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□ What is it?

- It's a *program* of the Government of Colombia to promote access to financial services in order to incorporate population segments that had been unattended by the financial sector.

- ***Public - Private Alliance***
 - The Government provides the appropriate regulatory framework and offers incentives to the suppliers of financial services.
 - Private operators – practitioners, such as banks, financial companies, cooperatives and NGOs increase their institutional outreach and the supply of products and services to the population that had been unattended until now.



□ How does it do it?

- Promoting reforms to the regulatory framework.
- Propitiating projects that facilitate the rapprochement between institutions and clients.
- Offering incentives that stimulate the institutions to **expand outreach, develop new products and adopt adequate technologies** that facilitate access for the unbanked population to their services, generating a profitable and sustainable supply.



ACTIVITIES

**Environment and Regulation
to promote access to financial services**

Support to Banca de las Oportunidades Network

Support to Supply and Demand of Financial Services

□ Propitiating Reforms to the Regulatory Framework

- Promotion of Agent Banking (Corresponsales No Bancarios)
- Development of Electronic Accounts/ Small-Amount Savings Accounts : Product geared for low income clients, with lower barriers, costs and simplified procedures
- Reform to the Interest Rate Regime
- External Indebtedness of NGO



- Financial Education Program for clients
- Support to NGOs that have Business Development Programs
- Support with Public Guarantees: Contract with the National Fund of Guarantees (FNG) for credits to the vulnerable population
- Development of new products and services
 - **Mobile Banking**
 - **Microsavings**
 - **Microinsurance**



- **Technical Cooperation from IDB - Korean Fund to set an enabling environment for the provision of m-banking services with the objective of increasing access to financial and banking services for the poor :**
 - 1. Diagnostic of legal, regulatory and Institutional framework and best practices.**
 - a. Identifying required regulation on current legal and regulatory framework
 - b. Institutional framework including the roles and responsibilities of key stakeholders
 - c. Identification of legal, regulatory and institutional bottlenecks that may hamper the provision of the service;
 - d. Special attention to issues regarding money laundering regulations and its impact on the possible expansion of m-banking in Colombia
 - e. Current banking, financial services, telecommunication providers and market players that could play a role in the implementation
 - 2. Drafting an Action Plan**
 - a. Detailed legal and regulatory reforms needed;
 - b. Actions required to foster the participation of key players (cellular phone companies, banks, providers of technology and users
 - c. Actions to overcome the main bottlenecks identified
 - d. **Workshop in September 2009:** to show lessons learned from other international experiences such as South Africa, the Philippines and Korea, and their applicability in Colombia as well as current technological trends and best practices in m-banking in other countries in the world.

M-Banking: 2nd Phase

(Implementation of Action Plan)

Pilot Projects

Design and offer incentives for Financial Institutions willing to use m-banking to promote access to poor families

- Poor families in marginal areas of big cities
- Poor families in rural areas

Subcomponents could include:

- Finance market studies of business potential
- Finance studies to implement the whole process
- Financial literacy programs to help people understand and manage the project
- Evaluation

Product Design: Electronic Accounts

**2nd
Semester
2008**

Definition of incentives to promote savings for families receiving Conditional Cash Transfers (CCT) from Familias en Acción

- For clients
- For Financial Institutions

**1st
Semester
2009**
**With
Support
from FORD
Foundation**

Definition of Financial Literacy Program to accompany promotion of savings

□ Implementation of Pilot Projects and Evaluation

2nd
Semester
2009

□ Expansion to recipient families of Conditional Cash Transfers:

3 million families

BdO's Support:

- Incentive for clients
- Incentive for Institutions
- Resources for implementation of financial literacy programs.

1st
Semester
2010

1. Diagnostic: Demand study on micro-insurances to the Conditional Cash Transfers beneficiaries from Familias en Acción. The study will allow to:

- Identify:
 - Needs on insurable risks
 - Type of product needed and preferred
 - Current situation on access to this type of products
 - Perception about insurances
- Provide the required elements for the design of microinsurance products identified
- Recommendations on distribution channel and applicability

2. Micro-insurance product design

3. Implementation:

- Could include design of incentives

1. Support for expanding institutional outreach
 2. Support to increase access of low income population
 3. Support to increase access of the unbanked population.
- Tools:
- Incentives
 - Cofinanciation
 - Technical Assistance



1. Support for expanding financial institutions' outreach

- **Opening of Non Banking Agents**
Banco Agrario increased outreach to 128 municipalities
- **Microcredit NGOs**
92 municipalities
- **Cooperatives with financial activities**
16 municipalities.
- **Commercial Financing Companies (CFC)**
15 municipalities

All villages

< 50,000

Inhabitants

Total resources assigned : **US \$ 3 Million**



2. Access of Low income Population

■ Savings

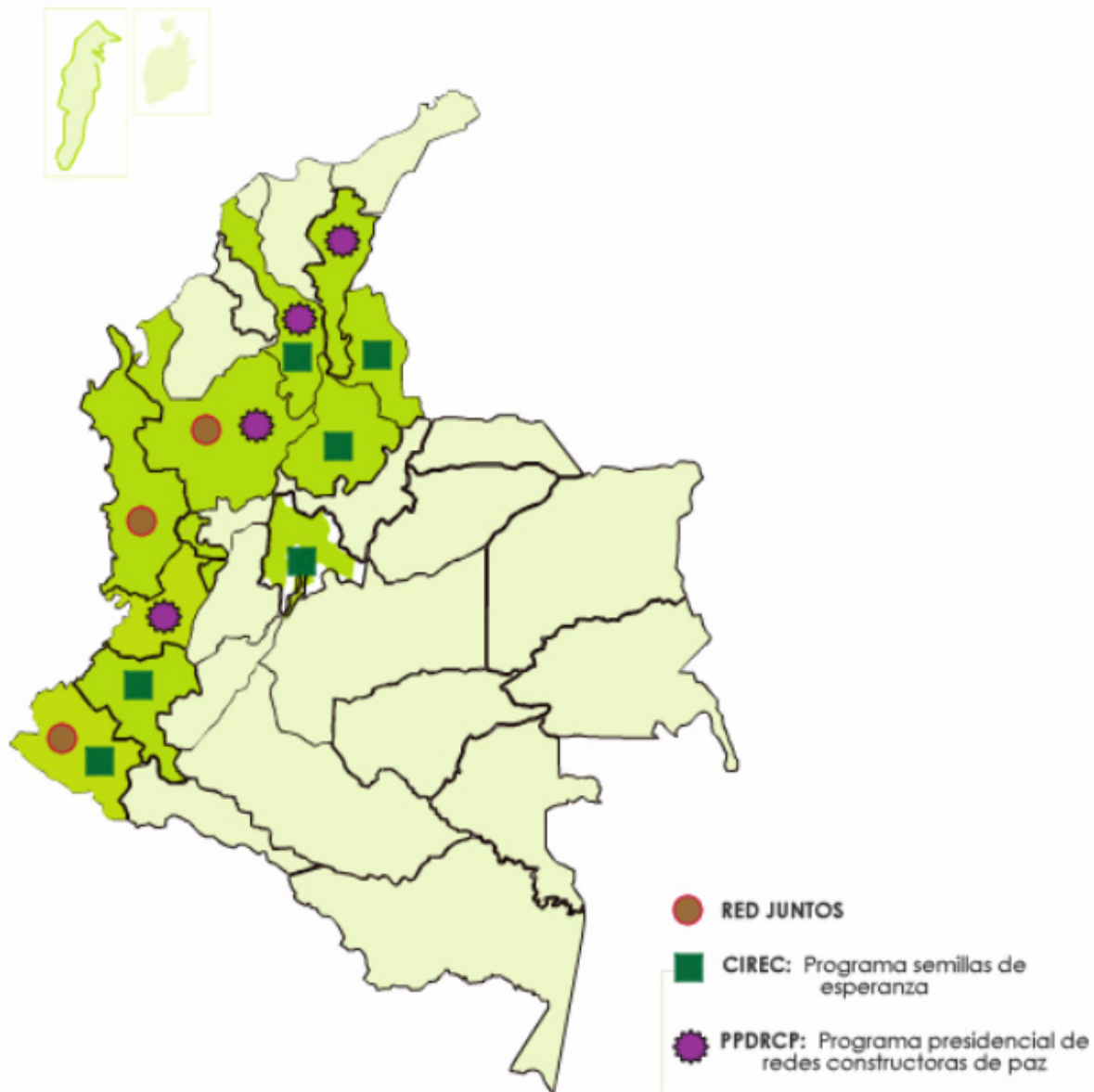
Technical assistance to implement programs of **Self Help Groups (SHG)**. INNOVATION in Colombia

PROGRAMA	NO. MUN	NO. GRUPOS	NO. BENEFICIARIOS
PPDRCP	18	36	720
RED JUNTOS	14	100	2.000
SEMILLAS DE ESPERANZACIREC	32	32	640

Pilot project to accompany FAMILIAS EN ACCION and create a savings culture in the mothers that receive conditional subsidies a

■ Credit

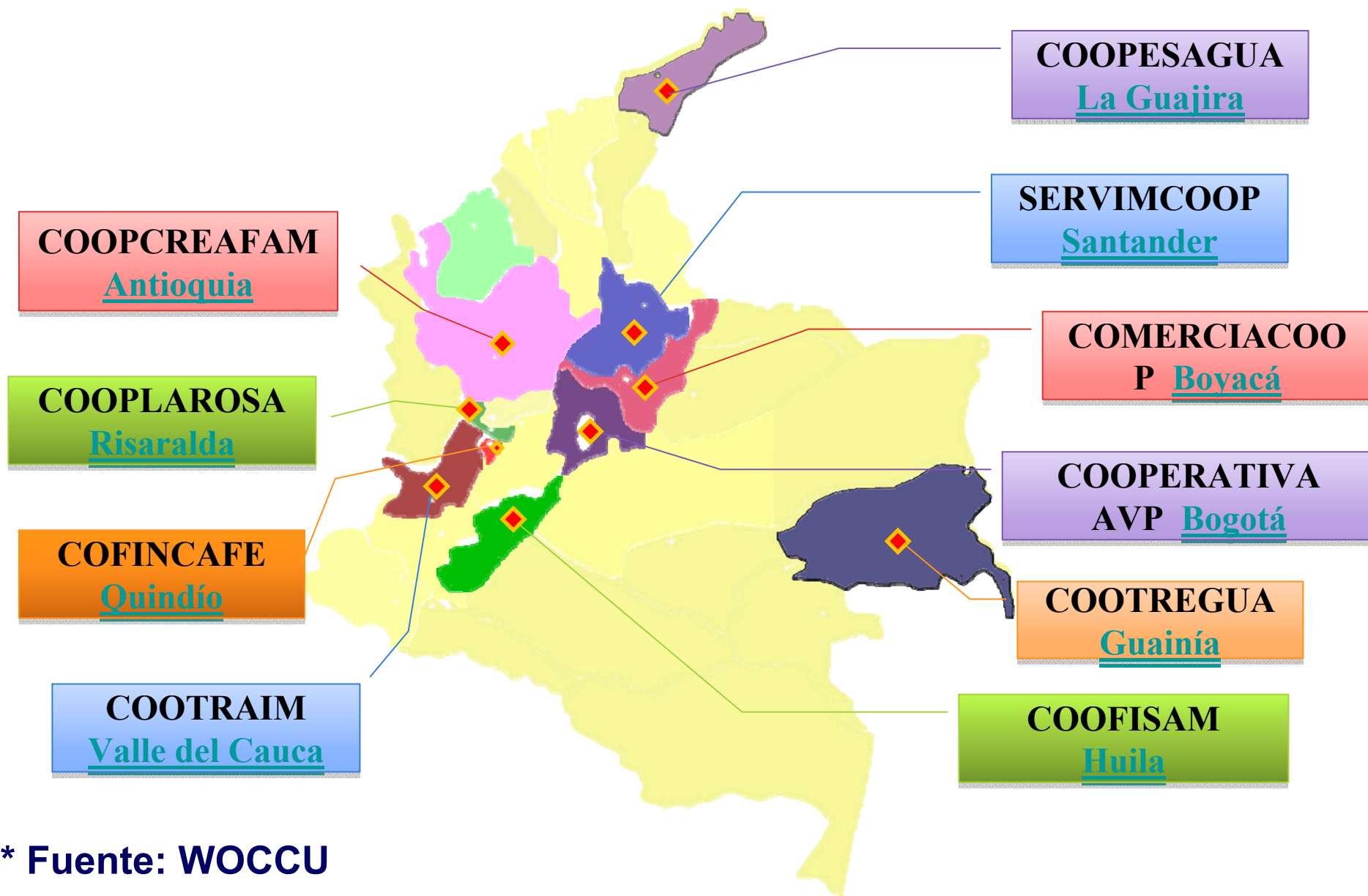
- Technical Assistance to microfinance institutions (MFI) to adopt technologies of **Village banking**



3. Access for the rest of Unbanked Population

■ Technical Assistance:

- To commercial banks for the implementation of microcredit technologies: MIDAS-USAID
- To financial cooperatives (credit unions) for integral institutional strengthening : WOCCU
- To Microcredit NGOs for institutional strengthening: Planet Finance



* Fuente: WOCCU



RESULTS

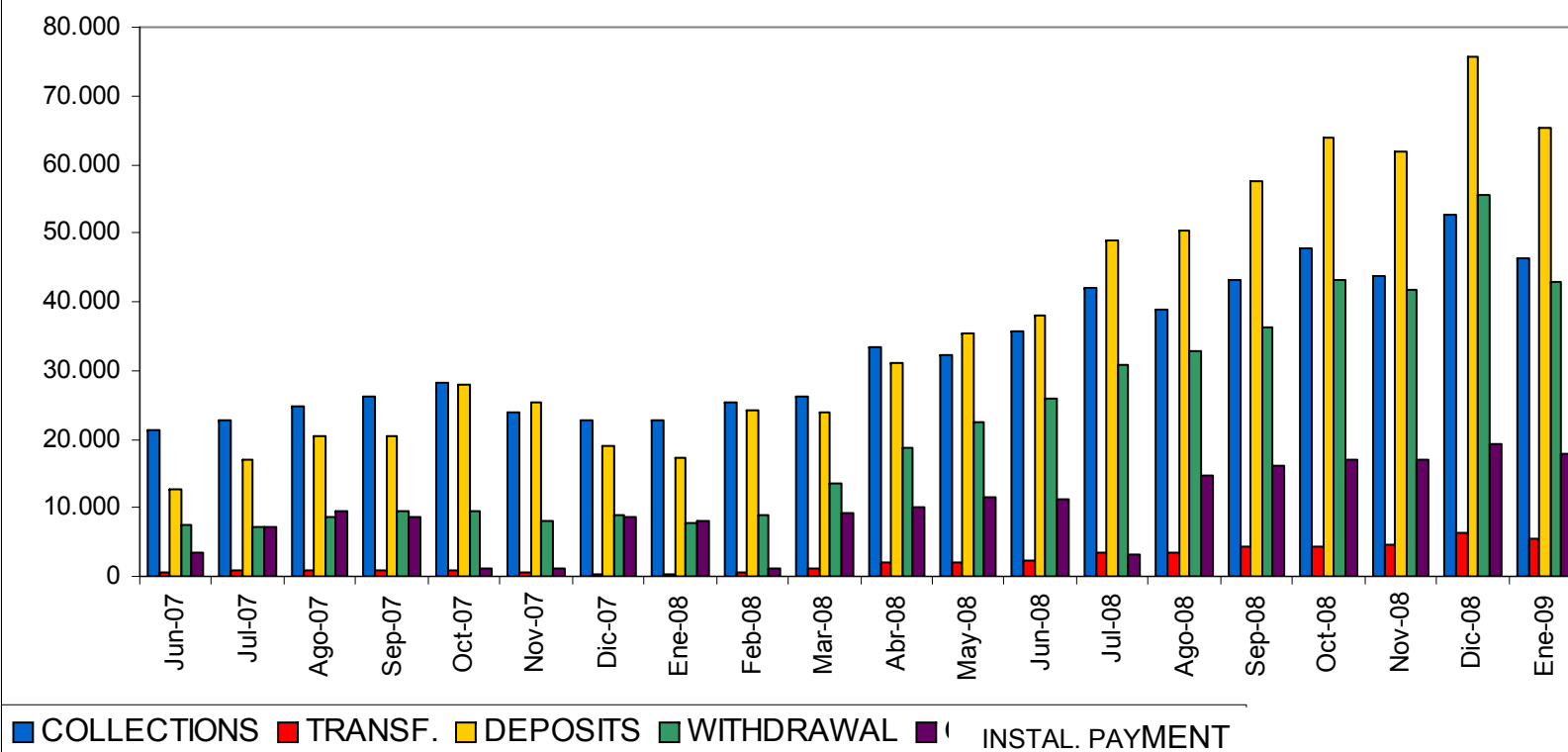


**TOTAL NUMBER OF
NBA in COLOMBIA: 4.938**
(from June 2007 to Feb. 2009)

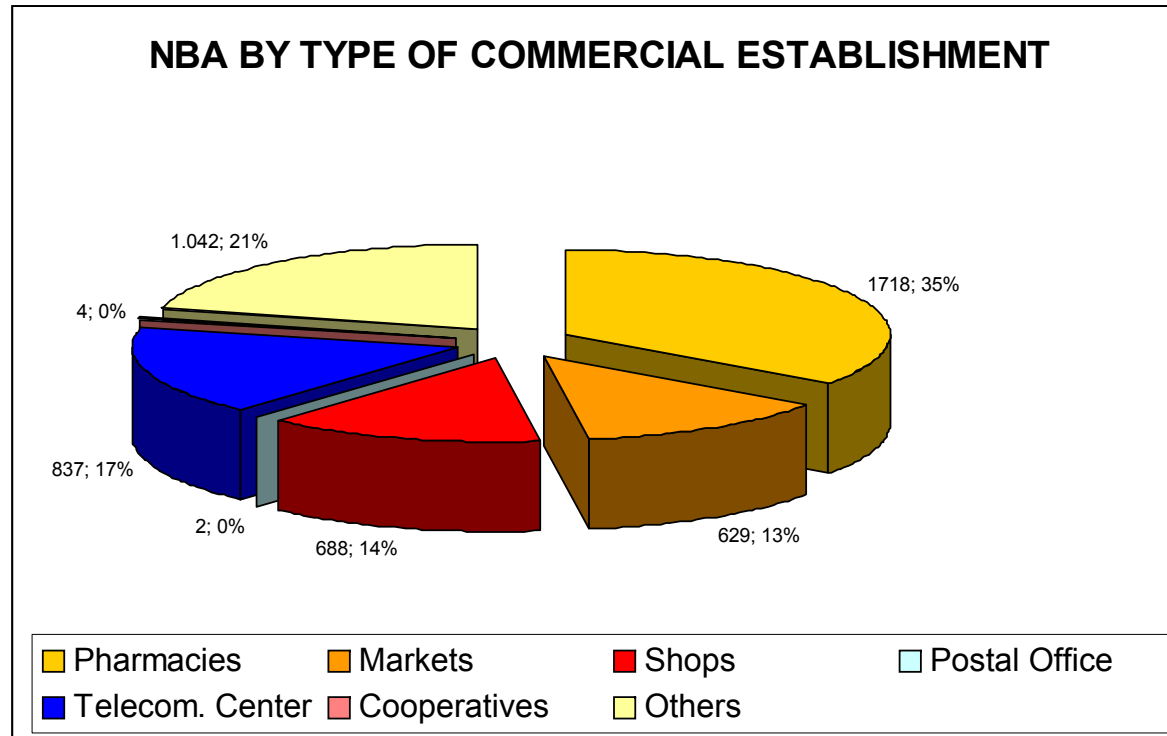
**TOTAL NUMBER OF
BANKS WITH NBA: 10 of 17**

**TOTAL NUMBER OF
BANK BRANCHES/
OFFICES 4.300**
(in 130 years)

AMOUNT OF TRANSACTION THROUGH NBA BY TYPE (Amount in Millions of \$ COP)



Distribution of NBA by Type of Establishment



	Pharmacies	Supermarketss	Shops	Post Office	Telecom. Centers	Cooperatives	Others	TOTAL
0 - 10.000 habitantes	37	37	33	0	34	1	117	259
10.001 - 50.000 habitantes	185	69	72	1	110	2	206	645
50.001 - 100.000 habitantes	77	42	35	1	45	0	53	253
Más de 100.000 habitantes	1.419	481	548	0	648	1	666	3.763
TOTAL	1.718	629	688	2	837	4	1.042	4.920

BANCARIZATION OF POPULATION ABOVE 18 YEARS OLD IN COLOMBIA

July 2006: 47.06 %

June 2008: 55.49%

BANCARIZATION OF TOTAL POPULATION IN COLOMBIA

July 2006: 30.17 %

June 2008 : 38,37%**

***Source: Asobancaria**

**** Recalculado con la Población del Censo de 2005 – Fuente
Banca de las Oportunidades**



**BANCA DE LAS
OPORTUNIDADES**

MUNICIPALITIES WITHOUT BANK PRESENCE

June 2006: 307
December 2008: 67



TOTAL MICROCREDIT DISBURSEMENTS

**3.566.646 CREDITS
FOR USD \$4,516 BILLION**

(from August 2006 to January 31 de 2009)

MICROENTREPRENEURS THAT HAVE ACCESSED CREDIT FOR THE FIRST TIME

Banks y CFC:	332.040
Cooperatives:	37.803
NGO's:	742.103
TOTAL:	1.111.946

Source: Asobancaria, Confecoop, Emprender

(August 2006 – December 2008)



CREDIT TO THE MICROENTERPRISE OUTSTANDING BALANCE

July 2002: \$ 300.5 millions

July 2006: \$1.43 billions

January 2008: \$ 3 billions

Numbers in USD \$



Una política para promover el
acceso a servicios financieros
buscando equidad social



Presidencia de la
República de Colombia



Ministerio de Hacienda
y Crédito Público



Ministerio de Comercio,
Industria y Turismo



¡Gracias por su atención!