Furthermore, the WSBI invites the private sector to contribute to making financial systems more inclusive by,

- √ *Developing and applying appropriate technology* that allows for more people to get access to financial services at lower cost. This includes leveraging investments in infrastructure by different players in the financial system.
- √ *Committing to product design and service delivery* adapted to low-income clients. This implies flexible, secure and affordable financial services with low entry barriers and increased transparency on costs.
- √ *Establishing partnerships between financial institutions* and other distribution networks in order to achieve greater outreach at reasonable cost.
- √ *Continuing to invest in building financial literacy* and to spread best practices.

About the WSBI (World Savings Banks Institute)

The WSBI is one of the largest international banking associations and the only global representative of savings and retail banks. Founded in 1924, it represents more than 1,100 financial intermediaries from 89 countries. At the start of 2003, assets of member banks amounted to €7,600 billion, non-bank deposits amounted to €4,750 billion and non-bank loans to just over €4,000 billion. WSBI member banks operate circa 200,000 branches and employ close to 2.3 million people.
WSBI members are typically savings and retail banks with a customer-oriented, socially responsible approach and a market focus of individuals, households, SMEs and local authorities.
www.savings-banks.com

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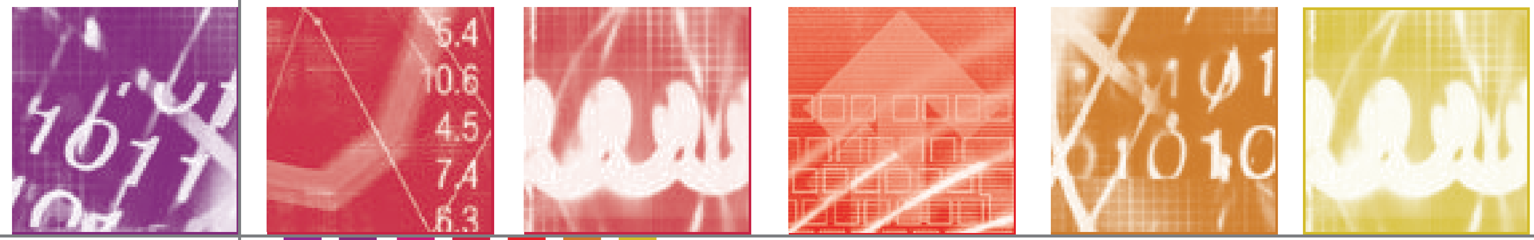

WSBI ACCESS TO FINANCE RESOLUTION

Brussels, 27 October 2004

Access to finance is a basic service that is essential for a citizen to be economically and socially integrated in today's society.

WORLD SAVINGS BANKS INSTITUTE

Access to Finance Resolution

On the occasion of the WSBI 11th Annual General Assembly, 27 October 2004 and the Access to Finance Conference organised in association with the World Bank, 28-29 October 2004, and having regard to the WSBI Madrid Declaration of May 2003 and the principles expressed therein, the General Assembly of the WSBI has endorsed the following Resolution:

The members of the World Savings Banks Institute:

Emphasise that *access to finance is a pre-requisite for employment, economic growth, poverty reduction and social cohesion.*

Are mindful of the fact that having access to financial services for an individual means that he or she is able to place funds in a secure place, invest them productively, or use them when needed as a means of exchange for goods and services. *A lack of access to these services can result in social exclusion*.

Point to the fact that *a well functioning financial sector*, which provides access to a wide variety of financial services for a broad range of actors, *contributes to economic growth and social cohesion* by performing five basic functions: mobilising savings, managing risk, providing information on investment opportunities, monitoring borrowers and facilitating payments.

Underline the *importance of mobilising savings for reinvestment in the economy* in the form of credits allowing investments such as the expansion of SMEs and microenterprises, thus providing for overall economic growth, generating employment and reducing poverty through increased incomes.

Point out that evidence shows that *better access to finance leads to higher levels of GDP per capita*. Lower cash-to-deposit ratios and higher deposit-to-GDP ratios are also associated with higher levels of GDP per capita. The reverse is also true: A lack of access to finance in rural or deprived urban areas may slow down the motor of growth – even though other preconditions for growth may be met – by maintaining the social exclusion of certain minority groups living in those areas.

Perceive that stocktaking on levels of access reveals that roughly *only 20% of the population in most developing economies have access to financial services while in advanced economies up to an average of 10% of the population tends to be financially excluded.*

Emphasise that access to finance by individual people and small businesses can be constrained in different ways depending on the type of (local) economy in which they evolve. Some of the principal constraints to access for individuals and small businesses result from factors such as a *lack of proximity* (a concern especially for minority or marginal groups in rural, remote or depressed urban areas), *limited financial literacy*, *insufficient transparency of information on the cost* of formal banking services and *legal and regulatory pressures.*

Underline that in order to overcome such constraints an *enabling environment* needs to be created for the financial services industry to provide the necessary financial services.

Welcome the fact that international institutions start to emphasise the *support for and development of domestic retail and proximity banks.*

Are convinced that *financial sector development should be put high on the agenda* of policymakers in the coming years. They support the UN Year of Microcredit, 2005, which offers opportunities to demonstrate the importance of improving access, not just to credit but also to other basic financial services such as savings, insurances and payments.

Point to the *potential of remittances in the process of extending banking services* to segments of the population that are often marginalized in the banking systems, both on the sending as well as on the receiving side. With growing flows of migration, remittances are an increasingly important source of finance in many parts of the world.

Believe it is essential that *regulated financial institutions become more involved* in providing access to finance to previously underserved segments of the population in order to achieve the levels of access needed and to reduce the possibility of illegal activity in the financial sector, notwithstanding the positive impact of certain informal banking initiatives.

Declare their readiness to increase their efforts to deliver specific and well-developed know-how and expertise in order to *build and strengthen retail and proximity banking structures.*

Are committed to continue to improve access to financial services and to strive for *socially responsible banking* to become more accepted.

WSBI Members call upon policymakers, in governments, regulatory bodies and international financial development institutions to facilitate access to finance by,

In terms of policies:

√ Recognising the *importance of access to financial services and its impact on economic growth and poverty reduction.*

√ Enabling *an environment for financial sector development* providing the necessary fundamentals for a stable financial system with sound policies for its development and not by mandating access or interfering with product design.

√ Ensuring that *rules and regulations are practical and do not impair access to financial services* by better understanding and *taking into account the peculiarities of reaching out to underserved communities,* for instance when tailoring requirements for physical security, anti-money laundering and loan provisioning.

√ *Adapting policies to proximity banking* recognising there is a need for socially responsible and locally anchored retail banks in the fight against financial exclusion.

√ *Allowing for pluralism in the financial sector* where different types of credit institutions can operate next to each other and none is discriminated on the basis of its legal form or the way it uses its profits.

√ Treating *consolidation* within the financial sector with some care considering its possible *impact on access to finance*. This impact might be ambiguous. On the one hand consolidation, where it leads to better cost-efficiency, may allow banks to move on a profit basis into business with customer groups, which might otherwise be excluded. On the other hand, where consolidation does not lead to higher cost-efficiency or where banks simply become too big to care for small customers, peripheral or rural regions etc., consolidation most probably has a negative impact.

√ *Monitoring the impact of financial deregulation* on more vulnerable parts of the population in advanced countries. 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.

In terms of supporting activities:

√ *Supporting initiatives to collect and analyse information on the "unbanked".* A better view on the reasons for financial exclusion and the cost-benefit case for banks trying to improve access to financial services, is expected to have a positive impact on attitudes to proximity banking.

√ *Supporting efforts made by savings banks and other socially committed institutions to build financial literacy.* The understanding of financial services and their appropriateness to meet people's needs should be improved by means of educational campaigns targeting individuals and business supporting networks.

√ Raising efforts to *strengthen corporate governance in financial institutions* - particularly in developing and emerging economies - by increasing funding allocated to financial sector development programmes that directly or indirectly benefit retail banking sectors.

√ *Expanding schemes and refining institutional arrangements* that for instance offer to cover risk for a certain portfolio (e.g. guarantee schemes).

(Continued..)