



Insights on how banks in emerging economies can grow profitably by being more inclusive

Asia-Pacific Financial Inclusion Summit 2015

Manila, October 28th 2015



CARE and Accenture joined forces to understand what strategies and capabilities enable banks to succeed with financial inclusion

The partners behind this study



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Accenture Development Partnerships

Accenture Development Partnerships has spoken about the convergence of interests between the commercial and development sector for more than five years

This is particularly relevant when it comes to Financial Inclusion. The industry will not drive successfully this on their own; NGOs' support will remain important

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Katherine Hughes
Financial Inclusion Programmes Officer
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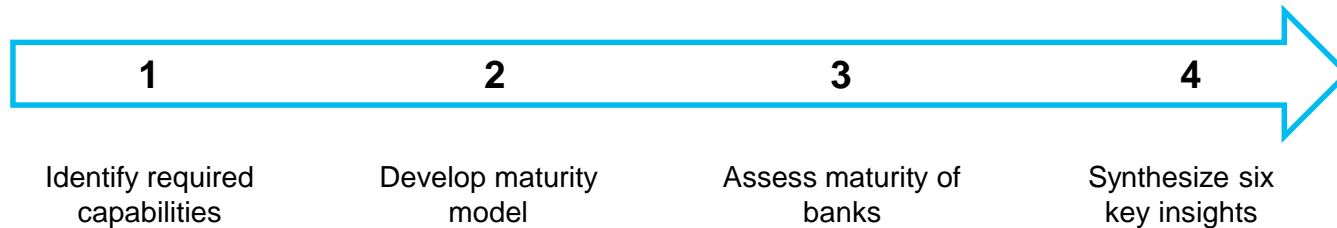
CARE has been championing financial inclusion as a key step towards achieving women's economic empowerment for over 20 years

CARE is committed to substantially expanding the link between the informal and formal financial services industry and have a track record from successful partnerships

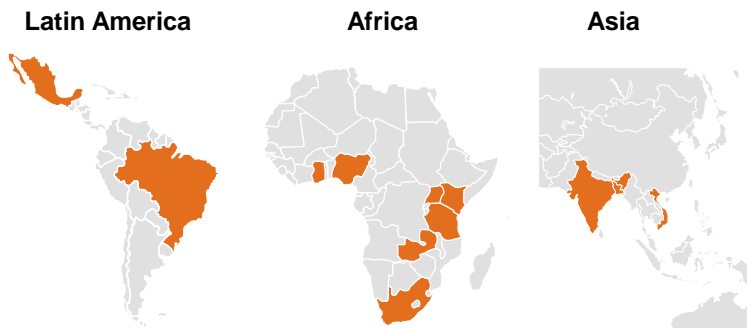
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We took a structured approach interviewing 30 banks in 12 countries around their capabilities and focus on FI

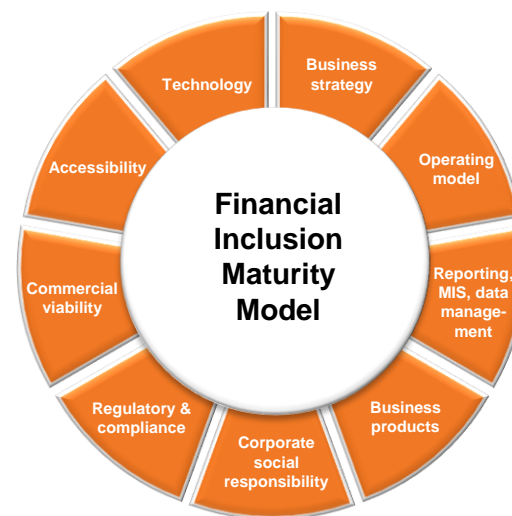
About the research



12 countries, 30 banks



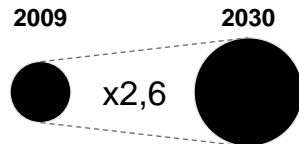
9 capabilities, 100 questions



Many banks have opted out of targeting underbanked consumers. Market changes should compel banks to rethink their position

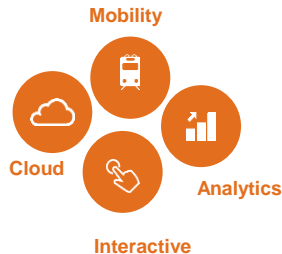
Why should banks care?

1. Rapidly growing economies



- Economies in developing countries are *growing rapidly* and becoming more efficient and vibrant
- Accenture estimates that this growth will give rise to a **US\$380 billion revenue potential from banking the underbanked**

2. Digital innovation



- Digital technology is enabling **new forms of services**, access and value propositions with lower transaction costs.
- Digital innovation is catalyzing regulators and policymakers

3. No status quo



- Digital is also a **disruptive threat**; hungry bank and nonbank competitors already moving to capture the underbanked market

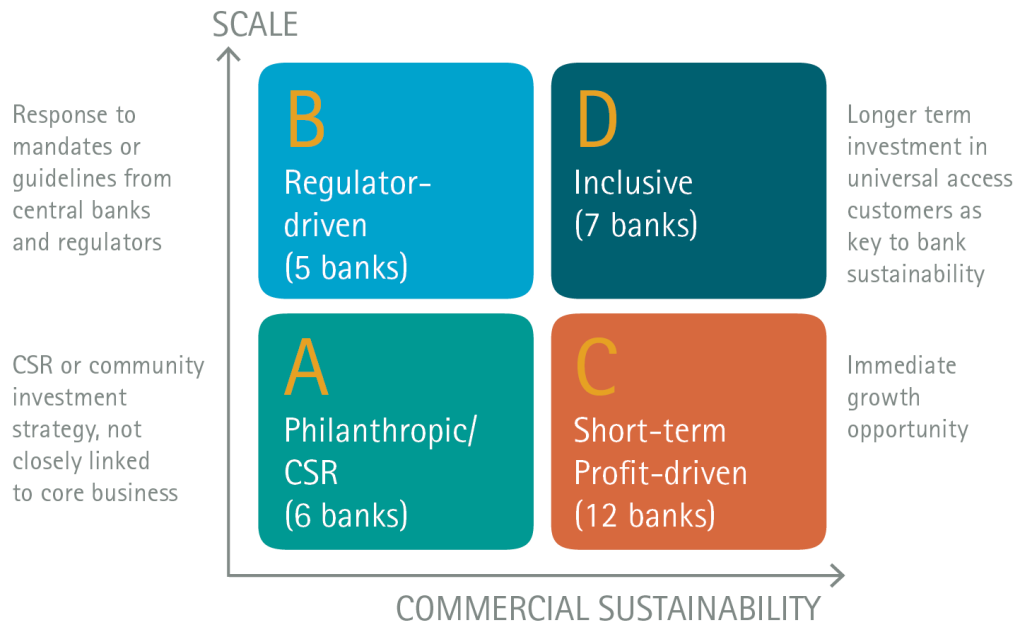
4. Banks are well positioned



- Banks in developing regions have the capital, potentially the brands, some of the knowledge, and many of the capabilities
- Still, the conditions for successfully addressing underbanked consumers are different from those banks typically experience

Though many banks are chasing opportunities, few banks are including Financial Inclusion in a coherent corporate strategy

High level findings on financial inclusion strategies

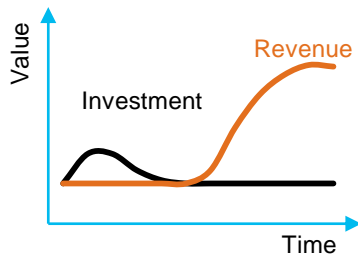


- Most banks' strategies contain ambitions to target underbanked consumers –but their motivations differ
- Only 23 percent are truly aligning their strategies to financial inclusion (**D**)
- “Inclusive” strategies drive banks towards commercially sustainable business models with the potential of reaching significant scale

Our study identifies six key insights on how banks can grow profitably by being more inclusive

1

Invest now or be left behind

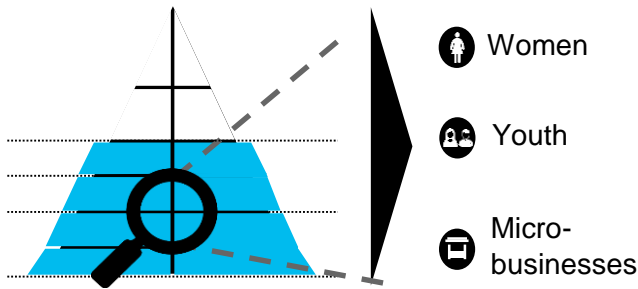


Banks often take a short term view on investments; current revenue drivers are prioritized over low-income opportunities

- Make financial inclusion part of a coherent corporate strategy
- Establish a common understanding of the significant opportunity the risk
- Consider investments with longer payback horizons

2

Get the products right by taking a new view on customer segments

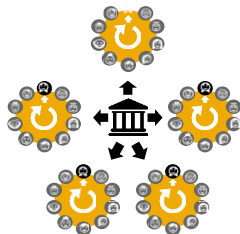


Many banks are too basic in their “financial inclusion segmentation and are missing a some of the most attractive opportunities

- Work with customers and NGOs to define segments at more granular levels and understand customer needs
- Develop segment-specific strategies, including services and channels
- Optimize data management, expanding to capture and analyse on gender, age and work information

4

Use savings and loan groups (SLGs) as an entry strategy



Some are very effective at reaching women and other underbanked consumers through SLGs, though not always as part of mainstream business

- Nurture relationships with NGOs that can provide opportunities to connect at scale with groups that are financially literate
- Use digital technologies to lower the risk, time and cost
- Engage group members, develop their financial literacy on the value of saving, and help them appreciate the additional benefits of moving to formal accounts

CARE Case study: Easypaisa



- CARE partnered with Telenor and Tameer Bank to establish mobile banking structures in rural Pakistan.
- The initiative currently reaches 800,000 clients through Tameer's 'branchless banking' facility.
- Formed part of broader '**Cash for Work**' Programme for women to work as Road Maintenance staff
- Salary disbursement through mobile accounts has also **positively impacted women's mobility**: 11% women felt they had more opportunity to go to the market.



GSMA:

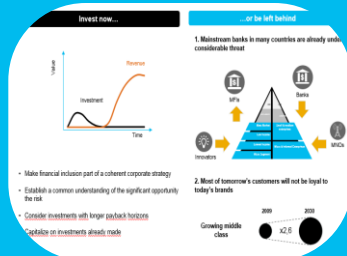
"Partnering with the BISP and CARE International was instrumental for Easypaisa to identify how best to serve women in Pakistan and to provide financial services in a transparent and efficient manner"

Easypaisa won two awards at GSMA's 2014 Global Mobile Awards: Best Mobile Product or Service for Women in Emerging Markets and Best NFC/Mobile Money Product or Service

In total, the report highlights report six key insights

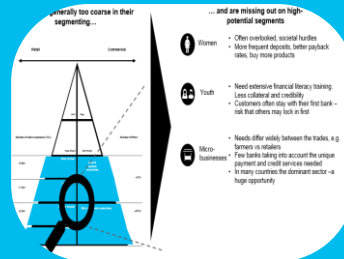
1

Invest now or be left behind



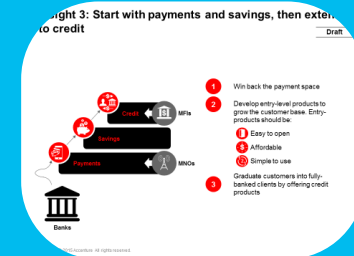
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Get the products right by taking a new view on customer segments



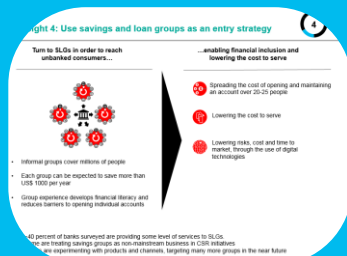
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Start with payments and savings, then consider extending to credit



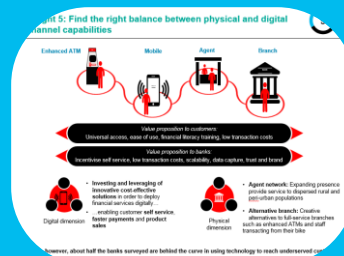
4

Use savings and loan groups as an entry strategy



5

Find the right balance between physical and digital channel capabilities



6

Align the operating model to a financial inclusion strategy



Conclusion:

Make financial inclusion a core business strategy

- The financial inclusion market presents banks with an enormous opportunity worth \$380 billion per annum of revenue
- Our analysis shows that a number of banks are already making great strides in implementing the required capabilities
- However too few banks are fully exploiting these capabilities and there are clear pointers to what is needed
- The great social opportunity to become an indispensable part of improving the lives of customers every day is one that we believe can be seized profitably!
- ***The window of opportunity may be closing and banks should act now or risk being left behind***



Our report “Within Reach” to be launched November 5th is part of our wider agenda on inclusive banking –*sign up to receive!*

Our financial inclusion thought leadership



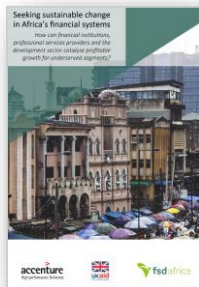
Why: “*Billion Reasons to bank inclusively*”

- Banks could generate over \$380 billion from inclusive banking



What: “*Within Reach –insights on how banks in emerging economies can grow profitably by being more inclusive*”

- Only a few banks are aligning their strategies to address these markets in a commercially sustainable way
- By assessing 30 banks, we derive six key insights on for banks to become successful at inclusive banking



How: “*Seeking sustainable change – how can financial institutions, professional services providers and the development sector catalyse growth for underserved segments*”

- Both incumbent and growing financial institutions face barriers as organizations seek to explore and develop inclusive business models
- The report recommends on how to trigger and drive sustainable growth