

FINANCIAL SERVICES FOR THE POOR

FACT SHEET

SAFE PLACES TO SAVE: BANKING ON A BETTER FUTURE

Everyone needs ways to manage money—especially people with little to spare. Poor households with access to savings accounts and other basic financial services can manage unexpected events, invest in opportunities like education, and build financial security.

While microcredit has made an important difference to more than 100 million households, less than 10 percent of the 2.5 billion people in the world who live on less than \$2 (U.S.) per day have access to formal financial tools to achieve the things that are most important to them. They pawn jewelry, sell a goat, or borrow from a moneylender—often to pay for basic needs such as seeds, school books, or a trip to the doctor.

Until now, traditional financial services like savings accounts have been too costly and inconvenient for the poor to obtain and too expensive for banks to provide to clients who deposit just a few dollars at a time. Meeting these needs sustainably, and ensuring these services reach the poorest, will require new models and approaches.

OUR APPROACH

The Bill & Melinda Gates Foundation created the Financial Services for the Poor initiative because we believe providing poor people with reliable access to a range of safe, affordable financial tools and services can be one of the most powerful ways to help them build better, healthier lives.

While poor people need a variety of services, our efforts focus on providing people with safe places to save their money. Research demonstrates that demand for reliable and convenient deposit services is high among the poor. Studies also show that access to these services can help poor households increase their incomes and productivity, reduce their vulnerability to major illnesses and other shocks, invest in their family's future through education, and build assets that will see them through old age.

We believe this is a historic opportunity to make financial services accessible to billions of people in the developing



world. New technologies and innovative partnerships make it possible to create a “next-generation” banking system. Working together with banks, governments, mobile phone companies, retail store chains, and others, we believe it is possible to deliver quality savings accounts and other financial services to the doorsteps of the poor.

WHAT WE DO

Distribution Channels

The foundation seeks new ways to deliver financial services at much lower cost and greater convenience to poor households by:

- working with savings banks and credit unions to double the number of accounts for poor clients through technical assistance, access to technology (point of sales devices, ATMs, and other devices), and software support
- teaming with mobile phone companies, banks and microfinance institutions, and others to explore agent banking systems based in post offices and retail outlets to extend financial services into neighborhoods



- working to connect networks of small credit unions and other community-owned financial institutions to each other and the national payments system to increase the value of deposit accounts held locally—since people can use deposit accounts anywhere
- supporting the startup and growth of new banks in difficult markets to capture deposits from the general population, including poor households

Financial Systems

We support research into the most effective methods, policies, and regulatory changes needed to help deliver safe, quality financial services outside traditional bank buildings. We work with partners to encourage an exchange of ideas across the developing world and promote policies that support greater financial inclusion.

Savings Products

The foundation supports innovation in the design of savings products that will encourage clients to deposit or withdraw as little as \$1 (U.S.), with fees that are both affordable to the poor and sustainable for financial institutions. We are also developing new projects that explore the ways people save and mechanisms that encourage them to increase their savings balances.

Complementary Financial Services

While the foundation focuses on savings, we encourage and value the efforts of the many institutions that are working to provide other financial products such as insurance, agricultural finance, and microcredit. Poor households need access to a range of financial tools, including insurance, payment, credit, and remittance services that meet specific needs. Because institutions often deliver these products through the same channels as savings accounts, the products can help to encourage use of other services and strengthen financial inclusion overall.

Guided by the belief that every life has equal value, the Bill & Melinda Gates Foundation works to help all people lead healthy, productive lives. In developing countries, it focuses on improving people's health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, it seeks to ensure that all people—especially those with the fewest resources—have access to the opportunities they need to succeed in school and life. Based in Seattle, Washington, the foundation is led by CEO Jeff Raikes and Co-chair William H. Gates Sr., under the direction of Bill and Melinda Gates and Warren Buffett.

For additional information on the Bill & Melinda Gates Foundation, please visit our web site: www.gatesfoundation.org.

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GRANT HIGHLIGHTS

DISTRIBUTION CHANNELS

AGENT BANKING

Grantee	Purpose	Location(s)
Diconsa	To improve access to affordable financial services in Mexico's poorest, most isolated communities (\$3.6 million (U.S.) over 18 months)	Mexico
Consultative Group to Assist the Poor	To find and promote new technologies that will allow the microfinance industry to reach new customers and efficiently deliver services (\$23.8 million (U.S.) over four years)	Worldwide

MOBILE MONEY

GSMA Foundation, Inc.	To improve the social and economic well-being of the world's population living on less than \$2 (U.S.) per day by helping develop sustainable mobile money solutions (\$12.4 million (U.S.) over three years)	Worldwide
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SAVINGS BANKS AND MICROFINANCE INSTITUTIONS

World Savings Bank Institute	To double the number of poor people with access to appropriate savings accounts in selected savings banks (\$20 million (U.S.) over four years)	Worldwide
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NEW BANKS, NEW MARKETS

Opportunity International	To create or expand commercial banks in Africa that use new ways to deliver financial services to the poor and rural areas including agricultural communities (\$5.4 million (U.S.) grant over three years and \$10 million (U.S.) low-interest loan)	Africa (DR Congo, Ghana, Kenya, Malawi, Mozambique, Rwanda, Tanzania, and Uganda)
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FINANCIAL SYSTEMS

POLICY AND REGULATION

German Technical Cooperation	To establish a global policy facility that will help countries adopt and implement pro-poor policy solutions more quickly, enabling 50 million people living on less than \$2 (U.S.) per day to access safe, convenient, and affordable financial services (\$35 million (U.S.) over four years)	Worldwide
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SAVINGS PRODUCTS

SAVINGS-LED GROUPS

Oxfam America	To expand existing savings programs in Mali and Cambodia, where poor people form shared savings groups in remote villages with limited access to financial institutions. The project will build upon current successes in the field to provide sustainable, large-scale financial services to poor people in rural areas (\$11.7 million (U.S.) over 39 months)	Mali, Cambodia
CARE	To organize 300,000 people in the rural areas and urban slums of three African countries into Village Savings and Loan Associations, and link at least 20 percent of the people with the formal financial sector for savings, credit, and insurance services (\$11 million (U.S.) over three years)	Malawi, Tanzania, and Uganda
Catholic Relief Services	To expand access to financial services in underserved areas of Kenya, Tanzania, and Uganda by training and certifying more than 700 people to help set up and sustain locally managed savings groups in poor, rural communities (\$8 million (U.S.) over three years)	Kenya, Tanzania, and Uganda

COMPLEMENTARY SERVICES

ASSET PROTECTION

International Labour Organization	To help create and evaluate microinsurance models and products with the goal of providing access for 25 million low-income people to help them manage the risks of illness, early death, and other catastrophes (\$34 million (U.S.) over 5 years)	Worldwide
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