

WORLD BANK



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– Developing financial literacy and skills capacity of the bankable poor is another factor that would build demand and lower the real and perceived risk of m

small business. Government efforts in combating corruption and ensuring political and economic stability were viewed as essential to expand microfinanc

microfinance by offering preferential tax treatment, including a tax-free return and a tax-deductible investment. This method could be coupled with investor insurance to bring new actors (the public) and capital (from a diverse base) into microfinance.

– Some argued that in line with their social objectives, MFIs should rely on low-cost government funding, e.g. funding programmes of the European Union. Another suggested model involved a global insurance vehicle, in which developed country governments could deduct a percentage of the return: “A reverse form of Tobin-tax, with beneficiaries paying from profit, not exchange.” Using a consortium model, funds from several countri

- Several themes were discussed on this topic. Some consensus existed that the integration of microfinance into the financial sector should take a different form depending on the financial land

1. With respect to demand barriers, how much do cultural factors keep otherwise bankable households and enterprises from accessing financial services? What is the nature of these factors - societal, gender, religious, concerns over possible governmental interference, other? Do you have any specific examples of these kinds of barriers?
2. How do these barriers shape the relationship of the microfinance providers to their customers? Are there specific examples that you can give?
3. How price sensitive are the bankable poor? P

During the last four years, I worked at FINCA International, a microfinance network that provides microfinance services in 22 countries around the world. At FINCA, my responsibilities focused on assisting in the transformation of select FINCA affiliates (in Ecuador, Uganda and Kyrgyzstan) into financial intermediaries, legally authorized to offer deposit-taking services to the public. I also headed the Capital Markets Group at FINCA, a group that functions as FINCA's investment banking arm, helping commercially viable affiliates within the FINCA network to tap external sources of financing to fund their loan capital needs. I recently left FINCA, but I have not left the microfinance arena, as I am now working as an independent consultant on a variety of issues related to the challenge of scaling up microfinance. I also continue to be actively involved as a founding member and past President of WAM (Women Advancing Microfinance), and I sit on the Board of Microfinance Opportunities.

(The lawyer in me requires me to add one last disclaimer in this introduction. Although many of my opinions about microfinance have been shaped by my last four years at FINCA, I want to make sure that everyone participating in this e-conference understands that the views I express over the next week do not necessarily reflect the views of my past employer, FINCA.)

My aim in this first posting is to briefly introduce the theme of the first week of this e-conference. During this first week we will focus on bettering our understanding of the demand and supply barriers to increased access of the bankable poor to financial services. Within this discussion, we will look at why institutions now offering financial services to the poor have not expanded these services more rapidly. To give our discussion a focus, I suggest that we spend the first half of our week together discussing the demand barriers that appear to be limiting the bankable poor's access to financial services. Then we can turn, in the second half of the week, to examining supply barriers as we probe the question of why existing providers of financial services have not expanded more rapidly the amount and range of such services to the poor.

To kick off our discussion, let me ask you to consider and respond to the following questions over the next two days. Note that the more specific we can be in relating real life experiences that inform our views on these questions, the richer our dialogue will be.

[See questions above]

I hope you have found this first introduction to this first week useful in framing our discussion. I very much look forward to reading your contributions to this dialogue.

Cheers, Deborah

1. What have been your observations of the m

on microfinance issues, especially on projects aimed at promoting investments in microfinance from the mainstream finance markets. Prior to joining BHP, I had the good fortune of working with a very progressive and large private sector bank in India

Ms. Burand has spent nearly half of her career in the public sector (where she held senior positions at the US Treasury Department and US Federal Reserve Board) and half in the private sector. In the private sector she has divided her time between the for-profit and not-for-profit world. In all of her positions, Ms. Burand has worked on matters of international finance in emerging ecoa

He has authored papers on the role of micro-finance in enhancing the ability of the poor to participate in the larger economy, practical yet significant indicators for ee

E-conference website (and WBI Corporate Social Responsibility website)
www.csrwbi.org/bluebook

Bluebook website (and UNCDF website)
www.uncdf.org/bluebook

Financing for Development Office, UN DESA
<http://www.un.org/esa/ffd>

UN Year of Microcredit
www.yearofmicrocredit.org

The Microfinance Exchange Market
www.themix.org

Consultative Group for Assisting the Poor (CGAP)
www.cgap.org

The Microfinance Gateway
www.microfinancegateway.org

