New Perspectives on Banking and Agendas for Financial Inclusion

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New Agendas for Banking and Microfinance?

1970s: Microfinance emerged vs old developmentalism and inefficient states.
1990s: Mature microfinance = NGOs - capital markets - private banks.
2000s: Disappointments, slow pace, excesses, crisis.

2010s:
- New experiments = basic income policies, new technologies, universal coverage & citizenship.
- Liberalization → modernization of savings banks & cooperative banks.

New references:
- Back to the future modernization of social banking.
- Caixa, Brazilian Federal Government Savings Bank.
- Brazil: From 20% → 50% banked 2000-2010.
- Central Bank Financial Inclusion Programs.
- BNB Crediamigo, Public bank of Brazilian Northeast.
Brazil: Financial inclusion, but not good enough

Financial Inclusion in Brazil at Current Pace, 2000-2030

Four Supply Curve Scenarios for Mature Bank Market, Brazil 2030

Can AFI challenge central banks to accelerate financial inclusion?
Research, Theory & Policy Agenda

Research & Theory:

Alternative Banking: Competitive Advantages & Policy Alternatives

“Back to Basics in Banking Theory and Varieties of Finance Capitalism”

New Technologies, Policies and Financial Inclusion

“Mobile payment adoption pilot study” “Mobile money and payment – a literature review”
“Expansion of potential microfinance and market institutions”
"The expansion of microfinance through banking correspondents: Are we reaching the poor?”
“IMF Expansion in Northeastern Brazil and the fight against poverty”
“Impact assessment of production oriented microcredit”
“The role of banking channels in using information and communications technologies (ICT) to improve microcredit: learning from the Brazilian experience.”

Policy Agenda: Alternative Banking and Social Inclusion

http://alternativebankingandsocialinclusion.wikispaces.com/

Institutional Supporters

Rockefeller Foundation
Institute for Money, Technology & Financial Inclusion, UC Irvine
Columbia University SIPA, New York
King’s College Dept. Management, London
São Paulo Business School, FGV
Second University of Naples

Networks

Association of Emerging Market Business Schools
Community of European Management Schools
Global Public Policy Network
International Cooperative Banking Association
World Savings Bank Institute
Social Science Finance Network
Critical Political Economy Network
Society for Advancement of Social Economics
Back to the Future of Savings Banks & Cooperative Banks

“That all persons in the time of their health and youth, while they are able to work and spare it, should lay up some small inconsiderable part of their earnings as a deposit in save hands, to lie as a store in a bank, to relieve them, if by age or accident they should come to be disabled or incapacitated to provide for themselves; and that if God bless them, that neither they nor theirs come to need it, the surplus may be employed to relieve such as shall.”


**France:**

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GROUPE CAISSE D’EPARGNE + BANQUE POPULAIRE

= 2nd largest French Bank

**Germany:**

3rd largest bank group

620 Firms

21,700 branch offices

366,500 employees

3.4 billion e business p.y.

⇐ 4th largest Bank Group

**Italy:** Banco de Napoli (founded 1463)

Cassa di risparmio Privatized with shares to foundations ...
Social Banking in Brazil

Only source of income for 12 million women (48 million Brazilians)

Correspondent Banking Outlet, Junco, Piauí.

Simplified Bank Accounts, 2004-10

<table>
<thead>
<tr>
<th></th>
<th>Caixa</th>
<th>Total</th>
<th>Caixa Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-04</td>
<td>1,100,000</td>
<td>1,897,828</td>
<td>58%</td>
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<tr>
<td>Jan-05</td>
<td>2,200,000</td>
<td>4,275,309</td>
<td>51%</td>
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<tr>
<td>Jan-06</td>
<td>3,100,000</td>
<td>6,443,218</td>
<td>48%</td>
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<tr>
<td>Jan-07</td>
<td>3,900,000</td>
<td>6,806,375</td>
<td>57%</td>
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<tr>
<td>Jan-08</td>
<td>4,700,000</td>
<td>7,693,608</td>
<td>61%</td>
</tr>
<tr>
<td>Jan-09</td>
<td>7,000,000</td>
<td>9,966,535</td>
<td>70%</td>
</tr>
<tr>
<td>Jan-10</td>
<td>8,750,000</td>
<td>10,056,674</td>
<td>87%</td>
</tr>
</tbody>
</table>

Caixa Market Share = 87%
Crediamigo, BNB
US$2.4 billion lending 2012

BNB (Banco do Noreste do Brasil)
Regional Development Bank

Crediamigo Microcredit:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2012</th>
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</thead>
<tbody>
<tr>
<td>Loans</td>
<td>359,000</td>
<td>2,548,421</td>
</tr>
<tr>
<td>R$mi</td>
<td>287.3</td>
<td>3.833.1</td>
</tr>
</tbody>
</table>

Lavoie, Pozzebon & Gonzalez, “Challenges for Inclusive Finance Expansion: the Case of CrediAmigo, a Brazilian MFI

Correspondent Banking: Financial Inclusion the Brazilian Way

Brazil, 1999-2010: 1,373 → 110,000 Bank Correspondent POS

Correspondent banking network infrastructure

Diniz et al, “The role of ICT in helping parallel paths to converge: microcredit and correspondent banking in Brazil”
AUTAZES - Episode 1: Bank Agents in the Amazon: Financial Access and Development, by Eduardo Diniz, FGV-EAESP:
http://www.youtube.com/watch?v=oggYsCiJ_Q0

FGV Center for Microfinance Studies
http://eaesp.fgvsp.br/en/TeachingandKnowledge/studycenters/gvcemf

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