

**Access to Finance Conference**  
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**Closing Remarks by**  
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Mr. Berndt, Mr. De Noose, Mr. Hackett, and fellow participants,

Before I begin to reflect on the conclusions and lessons of this conference, I would like to comment on what a remarkable group we are.

Reviewing the list of participants, some 60% are practitioners, who will clearly bear the challenge of putting into practice the recommendations and achieving the goals discussed these past days. Of the non-practitioners, slightly more than half represent international organizations, including the World Bank, WSBI and the European Union, national organizations, and academic and research entities, who will all be important contributors toward creating an environment for access to financial services.

Let me note also that this is a global group. Even for World Bank Standards, it is rare to find in one room such strong representation from each of the continents (including Australia.) It is true that the Latin American presence outweighs the rest of the world, thanks to the impressive presence of Salvadorans and Peruvians (who have dedicated systems of credit unions and savings banks.) The joint presence of representatives from north and south here has enriched our dialogue considerably, I believe, as we have seen how the same issues affect both. I hope that going forward these discussions can lead to further partnerships between practitioners and policy makers developed and developing countries. .

But this conference has been remarkable in other ways. **It has reinforced the conclusion that access to financial services is an important development concern.** A number of papers, including those by Stijn Classens, Stephen Peachey and Alan Roe, and several of the working papers, argue this case forcefully, and we do conclude that yes, access to

finance matters. We have a shared understanding of the need for a financial sector that works well for all.

We also have to celebrate improvements in broadening access to finance, in which this conference highlights many examples. A wider diversity of financial institutions, many of which have a double bottom line, have expanded access to financial services that satisfy the needs of the customers for security of their savings, proximity, reliability, affordability, respect, and education. Yet, existing efforts are still small in aggregate compared to what the potential scale could be.

Going forward, there clearly are challenges for both practitioners and policy makers and other partners to increase access to finance

First, I would call on the practitioners. As many have mentioned, the first challenge for you is to identify the appropriate products at affordable costs that are attractive to the currently underserved. Here we have heard a wealth of ideas, for example affordable savings, micro insurance, payment services, credit cards, and low cost remittances. There are also a wealth of ideas covering ways to manage distribution and enhance good banking relationships, and break down the barriers to exclusion.

The second challenge for practitioners, including proximity banks, or indeed for any financial institution, involves sustainability, especially in face of vulnerabilities especially within a rural setting. We can hope for improvements in corporate social responsibility, but we should also aim for financial institutions to sustain themselves financially.

Now, if the practitioners take up these challenges, what can we of the international organizations do, along with our partners from academic, research communities ?

To answer that question, I'd like to reflect on what we heard at the conference in terms of what is needed to build the enabling environment and to push forward the "access frontier".

**First is the need for good data and indicators of access.**

Why is this important? They track progress on extent and quality of access to financial services and benchmark performance of countries.

What exists is inadequate. The WB has recently conducted a survey on data and indicators in preparation for the year of the microcredit, which shows that we do need standard measures (e.g on reach, quality of services) that are systematically updated.

What is also needed is good analysis of impact that would establish better association and causation between access to finance and welfare improvements.

Who will do it? One institution alone can not achieve this. From our perspective in the World Bank, we are committed to work with clients to build better data sources and indicators on access to finance.

**Second is the need to address policy, legal and regulatory frameworks.**

The areas are numerous, including improvements in order to

- to facilitate financial contracts (legal framework for property rights, secured transactions (e.g. Romania), etc.)
- to nurture access to finance and address prudential concerns (for micro finance, non-banks, insurance, etc). You raise the issue of the need to assess the implications of Basel 2 and financial integrity (e.g. AML).
- to reduce distortions (e.g. competition, interest rate and tax policies)

But setting the framework right is a considerable challenge, and moving forward with a good sense of what the more binding constraints are will be important. The World Bank will continue to work with our clients and partners in addressing improvements in policy, legal and regulatory frameworks to facilitate access to finance.

**Third is public private partnerships and innovations to expand access to finance.**

And there have been good efforts in ...

- enhancing financial literacy (empowerment)
- facilitating access to credit information (e.g. public investments in credit registries, Peru's credit bureau)
- improving payments systems
- providing the technology platform for improved communication and regulatory reporting (e.g. BANSEFI in Mexico)
- reducing the cost of delivery (e.g. alliances w/ postal system)
- providing information benchmarks for risk mitigation (e.g. weather based indices, livestock mortality)
- building institutions and their capacity

**Fourth, and lastly, is the need for awareness building and sharing of lessons of experiences.**

It is clear that there is not a unique solution to developing greater access to financial services. As many of you have shown, there is a lot of room for experimentation and pilot programs, from which one learns how financial products can succeed in reaching different customers. Against this background, it is clear that there is a lot to be learned from each other's experiences, not only among practitioners but also among regulators and policy makers. We need to invest in learning and knowledge sharing to leverage on the lessons of experiences. The World Bank is committed to share the responsibility in creating a variety of forums for knowledge sharing.

Summing up, there is work to be done to improve data and information, policy, address legal and regulatory frameworks, build strategic partnerships with beneficiaries and enhance awareness building. We hope to incorporate many of these areas in our work with client governments and partners, in cooperation with other multilaterals and other donors, as well as in tandem with you, policy makers, and other partners.

In closing, I want to thank the WSBI and the other agencies here today for bringing us together and for the possibilities of future partnerships. I personally look forward to our next gathering.

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