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**Opening Address of the WSBI/World Bank Access to Finance Conference
Brussels, 28th of October 2005**

Dr. H Berndt, President, World Savings Banks Institute

Good morning ladies and gentlemen.

It is a great honour for me to welcome you on behalf of the World Bank and the World Savings Banks Institute to our Access to Finance conference.

I would like to start by thanking our friends from the World Bank and Mr Calari in particular for accepting to jointly organise this conference, which we believe, comes at a timely moment.

Access to financial services or rather a lack of it is an issue of growing importance.

Policymakers in governments, regulatory bodies and international institutions increasingly recognise the impact financial exclusion has on economic

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development and social cohesion, both in advanced as well as in developing economies.

Evidence shows that access to finance is a pre-requisite for employment, economic growth and poverty reduction.

It is a fundamental challenge for socio-economic cohesion.

In **developing** countries, where on average only 20 % of the people have access to a range of financial services, this challenge is part of a wider issue of the development of the financial sector.

In **advanced** economies, where in some countries still around 10% of the population finds itself financially excluded, the issue mainly might concern a minority in society.

Nevertheless, with growing concern we have to see that an overemphasis on shareholder-value thinking, consolidation and concentration within the banking industry leads to a deterioration of access.

When banks start to concentrate their physical reach and marketing priorities only on the most profitable customers, enterprises and regions, access will suffer with all its consequences for the individual and the economy and society as a whole. Banks can become too big to care!



Yesterday the Board and the General Assembly of the World Savings Banks Institute in a meeting here in Brussels have published a “Resolution on Access to Finance” which, I believe, has been distributed to you.

In this resolution we state: “access to finance is a basic service that is essential for an individual to be economically and socially integrated in today’s society”.

Giving people access to the necessary services, not just credit but also savings, insurances and payment services, provides them opportunities to take their lives in their own hands.

Some of the principal constraints to access for individuals and small businesses today relate to:

- a lack of proximity of financial institutions– in geographic terms but also socially and culturally
- limited financial literacy among the people, and
- legal and regulatory pressures.

To overcome these challenges governments call increasingly upon the banking sector.

Savings banks and socially responsible retail banks always have played an important role in providing access to financial services to all strata of the population.



Some of their common characteristics that can be summarised in the three Rs, particularly contribute to reducing financial exclusion:

Firstly, as Retail banks they are very customer-oriented, their main customers are private individuals, small and medium-sized enterprises and microenterprises.

Secondly, thanks to their broad network of branches and their decentralised structure, they have a Regional focus that enables them to serve local markets.

Thirdly, as socially responsible banks and due to their profitability and efficiency, they are able to reinvest their profits in the local economy via investment in social initiatives, sustainable investment in Small and medium sized enterprises and the environment.

As other socially responsible proximity banks, savings banks are committed to building the so needed financial literacy and address the needs of marginalised groups in society.

It is the positive experiences of the savings banks that strengthen our conviction: there is a need for socially responsible and locally anchored retail banks in the fight against financial exclusion.

To promote proximity banking, the World Savings Banks Institute asks policymakers to foster an enabling environment.



- This implies providing the necessary fundamentals for a stable financial system with sound policies for its development.
- Public interventions should incentivise rather than mandate the provision of financial services and should not interfere with product design.
- When establishing rules and regulations their practicality should be looked at, bearing in mind that unnecessary costs unnecessarily drive up the barriers for access.
- Rules should not impair access to financial services.
- It is important that the peculiarities of reaching out to underserved communities are taken into account when for instance tailoring physical security, anti-money laundering and loan provisioning requirements.
- The WSBI supports a larger involvement of formal financial institutions in underserved markets.
- Considering this, we believe the impact of financial deregulation on more vulnerable parts of the population in advanced countries should be carefully monitored.
- In developing economies efforts have to continue to make financial sector regulation more inclusive allowing for non-bank actors (e.g. providers of microfinance) to be properly supervised.



We think policy makers and the private sector can make a big step in the right direction to improve access to finance simply by fostering a pluralistic financial sector in which proximity banking can flourish.

As Mr Koffi Annan rightly put it when announcing the UN Year of Microcredit 2005: “Together we can and we must build **inclusive** financial sectors that meet the needs of all people.”

It is our expectation that this conference on access to finance can assist in :

Firstly, bringing about an understanding of the key challenges relating to access to finance and

Secondly, identifying innovative solutions that improve access.

Savings banks around the world are committed to continue to invest in expanding access to financial services and to strive for socially responsible banking to become more accepted.

Ladies and gentlemen, before leaving now the floor to Mr. Calari and in the name of both of us, I would like to ask your attention for a message that has been sent to this conference by the President of the World Bank Group, Mr. James D. Wolfensohn.