo Rivero, University of Salamanca</td>
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<td>Fernando Rodríguez, University of Salamanca</td>
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<td></td>
<td>Pauline Bensoussan, PlaNet Finance</td>
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<td></td>
<td><strong>Introductory Presentation</strong></td>
<td>Salón de grados</td>
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<td>“A true transformation: financial inclusion integrated with social inclusion, achievements, challenges and threats”</td>
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<td></td>
<td>Carmen Velasco, Co-funder Pro Mujer</td>
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<td>18:30 – 19:00</td>
<td><strong>Coffee break</strong></td>
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<td>19:00 – 20:30</td>
<td><strong>Students research presentations</strong></td>
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<td><strong>Group A: Students research presentations (English)</strong></td>
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<td>Moderation: Sven Volland, PlaNet Finance</td>
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<td></td>
<td>Verónica Trujillo*, PhD University of Salamanca, “The regulation of consumer protection”</td>
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<td>Commented by: Yasmin Olteanu, PlaNet Finance / Freie Universität Berlin</td>
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<td></td>
<td>Miriam Matzanke*, PhD University of Greenwhich, “Reasons for multiple loans in microfinance and their effect on the repayment performance”</td>
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<td>Commented by: Roberto Moro Visconti, Università Cattolica del Sacro Cuore</td>
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<td><strong>Group B: Students research presentations</strong></td>
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<td>Moderation: Vanessa Quintero, PlaNet Finance</td>
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<td></td>
<td>Javier Sierra, PhD University of Salamanca, “The evaluation of microfinance and the enhancement of financial inclusion”</td>
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<td>Commented by: Daniel Higa, PlaNet Finance Argentina</td>
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<td></td>
<td>Vitalie Bumacov*, PhD ESC Dijon, “The use of credit scoring and poverty scoring in MFIs in Latin America”</td>
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<td>Commented by: Pauline Bensoussan, PlaNet Finance</td>
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<tr>
<td>20:30</td>
<td><strong>Cocktail</strong></td>
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## Annex II: Workshop Programme

### Friday May 31st

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<tr>
<th>Time</th>
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<td>9:00 – 9:30</td>
<td><strong>Opening Session</strong></td>
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<td></td>
<td>José Ignacio Sánchez Macías, University of Salamanca</td>
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<td></td>
<td>“Potential threats to financial inclusion in Spain”</td>
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<td>9:30 – 11:00</td>
<td><strong>Group A: What can Spanish actors learn from Latin America?</strong></td>
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<td>Moderation: Silvia Rico, Fundación Nantik Lum</td>
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<td>Francisco Joaquín Cortés, Cajamar Caja Rural &amp; University of Almeria,</td>
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<td>“New ways of financial exclusion in Spain”</td>
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<td>Carmen Pérez, Freelance Consultant,</td>
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<td></td>
<td>“Microcredit for social inclusion”</td>
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<td>Armando Muriel, NODUS Consultants,</td>
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<td>“Practices towards financial inclusion”</td>
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<td></td>
<td><strong>Discussion in small groups with speakers:</strong></td>
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<td></td>
<td>Francisco Joaquín Cortés, Carmen Pérez, Armando Muriel</td>
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<td><strong>Group B: Innovative Latin American experiences</strong></td>
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<td>Moderation: Juana Ramirez, ADA</td>
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<td></td>
<td>Francisco Escamilla, PlanNet Finance Consultant,</td>
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<td>“Taking e-payments models into MFI’s and micro businesses”</td>
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<td>the next challenge in financial Inclusion - our early experience in Mexico</td>
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<td></td>
<td>Ana Marr, University of Greenwich and Julian Schmied*, University of Postdam</td>
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<td>“Financial Inclusion in Peru”</td>
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<td><strong>Discussion in small groups with speakers:</strong></td>
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<td></td>
<td>Francisco Escamilla, Ana Marr and Julian Schmied</td>
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<td>11:00 – 11:30</td>
<td><strong>Coffee break</strong></td>
<td>Sala de Juntas</td>
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<td>11:30 – 12:45</td>
<td><strong>Group A: Measuring financial inclusion in Latin America</strong></td>
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<td>Moderation: Rafael Cascante, Spanish Agency for International Cooperation for Development</td>
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<td></td>
<td>Fernando Rodríguez, University of Salamanca,</td>
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<td>“Financial inclusion measures, before and after the global Findex”</td>
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<td>Verónica López, AFI Foundation, “Keys for measuring financial inclusion”</td>
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<td><strong>Group B: Consumer protection and over-indebtedness in Latin America</strong></td>
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<td>Moderation: Daniel Hilcja, PlanNet Finance Argentina</td>
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<td>Carmen Velasco, Co-founder Promujer,</td>
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<td>“Protecting customer and avoid over-indebtedness: shared responsibility among stakeholders”</td>
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<td>Jalime Durán, University Autónoma de Madrid</td>
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<td>“Consumer Protection experiences in Latin America”</td>
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<td>12:45 – 13:15</td>
<td><strong>Closing speech</strong></td>
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<td>Résumé of discussion in small groups with speakers</td>
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<td>Juana Ramirez, ADA and Silvis Rico, Fundación Nantik Lum</td>
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<td></td>
<td>Pauline Beneussan, PlanNet Finance and Fernando Rodríguez, University of Salamanca</td>
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Annex III: List of Participants

Aguas Mendoza, Eduar Alberto; University of Salamanca
Alfageme Miguélez, Nuria; University of Salamanca
Amado Brea, Eduardo; University of Salamanca
Arburú, Italo; University of Balearic Islands
Barbero Arroyo, Anna Maria; University of Salamanca
Bensoussan, Pauline; PlaNet Finance
Bumacov, Vitalie; ESC Dijon
Carollo Del Teso, Ana; University of Salamanca
Cascante, Rafael; Agencia Española de Cooperacion Internacional para el Desarrollo
Castellares Sánchez, Viviana; University of Salamanca
Centanni, Emiliano; University of Salamanca
Ciguenas, Roberto; University of Salamanca
Cortés Pérez, Vega; University of Salamanca
Cosa, Laura; PlaNet Finance Italia
Cuevas, Fernando; University of Salamanca
Diaz, Coralía; University of Salamanca
Diaz, Ferro, Nicolás; Universidad Autonoma de Madrid
Duran, Jaime; Universidad Autonoma de Madrid
Escamilla, Francisco; Freelance Consultant / PlaNet Finance
Borges, Faiza; PlaNet Finance
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Figueroedo, Ariana; University of Salamanca
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