>> Global Savings, Assets & Financial Inclusion

LESSONS, CHALLENGES & DIRECTIONS

Report from a Global Symposium

June 2007 • Singapore

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<< TABLE OF CONTENTS >>

<< **FOREWORD** >>

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In 2000, 196 Member States of the United Nations committed themselves to halve extreme poverty in the world by the year 2015. Since then, broad availability of well-designed and appropriately delivered financial services and products, including those that lead to savings and productive assets, has become increasingly recognized as essential to alleviating poverty and fostering economic security and opportunity. Yet eight years later (and with less than eight years remaining to reach this goal), some three billion people worldwide lack access to basic financial services. Much remains to be done.

For three days in June 2007, the Global Assets Project (a joint venture of Center for Social Development at Washington University and the Asset Building Program of the New America Foundation), the National University of Singapore, and the Financial Access Initiative of New York University convened 100 leaders from diverse fields at a Global Symposium on Savings, Assets, and Financial Inclusion. Sponsored by the Citi, Levi Strauss, and F.B. Heron Foundations, the purpose of this first-of-its-kind symposium was to illuminate and inform strategies for universal inclusion in savings and asset-building products, programs, and policies around the world. We paid particular attention to the needs of people with limited resources in developed and, especially, developing countries.

At the Symposium and throughout this document, we commonly use the term "asset building" to refer to efforts to build savings and productive assets, including education, homeownership, land, small businesses, livestock, investments, and pensions. While this term has become commonplace in some countries and fields, there are now a variety of terms — including asset accumulation, asset development, wealth building, etc. — used internationally to describe the concept and efforts emerging from it.

The symposium was organized around three goals. First, we wanted to harness the experience and brainpower of leading practitioners, scholars, policymakers, advocates, corporate leaders, and funders. The idea of asset building has emerged as a major theme in many parts of the world, but this is a relatively young discussion with theory, evidence, policies, and products developing in uneven, often haphazard ways. In bringing together many of the key persons leading this work, we sought to provide some coherence and structure to this emerging field and to capture the lessons and best thinking worldwide. Second, we hoped symposium discussions and results would inform future directions in participants' diverse but overlapping fields. Finally, we aimed to build bridges between the leaders in the savings, assets, and financial inclusion fields, so that they, along with us, could advance savings, asset-building, and financial inclusion efforts around the world.

As an organizing team, we chose an unconventional symposium format — one that eschewed PowerPoint presentations and long speeches by just a few people. Instead, we gave a broad range of leaders from around the world an active role. This report provides a glimpse into the wealth of information — trends, insights, lessons, and challenges — provided so candidly and generously by our participants at the symposium in Singapore. The report also includes possible next steps that symposium participants and the rest of the diverse range of actors working within these fields should take to move this emerging body of work forward.

— *The Global Assets Project*
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Introduction

There is a growing consensus that all people in the world — the poor as well as the rich, people from all countries, people from all backgrounds and characteristics — should be included in saving and asset-building opportunities. The reasons for this growing consensus are both moral and practical. The moral reasoning is that people should have a fair chance, an opportunity to develop their capacities to lead a stable and satisfying life. The practical reasoning is that we, as individuals, communities, and societies, are all better off when people accumulate assets, invest in themselves and their children, and become more productive and engaged in society and the global economy.

While increasing income that helps the poor to get by day-to-day is important, it is often not enough to pull them out of poverty. Individuals and families typically get ahead by accumulating small surpluses of savings and assets with which they make small investments that increase their economic well-being. Accumulating assets has many positive economic and social development outcomes for families, communities, and nations. For families, holding assets provides a way to smooth consumption, provides stability in the event of unforeseen costs and income fluctuations, and serves as a stock of resources to invest for increased future income and long-term development. It is primarily through accumulating and investing assets — in education, homes, enterprise, etc. — that individuals and families do better over the long-term. This is especially true across generations.

Multiple strategies for asset accumulation are possible, although saving typically plays a central role. Public policies, financial products, and related services play important roles in supporting efforts of poor households to save and grow their wealth. Around the world, policies that encourage saving, specialized savings services, tailored loan products, innovative insurance policies, and secure money transfer systems offer poor and low-income people an opportunity to change the economic outlook for their children, their families, and their communities. In particular, more governments are evaluating the benefits of asset-building policy as a way to promote wealth creation for their citizens.

All of this may seem like a well-worn and rather obvious understanding, but savings and asset building have often been underemphasized in economic and social development. This is underscored when looking at the massive global wealth inequality, not only between nations, but within them. A groundbreaking UNU-WIDER study on the World Distribution of Household Wealth has found

Catherine Weir, CEO, Global Wealth Management, Citi Europe, Middle East and Africa, provides welcoming/opening remarks to participants.

that approximately half the world's population owns only about one percent of the world's wealth.[1] Moreover, policies in many countries exacerbate these disparities. Welfare systems in many developed countries penalize asset accumulation. Around the world, underdeveloped financial and regulatory systems make financial services inaccessible, either by distance or cost, to the majority of the population. Indeed, only a fraction of the world's population is included in the formal financial system at all. By preventing the poor from accumulating assets, these policies and systems present a major impediment to economic and social advancement.

If we address such inequalities through the underlying philosophy that everyone ought to be included and receive similar life opportunities, then access to public subsidies and financial services should also be equitable and not neglectful of people at the bottom of the economic strata. As demonstrated throughout the symposium, efforts to increase financial inclusion and opportunities for asset building are proliferating around the world. It is through creativity and innovation in these two fields — and their increasing cross-fertilization — that we will find new solutions with the potential of reversing past exclusions.

Emerging Trends in Asset Building and Financial Inclusion

The financial services and asset-building fields are undergoing a transformation. The field of microfinance has evolved from its focus almost solely on credit to other

1 Wolff, et al., "The World Distribution of Household Wealth," United Nations University – World Institute for Development Economics Research, December 5th, 2006.

innovative financial products and services. Technological advancements hold the promise to allow better delivery of financial services around the world. Rapid transformation is also present in the field of public policy. There is pressure in both developing and developed countries to change social policies and how they are delivered. Most significantly, we are witnessing a convergence of these transformative trends in the financial services and social policy fields. Indeed, innovations in these fields and their cross-fertilization are sparking increased access to savings, assets, and financial inclusion for those living in poverty around the world. There are a number of trends shaping this transformation, all of them providing new challenges and opportunities for thinking about how poor households can build their assets and wealth.

Catherine Weir, Maliki Osman, Christine Barrineau, and Ray Boshara during the opening plenary with Michael Sherraden and Tom Easton.

FINANCIAL INCLUSION TRENDS

>> Financial services are entering new markets. Financial service providers in the developed and developing world are creating and experimenting with financial services that can help poor households build assets and wealth. To be sure, democratization and globalization of financial services are changing the way we think about asset growth and banking. From the smallest banks and credit unions to many of the largest commercial banks (most of which have historically focused almost exclusively, particularly in developing countries, on high-value clients), a broadening range of financial services providers are now working to reach new markets at the "bottom of the pyramid."

>> Microfinance is evolving. In recent years, the field of microfinance has demonstrated increased maturity, efficiency, and sustainability. Microfinance institutions are branching out from their emphasis on credit to introduce a whole range of financial products, from savings to remittances to insurance. And at the same time that commercial banks have begun tapping into the microfinance market, a number of microfinance institutions have evolved into formal, regulated banking institutions.

>> Savings is taking center stage. It is apparent worldwide that the demand for deposit services is much greater than the demand for credit. Almost everyone, even the poorest among us, needs to save to smooth consumption and for large purchases. For most households, saving is more often a steadier feature of financial life than credit. Access to savings, structured savings products, and incentives for savings can enable poor individuals to make deposits and build assets that lead to positive outcomes, greater stability, and long-term development of families and communities. Asset-building goals of poor individuals seem to be similar worldwide, as are features of successful savings products, and content of financial education that can assist the poor in achieving their goals.

ASSET BUILDING AND SOCIAL POLICY TRENDS

>> Defined contribution principles are shaping social policy. A shift towards defined contribution instruments, or individual accounts, in both developed and developing countries heightens the need for financial inclusion.

>> Social policies are moving into asset building. In addition, there is a role for public policy in shaping social policy and regulatory environments so that the poor can also participate in savings and asset building. One of the key lessons from this meeting is that asset-building social policies are becoming more common, particularly in developed countries, but with growing interest in developing ones as well. And with a growing trend toward defined contribution (DC) principles, social policies and financial services are becoming mutually reinforcing. For example, public resource flows — such as the United Kingdom's Child Trust Fund (seeded savings accounts opened at birth for all children) — can help make financial products and services both more inclusive and commercially viable.

TRENDS IN THE OVERLAP

>> Both fields' conception of poverty (and how to tackle it) is evolving. Asset development is a somewhat radical idea in anti-poverty debates, which have been dominated by discussions of income and consumption. The most accepted poverty measure is defined in terms of income: if you earn or live on less than a dollar a day, you are considered "poor." By framing the problem in terms of income, the international development community has then tried to solve the problem by raising the poor to a certain level of income. But poverty is more than a matter of income. While income measures remain important, there is increased recognition that household development should

Tharman Shanmugaratnam, Minister for Education and Second Minister for Finance of Singapore, delivers a keynote address at a session held at the National University of Singapore.

be measured by more than income growth, with an emphasis on capabilities. Indeed, if we define poverty in terms of "wealth" (a certain level of assets for investment in life goals), we find a much starker picture of poverty and inequality within and between countries; wealth inequality far outstrips income inequality in the vast majority of countries. Framing the problem in terms of assets means finding solutions in terms of assets. As this trend continues, it will have huge implications for programming and policy.

>> Policymakers and financial institutions are figuring out how and when context matters. Financial services providers, civil society practitioners, and policymakers are all increasingly acknowledging that one-size-fits-all products and policies are neither always appropriate nor effective. The success of the microcredit movement has solidified a global recognition that women are critical actors in alleviating poverty and in increasing the well-being of their families. Policies and products created specifically to build and protect women's assets, and also those of their children, are growing and maturing throughout the developed and developing world.

>> Technology is advancing rapidly. Advancements in technology are creating unparalleled opportunities to provide financial services to millions of the world's poor and marginalized. In the financial services field, innovations in such products as mobile banking and biometric ATMs are providing affordable and accessible financial services to the traditionally excluded. Technological advancements are also changing the ways governments deliver social services. For example, mobile banking, pre-paid cards, and greater account access have greatly improved the delivery and reach of social policies, such as welfare payments, conditional cash transfers, pensions, etc.

>> Asset-building and financial inclusion fields are increasingly integrated. Finally, the increasing interaction between the financial services and asset-building fields is an emerging trend itself. Proliferating account-based social policies require systematic involvement from the financial services sector and increase the need to ensure inclusion of the poor in financial services. Meanwhile, the micro financial services sector is exploring if and how to use popular and accessible microfinance services as a platform for social services and social protection. And both commercial and financial services providers are working with public policymakers to create an enabling regulatory environment to make these partnerships possible and effective.

Key Lessons: Policies, Services, and Products for Savings, Assets, and Financial Inclusion

In order to keep pace with the trends highlighted above, there are pressing needs for innovation in both the financial inclusion and asset-building fields. As a first step, the *Global Symposium on Savings, Assets, and Financial Inclusion* was organized to spur debate and planning of innovations that can be effective and sustainable. As the symposium revealed, there are a number of researchers, policymakers, and practitioners (in public, not-for-profit, and for-profit sectors) already stepping up to the plate and many others poised to do so.

Sharing of international experiences at the symposium brought into view a number of innovations in policies, products, and services. In this section, we highlight specific lessons, based on participants' presentations and dialogue, that hold promise for increasing financial access and wealth for the poor around the world.

THERE IS DEMAND FOR SAVINGS, IF THE PRODUCTS ARE RIGHT

>> Convenient and simple financial services. Customers prefer financial services with accessible locations, personalized products, and simple features. Next to safety and security, the services and product design are perhaps most important. Overall, there is widespread demand for deposit services among people of low incomes, and this demand can be transformed into savings if supply features (the design of products and services) are responsive to demand and can be viably offered by the financial institution.

>> Low transaction costs. Poor customers are sensitive to the cost of financial services. If the cost is too high, customers may choose not to use financial services. That said, we also know from the research of Stuart Rutherford and others that security and simplicity can trump financial costs. In some cases, savers are willing to pay for savings services in exchange for a safe and simple way to put away their funds for future use.

>> Safe and sustainable financial institutions and providers. Reputation and soundness of financial institutions and providers are crucial factors for customers choosing to participate in financial services. Poor customers cannot risk putting their savings in a financial institution or product that is unreliable or untrustworthy.

To be sure, the great variety of saving models and products available around the world provide a fundamental lesson: *given access to reliable financial tools and appropriate incentives, the poor can save*. The work of Stuart Rutherford and his colleagues at SafeSave, and his work on financial diaries as a research tool, shed considerable light on the financial life of the poor.

Case Study: *SafeSave and Financial Diaries*
Source: *Stuart Rutherford, SafeSave*

>> How the poor manage their money. The poor are prolific money managers; they have limited resources that they have to work very hard to use to cover their basic needs. They also tend to lack effective or affordable access to the financial services needed to facilitate money management. The poor have multiple financial challenges: 1) simple day-to-day money management; 2) putting together useful lump sums; and 3) risk management and coping with emergencies. All three of these require both saving and borrowing, and all three require different kinds of instruments and services. The complexity and enormous challenges of this financial life help to explain what may look from the outside like irrational behavior by the poor, including: 1) willingness to pay deposit collectors to hold their money; 2) borrowing back their own savings; and 3) borrowing in order to save.

>> Implications for financial services. With knowledge of these patterns, it is possible to identify basic types of products that can be useful for the poor. These include: 1) open passbook savings; 2) structured and commitment savings to provide discipline to accumulate a lump sum; and 3) loans and insurance for all kinds of needs (not merely microenterprise but also to build lump sums and to help deal with risk and disasters).

SAVING BY THE POOR CAN BE PROFITABLE

Contrary to traditional belief, saving by the poor can be profitable for financial institutions. Savings is both a source of capital and a product offering that can potentially increase the client-base of a financial institution. Historically, however, most financial institutions have not focused on providing savings products or services to the poor, as it was considered neither profitable nor sustainable. However, as more financial services providers work to tap into Bottom of the Pyramid (BOP) markets, there is a clear business case for doing so. This business case includes attracting loyal future customers (both the children and their family members), cross-selling other financial services, and enhancing the institution's image in the community. For many institutions, the advantages of self-financing, and appealing to a broader range of client segments, outweighs the initial cost of introducing savings services (regulatory compliance, front and back office costs, etc.)

For example, Hatton National Bank (HNB) in Sri Lanka, a private financial institution with a socially conscious outlook has, through partnerships, innovative product features, and marketing strategies, found mobilizing savings of the poor a profitable venture.

Case Study: *Hatton National Bank in Sri Lanka*
Source: *Chandula Abeywickrema, Hatton National Bank*

>> Rationale. Formal savings rates are low in Sri Lanka compared to other countries in the region. Hatton National Bank (HNB) feels that it is responsible to develop saving habits among young people. HNB tries to establish credibility and trust through collaboration with other trusted institutions, such as school systems. Students who save develop sustained relationships with HNB, and relatives of these students are inclined to become HNB customers as well. Students involved in savings become oriented towards continued education and business, which will likely lead to greater economic opportunities over their lifetimes. In addition to developing lifelong saving habits, these young savers could develop into loyal bank customers who use a variety of HNB's financial services. An example of a program and a product that demonstrate HNB's innovative approaches to profitable savings services follow:

>> School banking. HNB's school banking products build on Sri Lanka's extensive school infrastructure. The program allows school children from 6 to 18 years old to save money in formal bank accounts by bringing their savings to school on a regular basis. Most students in the program

save money to cover the costs of higher education and many of the rest use their savings to start small businesses when they leave school. The bank collects savings at more than 150 schools through "Student Units" managed by volunteer students. HNB officers collect savings at these units once a week, minimizing delivery costs.

>> Child savings accounts. Based on the success of the school banking products, the bank has launched new child-focused products. The bank gives young children an elephant-shaped till for them to save their money in at home, and opens formal savings accounts for them at the bank. These are long-term, commitment savings accounts earning 5.5 percent interest. Savings can only be withdrawn when the child turns 18. Currently, the bank has over 400,000 children's savings accounts with a balance of over US$35 million (about 2.5 percent of HNB's total savings deposits). The children's savings program has been a very successful marketing tool, attracting many parents and even grandparents into banking relationships with HNB.

INNOVATIVE PRODUCTS ARE NECESSARY FOR ASSET BUILDING AND FINANCIAL INCLUSION FOR THE POOR

The presentations and discussions in plenary and breakout sessions illuminated recent innovations in savings, credit, insurance, and remittance products, considered to be the "pillars of financial inclusion." Low-cost and flexible savings products, credit lines tied to pension schemes, low-cost and high-penetration microinsurance products, and remittances products that link transfers to asset-building opportunities dominated discussions and raised debates. Innovations include products and services designed specifically to create a "ladder" of products that work well together. As these products evolve, they offer new and improved options to draw low-income customers into the formal banking system. Here we illustrate examples of particularly innovative products and/or services for each of the so-called "pillars" of financial inclusion: savings, credit, insurance, and remittances.

Case Study: *Savings — Easy-Save and Group-Save in Namibia*

Source: *Gida Nakazibwe-Sekandi, Capricorn Investment Holdings*

>> Rationale. In Namibia, banks have traditionally avoided low-income households and these households have been skeptical of banks. However, in response to a political mandate to improve access to financial services, both the banking sector and the government have ramped up

Gida Nakazibwe-Sekandi, Executive Director, Capricorn Investment Holdings, asks panelists a question.

efforts to understand and tap into the low-income market. Bank of Windhoek led market research to understand this traditionally excluded portion of the Namibian population. This research revealed that potential clients are more concerned about the safety and accessibility of their money than earning higher interest on their savings. Also, researchers discovered that while irregular income earners (seasonal earners working in such industries as fishing, construction, and agriculture) are unable to make regular deposits, they tend to be very active money managers (for the same reasons outlined by Stuart Rutherford's research discussed above). Recognizing the customers' real as opposed to their perceived needs allowed for the creation and testing of flexible, low-cost savings products, including these two examples:

>> Easy Save. EasySave is a low-cost savings product targeted specifically to Namibia's unbanked and under-banked populations (about 50 percent of 1.8 million people). The account is intended to meet individuals' basic banking needs and have certain "pro-poor" features such as 1) no pay stub required to open the account; 2) a low monthly service fee of N$2 (about US$0.30); 3) no deposit fees, 4) free life insurance coverage of N$2,500 (US$380); and 5) a low minimum balance of N$20 (US$3). Since its launch in 2005, more than 37,000 EasySave accounts have been opened in Namibia.

>> Group Save. GroupSave, another savings product, formalizes community savings models, such as the rotating savings and credit associations (ROSCAs) that are so popular in many communities in the developing world. A GroupSave account earns above-average interest, which enables funds to grow more quickly than with a traditional and informal ROSCA-style account. Additionally, GroupSave accounts are relatively low-cost products, with

no monthly service fee and a reduced over-the-counter withdrawal fee. Each GroupSave account requires 1) a chairperson and a treasurer; 2) identification from each member (which could take the form of a letter from a village chief; and 3) a cap of N$60,000 (just over US$9,000). The cap is intended to prevent misuse and money-laundering by the non-poor population.

Case Study: *Credit – Grameen Pension Scheme – a Credit-Pension Hybrid Account*
Source: *Alex Counts, Grameen Foundation, USA*

>> Rationale. Despite the proliferation of microcredit and the development it has spurred, women in the developing world all too often reach retirement age with little savings or assets. To address this issue, the Grameen Bank established the Grameen Pension Scheme, which ties Grameen's credit program to a mandatory pension product for low-income clients, the majority of whom are women. Grameen's Pension Scheme (GPS) has been a big contributor to the increase in savings accounts among Grameen's typical credit clients. Alex Counts, president of the Grameen Foundation, elaborated on how a large number of clients are benefiting from the scheme.

>> Details of the Grameen Pension Scheme. The GPS is designed as a 10-year contract. Thus, clients — the vast majority of whom are women — often see it less as an actual pension, but more as additional savings that help them to accomplish particular goals, such as paying for their children's education, a marriage, or a funeral. After the 10-year term, clients can easily open another account. Grameen also has a fixed-term deposit scheme that clients can use in their old age. The GPS features 1) a monthly deposit over a term of five to 10 years (the majority of clients opt for a 10-year term); 2) a payback after the term ends of all the money deposited with interest (a generous interest rate as compared to commercial banks); 3) a "pro-poor" design that allows clients to break their contracts and allows them to make monthly contributions a bit at a time; 4) no cap on contributions to the scheme; and 5) an extremely favorable interest rate of 12 percent. While all Grameen Bank micro-credit clients with loans over 8,000 taka (US$120) are required to hold a GPS and contribute a minimum of 50 taka (US$.86) per month, the bank has discovered that this popular product is attracting new clients and generating a huge cash in-flow for the bank. With some borrowers saving upwards of 500 taka per month (10 times the minimum contribution), the Bank brings in over 100 million taka each month. Thus, not only is Grameen Bank creating financial independence and self-reliance for it poor clients, it is also solidifying its own self-reliance and ensuring sustainability.

Case Study: *Insurance — Banamex-Compartamos Micro-Insurance Innovations*
Source: *Luis Portilla, SegurosBanamex*

+>> Rationale. In 2005, SegurosBanamex (the insurance arm of GrupoBanamex, a member of Citigroup and the leading financial group in Mexico) and Compartamos (one of Mexico's prominent MFIs) began a joint venture offering a simple life insurance policy to poor women and peasants in Mexico. They created two very simple premium products that are low-cost and offer quick delivery to clients. This innovative product and partnership won Banamex and Compartamos the 2007 Sustainable Bankers of the Year Award, which awards banks for demonstrating leadership and innovation by integrating objectives and financial activities that are socially and environmentally responsible, and demonstrating good corporate governance.

>> SeguroBásico and SeguroVoluntario. Basic Insurance (SeguroBásico) and Voluntary Insurance (SeguroVoluntario) are two life insurance products that provide access to insurance for large segments of the Mexican population traditionally excluded from any form of insurance. The Basic Insurance pays out life insurance up to 15,000 pesos. Compartamos serves as an agreement-signing and paying agent of the policy. The Voluntary Insurance product allows customers to sign up for up to seven multiples, 15 pesos each, of the insured amount. In this case, Compartamos serves as agreement-signing agent, and the paying party is the customer. In both cases the insurance claims are paid in 48 hours. As of December 2007, over 1 million life insurance policies have been provided to Compartamos Bank's 750,000 microcredit clients — the vast majority of whom have never been insured before. This represents over 15 percent of the total individual life insurance policies in Mexico. Banamex is now working to replicate this low-cost, simple product to protect individual and family assets throughout the rest of the country.

Case Study: *Remittances – Using Transfers for Strategic Investments in the Dominican Republic*
Source: *Inez Murray, Women's World Banking*

>> Rationale. In the Dominican Republic, both men and women consider purchasing property as the main vehicle for investment. It is also the number one life-cycle event for which women save, just above education and health. Property in the Dominican Republic is typically rented to generate income. Recognizing this, Women's World Banking (WWB) is working with the MFI, ADOPEM,

Stuart Rutherford, Safe Save and Inez Murray, Women's World Banking, on the panel discussing the "Financial Pillars of Asset Creation."

to link remittances to savings and asset-building products for microfinance clients in the Dominican Republic.

>> Products. The WWB/ADOPEM program targets strategic investment and economic security products to women as they plan for their old age and retirement. Among ADOPEM's innovative products are 1) a matched savings program that links remittances to a down payment for the purchase of a home, and 2) a loan product that links repayment to monthly remittance transfers. Not only do these products hold the promise of providing economic security to women and their families into old age, but owning property and a land title will also transform gender-power relations within the household.

ASSET-BUILDING SOCIAL POLICIES CAN PROVIDE EFFICIENCY, INCLUSION, AND OPPORTUNITY

>> The asset-building framework is increasingly informing social policies. Poverty policies have traditionally been focused on consumption and maintenance. Asset-building policies, on the other hand, focus on expanding economic security and opportunity and expanding a nation's economy in the process. Asset-building policies are designed to move families forward economically and socially. Unlike traditional public assistance programs, which typically either penalize or disallow accumulation of assets by the poor, asset-building social policies aim to significantly build the asset base of the poor. As a development strategy, they are designed to foster economic security and opportunity, and enable both to be passed on to future generations. Assets not only provide an economic cushion and enable people to make investments in their future, they also provide a psychological orientation — toward the future, one's children, and having a stake in society — which income alone cannot provide.

>> Defined Contribution accounts facilitate asset-building social policies. There is a worldwide trend toward defined contribution (DC) principles — that is, individual accounts — as a social policy strategy. This is most evident in the case of retirement policies, where many nations are adopting DC policies to replace or supplement traditional social insurance and means-tested support. In almost all cases these individual accounts, such as 401(k) plans in the United States, are invested in the private sector but are publicly regulated and typically subsidized via tax incentives. In some countries, the DC system has completely replaced social insurance, as it has in Chile, for example. It seems likely that DC social policies for retirement security will continue to expand around the world in both developed and developing countries. The increased flow of capital from public social policies into DC accounts will present unprecedented opportunities for growth of private financial services.

However, even with the promise of asset-building policies and the potential of DC accounts, a major concern is inclusion of the whole population. In most countries, policies encouraging asset accumulation have been enormously regressive, disproportionately benefiting those individuals and families who are already well-off. By the same token, DC policies in many countries currently cover only the formal working sector and those with higher incomes. The challenge is to include the poor and to create public subsidies that are at least equitable (same dollar value to all) or progressive (more support for the poor). In this regard, a number of recent innovations in social policies shed light on the potential for more inclusive, account-based asset-building programs. Below we present the first universal and progressive asset-based policy, the Child Trust Fund in the United Kingdom, which began in 2005.

Case Study: *Child Trust Fund in the UK*
Source: *Jim Bennett, Institute for Public Policy Research*

>> Rationale. Discussion of progressive asset-based policy in the United Kingdom was spurred by research on Individual Development Accounts (IDAs) in the United States. The original concept of IDAs was an account for everyone beginning at birth, with higher incentives (subsidies) for the poorest. Following lengthy discussion and planning, the government of Prime Minister Tony Blair created and implemented the Child Trust Fund (CTF). One rationale behind the CTF is the idea of "natural

rights." If people are to truly be "free," they require a certain amount of wealth. Assets can enhance security, stability, and well-being. And while stored consumption is important, asset ownership has the ability to create opportunity and reduce inequality in ways stored consumption cannot.

>> Operation. This universal policy entitles all newborn UK citizens to receive 250 pounds automatically in their individual CTF accounts. Children from low-income families receive 500 pounds. The money accumulated in CTF accounts is not accessible until children reach age 18. At that age, there are no restrictions on the use of the money. Freedom of choice on use of funds is tied to the notion of individual responsibility. It is argued that young adults will exhibit responsibility if 1) they are expected to be responsible, and 2) they have 18 years to prepare and plan.

Continuing research and pilot projects in asset-building policies targeted at children have led to other social policy innovations. A more recent innovation is South Korea's progressive Child Development Account (CDA) policy, initiated in 2007. The Korean CDA policy is intended to cover all children in the lower half of the income distribution by 2010.

Case Study: *South Korea's Child Development Accounts*

Source: *Yunju Nam, Center for Social Development*

>> Rationale. The Korean Ministry of Health and Welfare implemented Child Development Accounts (CDAs) in April 2007. CDAs have been viewed as a mechanism for providing financial education to underprivileged children and for providing opportunities to individuals to acquire assets that enable development. The plan is part of a broader effort to reduce widening gaps between the rich and poor in Korea by investing in human capital and also to address very low birth rates in the country.

>> Operation. In 2007, CDAs targeted a total of 41,500 children, comprising 37,000 children who were on welfare or orphaned and 4,500 children with disabilities. In 2008, the Korean government expanded its CDA program to include all newborns in low-income households that are already enrolled the National Basic Livelihood Security Act, an existing public assistance program. CDAs will expand over time to include children of all the working poor born on or after January 2009. By 2010, the government intends for the program to encompass all children born into low- and middle-income households, which will be approximately 50 percent of all Korean newborns. At age 18, children will be allowed to access the CDA funds to use for education, housing, or microenterprise. The maximum monthly deposit into a CDA will be US$30, matched 1:1 by the Korean government. In 2007, the monthly CDA deposit for institutionalized children and children without parents is US$60, of which US$30 comes from organizational sponsors and US$30 is matched by the government. Starting in 2010, the Korean government plans to provide matched deposits twice: US$200 at birth, and US$200 at age 7.

The progressive social policy innovations highlighted above set the stage for lifelong asset building with a strong public involvement, yet with funds held in the private financial sector. There is every reason to believe that similar policies — blending public and private involvement — will be taken up by more countries going forward. This type of policy design and focus has the potential, over time, to change the character of DC policies from exclusive and regressive to inclusive and progressive.

CONTEXT MATTERS FOR BOTH ASSET-BUILDING PRODUCTS AND POLICIES

>> Asset-building products and policies can be tailored for targeted populations and purposes. Asset-building and financial inclusion products and policies can be, and at times should be, tailored to the needs of specific populations for specific purposes. For example, microfinance initiatives and products have traditionally been targeted at women, as the responsibility for asset accumulation and protection of households rests heavily on women throughout much of the world.

Case Study: *Women's World Banking's Innovations in Context-Sensitive Products*

Source: *Mary Ellen Iskenderian, Women's World Banking*

>> Rationale. Women's World Banking (WWB) is a global network of over 50 microfinance institutions serving some 23 million low-income women, around the world. WWB aims to have a major impact on expanding the economic assets, participation, and power of low-income women as entrepreneurs and economic agents by facilitating their access to finance, knowledge, and markets. Asset control and protection are extremely important, especially for women in the developing world and low-income households within developed communities. WWB has sought to discover ways to ensure that women and children's assets are protected, particularly in more paternalistic or institutionally weak nations in the developing world.

>> Products: Women's World Banking has conducted multicountry market research that revealed three top household priorities for women: education, health (particularly that of their children), and housing. WWB has created a number of innovative products targeted at asset accumulation, control, and protection in order to meet the priorities of women. An example highlighted at the symposium is a matched savings account program in Jordan that allows women to save for the school fees required for their children's education. WWB is also exploring "pro-poor," pro-women microinsurance products such as maternity care coverage, coverage for spouse and children as beneficiaries, and divorce and "abandonment" insurance — all critical needs within the developing and developed world. Finally, as mentioned above, WWB is working with partners to test combining a remittance product with a down payment for a housing loan. When developing these products, WWB emphasizes considering strategic gender needs, such as developing products that can change the subordinate position of women in terms of housing and property ownership.

Innovations in research on targeted asset-building products are also occurring in Uganda. Columbia University professor and New America Foundation senior fellow Dr. Fred Ssewamala's research on the effect of asset interventions on the health, education, and economic opportunities for orphaned and vulnerable children has earned international recognition.

Case Study: *Asset-building Accounts for Orphans in Uganda*
Source: *Fred Ssewamala, Columbia University and the New America Foundation*

>> Rationale. With widespread HIV infection in Uganda, the number of orphans has soared, and few of them have bright prospects. A major early hurdle in their lives is to raise funds for secondary school. In Uganda, primary education is free, but secondary education is not. Despite free primary education, many children, especially orphans of HIV-infected parents, drop out during the last two years of primary school. Most dropouts will become street children, and are at great risk of HIV infection themselves. As a response to this challenge, Dr. Ssewamala established a Child Development Account pilot project to test whether orphans will be able to complete primary education and finance and complete secondary education.

Fred Ssewamala, Associate Professor, Columbia University and Senior Fellow, at New America Foundation, asks a question.

>> Operation. A local church parish is leading the effort, partnering with a local bank. The bank visits schools and sets up accounts for all orphaned children in grades six and seven. The caregivers of orphans are allowed to open the savings accounts with and for the children but, to avoid misuse, the adults cannot use the account without the child's signature. An incentive mechanism has been established with a 2:1 match for savings up to the equivalent of US$200 for each account. This will bring total assets to the equivalent of US$600, enough to finance secondary schooling.

>> Evidence and expansion. Preliminary findings indicate that, on average, the orphans have saved US$8.42 per month over the first 12 months (not including the matched contributions of the intervention). In addition, children with savings accounts (vs. a comparison group) exhibit positive changes in attitudes towards methods to avoid HIV infection themselves. Based on these preliminary findings, the National Institutes of Health (NIH) in the United States is supporting an expansion of this project. This is one of the few times that NIH has funded a project outside of the United States and the first time that it has invested to test an economic intervention (asset building) for a health outcome (reduced HIV infection among the children as they grow up).

>> Asset-building products and policies can be targeted across the life course — for children, during adulthood, and in old age. Lifelong development requires availability of assets to invest in education, homes, health, businesses, and old-age security. From this perspective, no country has set up as comprehensive an asset-based policy as

Singapore. The current Singapore government, soon after independence in 1965, began to expand the scope and impact of the Central Provident Fund (CPF). Today, the CPF not only supports retirement security, but also home ownership, some aspects of health care, various insurance plans and investments, and increasingly education and development of children. Today about 92 percent of Singaporeans own their homes, the highest rate in the world. Also, in terms of asset ownership, Singapore is the most equitable country in the world. For example, the bottom 20 percent of the Singapore population has an average net worth exceeding US$70,000. The comparable figure in the United States is negative.

In this short space, we cannot cover all of the CPF, and focus here on asset building for child development, which has been a strongly emphasized over the past decade.

Case Study: *Singapore's Comprehensive Asset-building Policy*
Source: *Vernon Loke, Center for Social Development*

>> Rationale and overview. The Central Provident Fund (CPF) is a mandatory savings system to which every employed person contributes, with matched contributions from employers. The savings, while primarily meant for retirement, can be used for medical expenses, and for a variety of asset-building purposes such as the purchase of homes, investments, investment-linked life insurance, and higher education.

>> Baby Bonus Scheme. The Singapore government introduced the Baby Bonus Scheme as part of the government's overall effort to increase fertility rates and create an environment conducive to raising families. The program has two tiers. The first tier is an unrestricted cash gift from the government of S$3,000 (US$1,983) each for the first child and second child, and S$6,000 (US$3,966) each for the third and fourth children. The second tier consists of Children Development Accounts (CDAs) for the second to fourth children. Families can make contributions to these interest-earning CDAs over a period of six years. The government will match families' contributions at 1:1 up to a cap of S$6,000 (US$3,966) for the second child, and a cap of S$12,000 (US$7,932) each for the third and fourth children. Funds in the CDAs may be used for children from birth to age six to cover expenses related to childcare, preschool, special education or early intervention programs, and for medical care and insurance.

Mukul Asher, Professor, National University of Singapore, offers his thoughts.

>> Edusave Scheme. Singapore's Edusave Scheme was implemented in 1993 for schoolchildren between the ages of 6 and 16, with the objective of maximizing educational opportunities. Each child can expect to receive S$4,000 (US$2,620) in their interest-earning Edusave accounts during their 10 years in school. Unused balances in the Edusave account can be transferred to the child's PSEA when the child reaches age 16 or when he/she leaves secondary school, whichever is later. In addition to the annual contributions, the Edusave Scheme provides unrestricted incentive rewards of between S$50 and S$500 (US$33 and US$330) annually to successful students and for children from low-income families.

>> Post-Secondary Education Account (PSEA). PSEAs are the newest asset-based social policy implemented in Singapore. PSEAs will be opened for every Singaporean age 7 to 20 in 2008. Funds in the PSEAs can be used for approved post-secondary education expenses. Families can contribute to the PSEAs until the child reaches age 18. For CDA-eligible children, the government will match family contributions up to a combined CDA and PSEA cap of S$6,000 (US$3,966) for the second child, and up to S$12,000 (US$7,932) each for the third and fourth children. Unutilized balances will be transferred to the main CPF account when the account holder reaches age 30. Thus, the children's accounts merge into a lifelong asset-building strategy.

PARTNERSHIPS CAN INCREASE THE EFFECTIVENESS OF FINANCIAL INCLUSION AND ASSET-BUILDING PRODUCTS AND POLICIES

Partnerships between governments, financial institutions, and NGOs can provide new and more effective products and services to the poor that none could offer individually. As mentioned earlier, the successful partnership

Jayshree Vyas, Managing Director, SEWA Bank, asks a question. Also in photo: Jennifer Tescher, CSFI, Dean Karlan, Yale University, and Israel Moreno-Barcelo, Cemex.

between Banamex and Compartamos won the 2007 Sustainable Bankers Award, and its program is now being tested throughout Mexico. Neísa Vasquez of MFI Pro Mujer discussed how Pro Mujer's network of numerous strategic alliances is a means to meet many asset-building and human development goals, which are costly and otherwise unsustainable, through microfinance.

Case Study: *Pro Mujer's Strategic Partnership Approach*
Source: *Neisa Vasquez, Pro Mujer Bolivia*

>> Overview. Pro Mujer is an international microfinance and women's development organization with MFIs in Bolivia, Nicaragua, Peru, Mexico, and Argentina. The organization's mission is to support Latin American women living in poverty to build better futures for themselves and their families by providing microfinance, business skills, and healthcare support. Three Pro Mujer MFIs (in Bolivia, Peru, and Nicaragua) currently offer a full range of microfinance and human development services, such as health education, business development, and computer literacy training. But providing both microfinance and other services requires institutional capacity and coordination, a challenge for any organization to achieve on its own. In order to achieve its mission of integrated services, Pro Mujer takes a decentralized approach, allowing each institution the flexibility to adapt its products and services to the needs and constraints of the local market. This approach also allows each institution to engage in strategic partnerships that enable the provision of all of Pro Mujer's financial and human development services. This risk-, cost- and capacity-sharing allows Pro Mujer to sustainably meet the diverse needs of its poor clients. Here we highlight different strategic alliance models currently operated by Pro Mujer.

>> Third-Party linkages to provide health services. Pro Mujer Peru follows a linked third-party partnership model to effectively and sustainably integrate its health and microfinance services. In fact, Pro Mujer contends that offering multiple services helps the organization to leverage existing infrastructure, improve client loyalty, and strengthen its competitive position in financial service markets. By providing health services through third-party linkages, Pro Mujer Peru is able to positively impact the health of its clients at lower cost and with less management burden.

>> Partnership to deliver savings services. Pro Mujer also partners with Fondo Financiero Privado FIE, a regulated financial institution in Bolivia, to expand access to savings service to poor clients in peri-urban and rural areas in the country. The partnership has helped FIE increase market share in the highly competitive Bolivian microfinance market while simultaneously allowing Pro Mujer to offer a full range of financial services to its clients, which it would otherwise not be permitted to do. This alliance has resulted in millions of dollars in savings deposits from poor clients in largely unbanked areas throughout Bolivia. This type of strategic private-NGO alliance is an increasingly popular way to safely provide financial services in developing countries.

Another interesting approach to public-private partnerships involves the extensive partnership strategy employed by Hatton National Bank in Sri Lanka.

Case Study: *Hatton National Bank's Partnership Strategy*
Source: *Chandula Abeywickrema, Hatton National Bank*

>> Overview. The remittance business in Sri Lanka is extremely lucrative. Eight to 10 percent of the Sri Lankan population is migrant workers, typically from the Middle East and Europe. In 2006, the country received US$2.3 billion in remittance transfers and Hatton National Bank (HNB) is one of the country's largest remittance recipients.

>> HNB Partnerships. HNB manages several partnerships within its remittances portfolio that help it to offer safer and affordable remittances services. HNB partners with banks and exchange houses in Middle Eastern and European countries in order to ensure legal and recordable remittance transfers between countries. This two-way financing, for instance between Sri Lanka and Verona, also acts as a solution to money laundering. HNB also manages a partnership between bank offices and post offices that makes remittance services more accessible to clients. HNB's "smart card" solution, provided at some

6,000 post offices, acts as delivery points of remitted cash. In counties where most recipients need to take a day off to go to banks in order to collect money, this simple and effective partnership saves the bank, the remitter, and the receiver both time and money.

FINANCIAL EDUCATION AND CAPABILITY ARE IMPORTANT: CIVIL SOCIETY IS PLAYING AN IMPORTANT ROLE IN ITS PROMOTION AND UNDERSTANDING

Not only are private financial institutions and governments moving toward inclusion in saving and asset building; there are noteworthy examples in civil society as well. From social movements to rigorous programs unlocking the secret of effective financial education, NGOs are proving they can play a powerful and integral role in exploring, shaping, and understanding the asset-building and financial inclusion fields. This seems particularly true in the field of financial education. In general, there is evidence that financial education can make a positive difference in both short- and long-term financial decision-making and planning. Effective financial education can enhance one's ability to acquire, invest, and effectively utilize assets, and thereby contribute to long-term well-being. Nevertheless, some research on financial education has shown diminishing returns; it can be time-consuming and expensive to deliver, and varies greatly in effectiveness. In recognizing the importance of maximizing the benefits to financial education, it is critical to understand what amount, content, and delivery styles bring the greatest returns.

Case Study: *Aflatoun: Child Savings International*
Source: *Jeroo Billimoria, Aflatoun*

>> Overview. Aflatoun has launched a global child social and financial education campaign with the goal that eventually every child in the world will 1) have a bank account; 2) understand how to use money; and 3) engage in activities for social change. Aflatoun started in 2001 in rural India, teaching children how they can save even with very small amounts of money (about one Euro per year per child). In 2005, Aflatoun started piloting this project in 10 other countries.

>> Impacts. In its India pilot study, savings accumulated by children enrolled in the Aflatoun program helped cover schooling expenses and led to increased overall retention. About 80 percent of the students who participated in the savings program have decided to pursue higher education. Also, 20 percent of students' parents have started saving as a result of their children's influence. Aflatoun has found that children who saved with the program worked with their friends and took on social challenges, such as helping students in greater need. For example, in an Indian village with no safe water supply, children convinced the village to establish a clean water pipeline to the village. At schools, children have set up their own libraries and run canteens for lunch. An understanding of savings has changed children's behavior and motivated them to plan and budget for the future. Some have gone on to start their own microenterprises.

In another example, the experiences of Freedom from Hunger's Kathleen Stack's and Microfinance Opportunities consultant Jennefer Sebstad's work in developing the recently launched Global Financial Education Program (GFEP) provide interesting insights. Their experiences worldwide also indicate that several governing principles can be applied to financial education design.

Case Study: *The Global Financial Education Program (GFEP)*
Source: *Kathleen Stack, Freedom from Hunger and Jennefer Sebstad, GFEP*

>> Overview. The Global Financial Education Program (GFEP) is the first large-scale program targeted at those just above and below the poverty line in developing countries. It is led by a strategic partnership between two U.S.-based organizations, Microfinance Opportunities and Freedom from Hunger. The GFEP develops curricula targeted at low-income households and trains a broad range of service organizations to use them. The Global Financial Education Program focuses on three main activities:
1) disseminating its curriculum around the globe through training-of-trainers events and technical assistance;
2) developing new curricula; and 3) measuring outcomes of financial education programs. For all activities, the program is looking for institutional partners to join a growing global network of financial educators.

>> Evidence. GFEP and its partners created seven financial education modules that have been tested at partner sites and are now being rolled out internationally. These include budgeting, debt management, savings, bank services, financial negotiation, youth, and remittances. In her presentation, Kathleen Stack provided specific insights on the savings module. In market research and pilot-testing for the GFEP in 12 developing countries, saving emerged repeatedly as a household asset-building strategy. Many people rely on savings and therefore benefit from knowing how best to

manage their savings on a day-to-day basis. They benefit from knowing how to 1) set financial goals; 2) devise strategies to achieve these goals; 3) locate services when needed; 4) explore strategies to meet needs; and 5) evaluate options for savings. Their experience also yielded important lessons for the presentation and delivery of financial education: 1) timing and topics are important features in program design, with these tailored to specific audiences; 2) the ideal length for a class session is short, 15-20 minutes; and 3) a series of short sessions may be most effective.

Together, these lessons learned from the symposium's participants demonstrate the potential of products, policies, partnerships, and programs offered or operated by financial services and asset-building fields to empower the world's low- and moderate-income individuals and families. However, this potential is still largely unmet, particularly in the developing world. While the symposium aimed to highlight and share innovations and creative products and policies, it also focused on the various challenges that limit them.

Key Challenges to Savings, Assets, and Financial Inclusion[2]

In order to find sustainable ways to deepen financial inclusion and increase opportunities for asset building, we must identify and understand challenges that prevent greater progress. Throughout the conference, the amount of innovation and ambition emerging from discussions and presentations was encouraging. However, this optimism was layered with frustration — the acknowledgement that there is much more to do and learn in order to reach the goals of universal financial access and opportunities for savings and asset accumulation around the world. In this section, we highlight 10 key challenges identified at the symposium. These relate to products and policies, supply and demand, and profitability and sustainable impact. Addressing these key challenges will require leadership, entrepreneurship, and resources — all challenges in and of themselves.

Kate McKee, Senior Advisor, CGAP, the World Bank, shares her comments. Also in photo: Mary Ellen Iskenderian, Women's World Banking, and Susana Concordo, Tsao Foundation.

LINKING FINANCIAL INCLUSION AND ASSET BUILDING: SAVINGS FOR WHAT?

There is a clear need to explore and better understand the connections between access to financial services and asset building. More money than we realize is running through the hands of the poor, but they are not optimizing savings or conversions of savings into other assets. This is due to a combination of factors, but largely to institutional constraints that preclude the poor from inclusion in the formal financial system. However, while access to financial services is important, it is not enough if savings are not used to invest in productive assets. And despite ground-breaking research on the effects of asset building to date, there is still a need to better understand the impacts of savings, assets, and financial inclusion, including the role played by assets themselves in shaping attitudes and behaviors of individuals compared to how the individual actually uses the asset. How can the financial inclusion and asset-building fields work most effectively together and learn from each other?

DEMAND VS. SUPPLY-SIDE CONSTRAINTS

There is an emerging consensus in microfinance that lack of access to financial services and opportunities for asset building stems not so much from lack of demand, but from constraints in *supply*. Research shows that people *do* want to save and improve their livelihoods; they want to build and protect their assets. Currently, services, resources, and products geared toward meeting these demands are insufficient. It is very challenging to create services that serve the poor in an effective way. Such services will not likely be offered at scale unless they are also profitable (alone or in combination with a broader product line of services).

Also, in demand/supply considerations, institutions — not just financial incentives — matter. Research and tests on Individual Development Accounts (IDAs), or matched savings, in the American Dream Demonstration showed that individual characteristics, such as being a

2 This section draws heavily from a written summary of proceedings and presentation given during the Global Symposium by Kate McKee of CGAP. Thank you, Kate, for your extensive contributions to this section of the report.

Jaime Aristotle-Alip, Managing Director, CARD MRI, asks a question. Also in photo: Craig Wilson, Foundation for Development Cooperation; Sharon Tan, Levi Strauss Foundation; Ray Boshara, New America Foundation; Jim Bennett, IPPR; and Alok Prasad, Citi Microfinance Group

former welfare recipient, do not matter very much. In actuality, program/institutional characteristics are more significant. For example, a significant variable in research was financial education, but only up to a certain number of hours. Financial education is expensive to deliver; thus service providers need useful information on how much to invest and what is effective. This is also consistent with the findings of the Global Financial Education Program research detailed earlier. Another influential variable in determining savings behavior is expectations; a target is important as people try to reach their savings goal.

Notwithstanding the critical need to address supply-side issues, we still need to explore further the contours of demand for savings and other financial services. For example, what challenges and opportunities do financial service providers face in offering viable, and even profitable, savings products to poor people? In particular, we need to explore the various possible features of asset-building products and services. Participants often mentioned the need to recognize the heterogeneity of demand and to carefully segment the market. For example, as Kate McKee of CGAP iterated, there are differences in demand between those households that are just barely "hanging on" (surviving) vs. those that are "stepping up" (stabilizing their consumption and beginning to acquire assets and upgrade their livelihoods) vs. those who are in a position to "step out" (engage in higher-risk, higher-return activities and investments). Elaine Kempson of the University of Bristol and others reminded us that in many cases our initiatives seek to formalize existing informal savings and financial arrangements. There are also many unanswered questions around the effectiveness of incentivizing savings. We need to understand whether incentives are necessary or whether it is usually sufficient to simply offer well-structured and well-delivered financial services. Why are incentives needed and for whom? We heard encouraging evidence that just setting a target can have startling effects on actual savings.

CONTEXT VS. SCALE

We were often reminded throughout the symposium to bear in mind the distinct aspects of gender and age, and also the contours of exclusion by race, caste, and ethnicity in efforts to increase opportunities for asset building and financial inclusion. For example, Jennefer Sebstad's presentation on the youth module of the Global Financial Education Program revealed that there is still much to learn about the relationship between the attitudes of youth toward money, assets, and the future. Women's World Banking's Inez Murray's illustration of ADOPEM's work linking remittances to home loans in the Dominican Republic showed that finding ways for women to finance construction of a home that they will own can meet the "strategic and not just the practical" needs of women. And Melvin Oliver of the University of California, Santa Barbara, reminded us that special attention should be paid to those disenfranchised groups — typically of a particular race or class — who have been, and in many cases continue to be, excluded from asset-building opportunities. Applying this contextual lens to the financial inclusion and asset-building fields is powerful and can provide insights into policies and products that are most effective for specific groups within a population. However, there is a focus within these fields on finding ways to scale the delivery of products and services to as much of the world's poor as quickly as possible. Does the focus on scalability make applying a contextual lens such as those described above challenging? How can we best balance the need to create products, policies, and programs that maximize effective impact on targeted populations with the need to swiftly facilitate global financial inclusion? In some cases, particularly throughout the developing world, a number of these excluded groups are actually quite large market segments. To that extent, a contextual focus may blend easily with scalability.

EMBRACING FAILURE, ENCOURAGING EXPERIMENTATION

The asset-building and financial inclusion fields both have strong needs for further well-structured experiments of all types in order to identify effective, scalable, and sustainable solutions. A number of symposium participants expressed that a willingness to fail — and to tell the truth about failure and pull lessons from it — is critical if we are to learn as much as possible as quickly as possible. What is the balance between "just *do* it" and "just *prove* it" approaches to seeking solutions and innovations in the microfinance and asset-building fields, as described by Kate McKee? Carolyn Blacklock of ANZ Bank gave us a powerful image when she likened this work to a treasure hunt, trying to "crack the secret code" of how we make financial services and asset-building work for low-income people in more remote communities. Rather than a single golden egg at the end of the hunt, she suggested that if we are willing to look for them, that we are more likely to find many diverse solutions along the way. Therefore, "doing failure" but doing it "fast and forward" may well be necessary in our quest for asset building and financial inclusion. Is there any way to ensure that the "perfect" not be the enemy of the "good" while searching for that so-called golden egg of high-touch, high-tech, low-cost business models? Can donors and funders provide the "patient capital" necessary to adequately experiment and innovate in these fields?

Discovering the Right Mix: Partnerships and Strategic Alliances

As discussed above, there is a real need for systematic experimentation with partnerships to get new and better services to those with inadequate access. How can we organize the "value chain" of finance providers and even non-financial institutions such as enterprise development, youth-serving, financial education, or health organizations, to boost the client's value proposition while driving down costs of service delivery? We need to find ways to unblock and extend this value chain rather than cutting it off and delimiting it by regulation and supervision.

Balancing Act: Social Mission vs. Business Case

In the symposium's opening session, BASIX Chairman Vijay Mahajan challenged participants to ask whether we should be so quick to celebrate the commercialization and globalization of financial services when it so often results in the savings of low-income rural people being transferred to activities in cities or even overseas. He asked whether this is progress or "a global capitalist conspiracy." The panel he chaired focused on "spanning the dilemma" — striking the right balance to satisfy the boardroom while benefiting poor and very poor people with asset-building financial services.

So how can diverse institutions approach this balancing act? Throughout the symposium, several important ideas and strategies emerged, many emphasizing long-term strategies and products. Focusing on total client profitability over time, rather than stand-alone product profitability, will be necessary in order to reach the bottom-of-the-pyramid market. Financial institutions will need to recognize that the revenue generated by a client over time, achieved through cross-selling, will repay the costs of acquiring and servicing that client in the short-term. They will also want to look at long-term profitability of deposit services and products; bottom-of-the-pyramid strategies and products are also socially responsible, creating a double bottom line for the providers.

But this long-term, multidimensional approach comes with several challenges. These include: Can we develop effective "gateway products," such as basic transaction accounts, flexible savings, or friendly remittance services, which provide an "on ramp" for previously unbanked customers to more profitable products? What is the optimal product progression and what are the synergies between products that may achieve and/or maximize total client profitability of the poor and the unbanked (e.g., where the use of one product such as savings reduces the risk of another such as credit, or regular remittance receipts can be leveraged into a mortgage or business loan)? It is critical to distinguish between the rationales for offering short-term, transaction-oriented accounts (e.g., as gateway products) and longer-term programmed or commitment savings (which can offer the advantages of stability and lower account administration costs, not to mention local currency funding of the loan portfolio). It is through this long-term perspective that we find a business case for savings products and other financial services targeted at the poor.

Harnessing Technology's Potential

Recent technological innovations have the potential to help us find quick and scalable solutions to financial exclusion, such as driving down costs, creating a ladder of products, and expanding outreach. Participants seemed particularly focused on the possibilities of mobile-banking, as well as such experiments as biometric ATMs or PDAs that assist community-based commissioned savings collectors to manage many small transactions and deal with internal controls. However, at this point, there are client acceptance issues as well as considerable "plumbing" and regulatory challenges to utilizing these technologies, particularly mobile-banking and the use of non-bank agents. What are the regulatory and institutional challenges impeding the potential of technology to achieve financial inclusion for millions of the world's poor, and what needs to be done to overcome them?

FINANCIAL EDUCATION IS NECESSARY, BUT HOW MUCH AND WHEN?

There was an undercurrent of debate throughout the symposium about the effectiveness of financial education. While the conventional wisdom holds that financial education is almost always effective and valuable (particularly over the long run) to those receiving it, practical experience in some places challenges such assumptions. We heard evidence from on-the-ground experience that delivering financial education, particularly at scale, can be challenging and expensive. However, others' experiences suggested financial education contributed powerfully to the benefits from asset-building policies and services. Thus, the picture that emerged in the symposium was relatively undefined, and there seemed to be a lot of interest in more analytic work to sort out how to achieve the maximum benefits from financial education. What works and what does not (including the potential self-selection bias, i.e., that if you have a demand for financial education, it will probably add value for you, but not necessarily for those who do not have that demand)? What is the most effective way to organize and deliver it?

Perhaps some of the answers to these questions can be found by exploring the notion of enabling "financial capabilities" of the poor. Kathleen Stack, Vijay Mahajan, and others introduced the concept of "financial capability," clearly a more ambitious goal that includes financial education but also focuses on the dimensions of empowerment that can translate into the ability to be more proactive about one's dreams and future. If the ultimate goals include deepening asset building and increasing the life choices and opportunities that asset building would bring, what can be achieved with just finance and what requires "finance-plus" solutions? Clearly, understanding how to deliver effective financial education within this framework will be a critical factor in reaching this ultimate goal.

BUILDING A SUPPORTIVE POLITICAL ECONOMY, PART 1: ENABLING ENVIRONMENT AT THE NATIONAL LEVEL

The symposium presented widely varied rationales at the policy level, including reducing poverty and inequality. These rationales, in turn, interact with ever-shifting views within each society of the rights and responsibilities of the poor and of the entire population. The challenge of reorienting domestic policy to reinforce financial inclusion and asset building was a recurrent theme at the symposium. Various dimensions of this challenge were highlighted:

>> Practical vs. political considerations. Participants from both developed and developing countries frequently described the trade-offs between political and practical considerations in efforts to develop or implement asset-building policies and programs. These trade-offs often related to the varying perspectives of policymakers, the general public, and the poor themselves. Yunju Nam of the Center for Social Development illustrated these trade-offs in the South Korea child savings account case study, when she described what it took to get a social consensus for the policy. Key policy choices revolve around whether programs will be universal or targeted, whether incentives and support will be progressive, and the extent of choice given to participants about use of accounts, participation in financial education, etc.

>> Regulatory environment. Another strand of discussion focused on the features of an enabling financial and legal/regulatory environment for this work. Among the useful features of the legal/regulatory landscape mentioned were: 1) space for diverse providers of financial services; 2) quality supervision; 3) relatively light regulatory compliance costs (especially for depositories seeking to extend savings services to the unbanked); 4) regulations that permit innovations in branchless banking; 5) diverse partnerships to deliver financial services; 6) use of new technologies; and 7) a better means to protect the deposits of the poor.

>> Multi-sector policy "project." Clearly, the asset-building agenda is an exceptionally broad policy "project." It encompasses not just financial-sector policy, but social policy (e.g., safety net policy, incentives for savings, and other asset-building behavior), fiscal policy, information technology (IT) policy, education policy, and beyond. How do we build the broad policy — and political — coalitions and movements that will be required to move these complex policy agendas forward? What messages will resonate with policymakers and the general public without precluding design of programs that actually work for the poor?

BUILDING A SUPPORTIVE POLITICAL ECONOMY, PART 2: THE GLOBAL FINANCIAL ARCHITECTURE

The past few years have witnessed quite a dramatic increase in the attention to financial access issues at the international and national levels, greatly expanded availability of capital to scale-up institutions that are serving the poor, and the advent of technologies that will make more product innovations, partnerships, and business models possible. However, as Vijay Mahajan reminded us, "the pillars [of savings, assets and financial inclusion] are of no use unless we have a strong foundation on which to build them." The asset-building and financial inclusion fields have traditionally focused on the micro. But is the architecture at the macro level geared towards these goals? Without a "pro-poor" financial architecture, will we, in the end, just be siphoning resources from the poor and using them to serve the upper echelons of the financial services industry? Various participants highlighted the need to relate these discussions about savings, asset-building, and financial inclusion to the bigger picture to identify particular challenges posed by the global financial architecture, including:

>> Disabling trends. The broader economic and financial environment poses a serious threat to the advancement of asset building and financial inclusion. It is possible that the global financial architecture is moving in the wrong direction. For example, the Basel II requirements will limit big banks' ability to innovate in financial inclusion and asset building for the bottom-of-the-pyramid market. It will also cast a similar shadow on smaller formal financial institutions and all regulators working in this area. Anti-terrorism and anti-money-laundering measures such as "Know Your Customer" requirements pose additional challenges, as they very likely will have an unintentionally chilling effect on efforts to get financial services to the unbanked.

>> Transformations within financial institutions. Another global phenomenon affecting the global financial architecture is the relative decline of member-owned financial institutions and the de-mutualization occurring as member-owned financial institutions convert to stock ownership. Jaime Aristotle Alip of CARD Bank reminded us of the contributions to financial inclusion made by communal models and financial cooperatives ranging from relatively formal credit unions to semi-formal self-help groups and village savings and loan associations. Clearly, the asset-building field needs to bring in the financial cooperatives more fully to future discussions of this type. In addition to the reality that it takes a long time to build conventional "plumbing" that will reach poorer and more remote people, various participants pointed out that both historically and in the current environment, communal models perform an important trust-building role in preparation for (or in addition to) formalization of services. And there is need for further discussion about both the appropriateness and mechanisms (ownership, patronage dividends, etc.) for bringing microfinance clients in to share in profits that they have helped generate.

Kanwaljit Soin, Soin Orthopaedic, Spine & Hand Surgery Pte Ltd, offers her thoughts. Others in photo: Susana Concordo, Tsao Foundation; Stephen Monaghan, OCBC Bank; Vernon Loke, Center for Social Development; Anil Kumar, SG, ICICI.

>> The "dark side" of savings. Illuminated early on in the symposium by J.D. von Pischke, there was a recurring note of disquiet concerning the vulnerability of the long-term savings of the poor when, through no fault of their own, such financial assets are stranded in institutions and financial systems that are likely to fail or suffer serious fraud, mismanagement, and erosion of value. (These risks are not limited to savings products, but are used as an example within this particular challenge.) Where does this leave widows or children with restricted-access, long-term child savings accounts, not to mention typical poor households the world over? Melvin Oliver raised the question of who should bear these longer-term financial risks, how they might at least be mitigated for low-income people, and the potential for both public policy and market mechanisms to protect the hard-won assets of the poor. Symposium participants spoke of the need to find a financial engineering solution to address this looming threat, whether in the form of global deposit insurance or a global guarantee facility of some type, or more resources for enhanced regulatory capacity to oversee the savings of the poor, or even private supervision of deposits of the general public. Until this solution is found, we need to temper our enthusiasm for certain types of products with realistic attention to the risks.

>> Consumer protection. An overarching theme throughout the symposium was keeping in mind the end goal — the empowerment and inclusion of individuals in asset-building policies and products, and finding ways to ensure their needs are met and protected. We must be proactive and sort out the specific consumer-protection issues with respect to savings and financial services

intended to build and protect assets. In some countries, the politicians, media, general public, and policymakers are increasingly critical of microfinance, driven by concerns about interest rates, over-indebtedness, collection and marketing practices, and excess profits. There is more and more discussion of "political risk" as a threat to the progress that has been made with financial inclusion. This will require putting into place appropriate consumer protection policies and practices, so as to clearly distinguish this work and these institutions from the predatory lenders and other less-reputable players in the market.

Each of these 10 key challenges warrants a much deeper discussion in and among the broader financial inclusion and asset-building fields. Stakeholders in both fields would benefit from continuing the rich interchange across sectors and disciplines and between developed and developing countries that occurred throughout the symposium. However, many questions remain about how to best take these lessons and move forward to address these challenges and promote opportunities for financial inclusion and asset building for all. What could and should happen on existing microfinance and social policy platforms? How can we widen the circles appropriately within each of these worlds (e.g., bringing more member-owned institutions into the microfinance dialogue or including fiscal policy stakeholders in the social policy debates), while promoting exchange across the disciplinary borders? Embracing the asset-building agenda could help to explicitly guide this discussion, as it has deeper implications for empowerment and opportunity of the poor than financial inclusion alone.

Next Steps Toward Asset Building and Financial Inclusion

Bringing together the experience of rich and poor countries for the symposium enabled a stimulating and provocative debate around ways to move the asset-building and financial inclusion fields forward. The ultimate goals of each of these two broad fields of practice are to find the scale-up mechanisms that would lead to global financial inclusion and asset building for all. And while there are different roles for different actors within each field, the rich cross-fertilization of these fields might lead to scale of inclusion and opportunity more quickly than if they develop separately. In this final section, we recommend a number of possible next steps for the asset-building and financial inclusion networks as well as the related public policy fields, such as fiscal and economic policy, that must create the supportive environment necessary to move both fields and their overlapping agendas forward. This list of next steps reflects heavily the insights and input from symposium participants and is not intended to be an exhaustive list of all necessary or possible next steps for either or both of these fields.

THE FINANCIAL INCLUSION FIELD

Commercial and microfinance services providers will prove invaluable in any effort to reach financial inclusion around the globe. Banks have traditionally focused their down-market strategy on lucrative lending products, reluctant to find ways to provide savings services to the poor. Realizing the increasing competition for bottom-of-the-pyramid customers, they are now working hard to develop product mixes and partnerships, and experiment with and utilize new technologies and delivery mechanisms to tap the vast market at the bottom of the pyramid and achieve greater financial inclusion. Particular next steps could include:

>> Convene commercial banks, microfinance institutions, credit unions, and other financial services providers to discuss BOP products. A convening such as this could address a number of important and controversial questions including: 1) what is the business case for financial institutions of offering savings to the "bottom of the pyramid?"; 2) what will replace/complement cash in the poorest communities?; 3) how do we allow money to move around so that it can stay in communities?; and 4) how should banks use the money accumulated through savings by the poor?

Robert Christen, Director, Financial Services for the Poor, Bill and Melinda Gates Foundation, delivers a keynote speech.

>> Diversify financial products. While demand for and benefits of savings are nearly universal, different customers have different financial needs. Financial institutions should develop different financial products based on the customers' needs, not rely on traditional products if they want to effectively tap into bottom-of-the-pyramid markets. In addition to tailored savings and credit products, poor customers may need additional financial services such as remittances and microinsurance.

>> Experiment with innovative technological applications. Information technology has the potential to expand the availability of financial services dramatically around the world. Innovative technological approaches involving cell phones, ATMs, branchless banking, biometrics, credit scoring, pre-paid cards, etc. can greatly facilitate transactions and lower costs. Ready access to account information and complete transparency increase confidence and promote use of financial services. These conditions are beneficial for customers and providers alike.

>> Consider context-specific work. Solutions are not universal; people and organizations are different. NGOs provide high value-added expertise in understanding the contextual opportunities and challenges in diverse communities and countries. NGOs should continue to operate and innovate within this sphere.

THE ASSET-BUILDING FIELD

Although asset building will almost always occur via financial services delivered by market providers, there is an increasingly strong presence of policymakers in defining resource flows to asset-based policies. Virtually every person in the world can benefit from access to reliable and low-cost financial services. Governments should make efforts to include everyone, especially the poorest and most marginal, in regulated financial services.

>> Provide inclusion in asset-building subsidies. In the context of existing asset-building subsidies for the non-poor that are prevalent in many countries, it is both fair and appropriate to provide asset-building public subsidies for the poor. Subsidies for the non-poor typically operate via tax benefits (e.g., tax deferments on retirement plans, or home mortgage interest tax deductions). Because these tax-based subsidies are out of reach for the poor, policymakers should consider direct deposit subsidies via savings grants or matching funds that are most appropriate and practical. The main point is not to create a new "program" for the poor, but to include the poor in the same asset-building policies that benefit others and have already proven to be effective and popular. Subsidies for asset-directed savings

Vijay Mahajan, Chairman, Basix, India, prods panelists with a question. Brian Tucker of the Learning Society in the background.

by the poor are likely to improve family and community development, leading to more capable households, reduced social problems, and stronger economies.

ACTORS IN THE OVERLAP

Policymakers can and should play a critical role in creating an enabling regulatory and macroeconomic environment for asset building and financial inclusion. Regulators will be tasked with formulating and defining market conditions that promote efficiency, sustainability, and ethical behavior.

>> Develop appropriate regulation. There is a need for regulatory environments that promote outreach, inclusion, and protection of the poorest customers. Private financial institutions can have tremendous positive impacts on the poor, but often have little incentive to do so. A preferential regulatory framework should encourage financial institutions to be innovative in serving low-income clients and communities. Also, financial services for the poor, as for others, can benefit from competition. A primary goal of regulatory policy should be promoting healthy competition among financial providers, while maintaining a "pro-poor" regulatory environment. In particular, they should aim to create the enabling regulatory environment that supports the diverse and/or innovative providers, products, and partnerships that will most likely lead to financial inclusion for all.

>> Create a supportive and enabling macroeconomic environment. Asset building is by nature a long-term process and requires a reasonable level of macroeconomic stability

in order to be successful. Indeed, one of the central points made by Robert Christen of the Bill and Melinda Gates Foundation during his keynote at the symposium was the challenge of safe guarding long-term savings under economic conditions that pose threats of rapid devaluation or persistent inflation. Asset building and its social and economic benefits tend to occur most successfully when the macroeconomic environment is stable. While many widely accepted macroeconomic policies exist today, policymakers and researchers could consider the implications of more creative and radical solutions. For example, as proposed by Sherle Schwenninger of the New America Foundation, the world could move toward central banking arrangements that cross national borders to achieve greater stability. One promising option is regional central banks in areas of the world that may have weak currencies and/or excessive political influence in central banking. Other aspects of cross-border governance are also important, but central banking stands out as a priority if long-term asset building is to become viable for ordinary people around the world.

A LEARNING AGENDA TO MOVE US FORWARD

Knowledge-building is crucial if we want to develop scalable, sustainable, and effective asset-building and other inclusive policies and products. There is a great deal to learn from much-needed cross-national and longitudinal studies, as well as participatory action and qualitative research. Support of and inquiry into innovative products, policies, and ideas will shape the future of both fields and how they work together. Discussions throughout the symposium highlighted several interesting research ideas and calls for additional learning emerged, including, but not limited to:

>> Potential of remittances and insurance products. Cash flow to well-designed financial products can enable poor people to make productive use of their own money. It is essential to study the behavior of remittances and the market in order to develop policies and/or products that enable remittance senders and receivers to make optimal use of this large flow of resources. What role can public policy play in facilitating the use of transfers for savings and asset-building activities? And what are the implications of microinsurance for the poor? Are there innovative uses or designs for either of these products that would make them more effective and viable?

>> Safeguards for savings of the poor. What happens to financial or deposit-taking institutions (and the deposits of the poor and vulnerable) when countries experience endemic economic crashes? We need an investigation of bank management and how they handle their credit and cash portfolios. On each side of the re-examination, there could be the possibility of private insurance being more nimble. It would be useful to reconsider and try to devise additional and more effective ways of safeguarding the savings of the poor. In particular, it would be useful to look into the role of insurance and how it could be effective in mitigating this problem.

Jim Bennett, Institute for Public Policy Research, makes a comment during the Savings Roundtable.

>> Impacts of child development accounts on diverse populations. With innovations occurring worldwide in child development accounts, it will be important to document what policy, services, and product strategies are successful, under what conditions, and for whom. Research in this area is vital as CDA strategies expand.

>> Asset building and foreign assistance reform. If one day there is a universal structure of individual accounts, then many new and creative opportunities would emerge for flows of aid. For example, what is the potential of redirecting some bilateral and multilateral aid into household or individual accounts or to other asset-building initiatives? Another idea, perhaps more achievable in the short term, would be to broaden the implementation and reach of individual development accounts (IDAs) as a social protection policy. This issue bears a lot of discussion and scrutiny. Individual account systems are regressive in many countries, mainly benefiting the rich. IDA systems should be structured so that poor people are also subsidized for asset accumulation. This would enable the funds to bypass corruption and mismanagement if secure methods could be established.

>> Philanthropy's role in supporting a learning agenda around innovation. Philanthropy is critical to supporting innovations in asset building and financial services for the poor. For example, in symposium discussions of total client versus total product value, many questions arose regarding how to meet the need for 1) experimentation in profitable products for the poor; and 2) taking a longer-term approach to client relationships. This will require resources and capital that many micro and commercial financial service providers cannot or will not provide. Indeed, international philanthropy in certain circumstances has the freedom and nimbleness to undertake innovations that are not possible or would be too cumbersome or costly for governments or commercial providers. Donors and funders working in this area must continue to provide the "patient capital" needed to meet the challenges facing financial inclusion and asset building.

A CALL TO ACTION: IMMEDIATE NEXT STEPS FOR EVERYONE

The cross-fertilization of the asset-building and financial inclusion fields is likely to continue. While each field will need to keep pace with changes and innovations within their respective fields, they will also need to deepen the engagement between the fields moving forward. We make three suggestions for feasible, immediate next steps that can facilitate and enrich this integration.

>> International learning network. It is crucial to continue the rich dialogue started at the symposium and extend it to other actors and stakeholders of the asset-building and financial inclusion fields. This type of learning network can be facilitated through web-based resource centers such as www.GlobalAssetsProject.org, a clearinghouse committed to creating and maintaining a network of individuals and groups devoted to this work, as well as to highlighting innovations in research and practice within these fields.

>> Partnerships. We must also continue to establish strategic partnerships between internal champions within the public, private, nongovernmental, and academic actors working in this field. Reducing fragmentation within the diverse asset-building and financial inclusion fields will ensure greater effectiveness of new initiatives. Through partnerships that will work off the strengths of each sector, we can discover ways to drive down costs, increase access, and create a sustainable system that truly allows all people to make use of financial services and asset building.

>> Inclusion of the "assets perspective" at forthcoming international conferences. We need an action agenda for asset building, one that increases international awareness of the assets framework among policymakers, practitioners, and other agents of change in the financial inclusion field. As a first step, we should work to get the assets framework onto the agendas of the upcoming G8 meetings, OECD-DAC, and UN Commission on Financial Inclusion. We should also encourage future symposia and conferences that explore the lessons, insights, and challenges presented throughout the Global Symposium. For example, a global forum on Child Savings Accounts policies and products would be useful to better understand the potential of a promising asset-building strategy.

CONCLUSION

These proposed next steps only skim the surface of the work to be done in order to achieve savings, asset accumulation, and financial inclusion for all citizens of the world. In the long term, progress will almost surely come from a rich mixture of bottom-up experiments and top-down systemic change, from a mixture of policy and market-scaling mechanisms, and increasingly integrated approaches. We hope the lessons and directions garnered from participants' exchanges and presentations at the Global Symposium will help accelerate the progress that all of us are committed to achieving.

Tom Easton, Asia Business Editor, *The Economist*, acts as Master of Ceremonies for the Symposium.

<< WEDNESDAY, JUNE 27 – FRIDAY, JUNE 29, 2007 >>

WEDNESDAY, JUNE 27, 2007: GROWING ASSETS AND WEALTH IN POOR HOUSEHOLDS

Welcome and Introduction

Key speakers:

- >> Mohamad Maliki Osman, Parliamentary Secretary, Ministry of National Development, Singapore
- >> Catherine Weir, Citi Markets & Banking ASEAN & Citi Singapore
- >> Christina Barrineau, Financial Access Initiative, New York University
- >> Ray Boshara, New America Foundation

Opening Plenary and Facilitated Discussion: Savings, Assets, and Financial Inclusion: Promises and Challenges

Around the world, several important trends are converging and sparking increased access to financial services for those living in poverty. Along with new access come new challenges and opportunities for poor households to build their assets and wealth. Among these trends are: (1) an increased recognition that the success of development programming must be measured by more than income growth, with greater emphasis on expanding capabilities of poor families, communities, and countries; (2) a focus on developing robust financial services that can support poor households to grow their assets and wealth; (3) a renewed recognition that women are critical actors in alleviating poverty and in increasing the well-being of their families; (4) a shift towards defined contribution instruments in public policy in both developed and developing countries; (5) increased maturity, efficiency, and sustainability of microfinance; (6) greater extension of commercial financial services down the income scale to reach new markets; (7) rapid change in technological advancements that create new options for financial transactions of all types; and (8) a more robust emphasis on financial education to promote financial capability.

Keynote Speaker:

- >> Michael Sherraden, Center for Social Development, Washington University in St. Louis

Facilitator:

- >> Tom Easton, *The Economist*

Second Plenary: Financial Pillars of Asset Creation: Savings, Credit, Insurance, and Remittances

Like all households, low-income households require a menu of tools to grow their wealth. Savings accumulates assets, credit leverages assets, insurance protects assets, and remittances move assets quickly. What is the current thinking on asset creation and what tools are currently being used? How do these tools best work together? Where are the big gaps for the poor? How can we adapt the expertise built in serving high net-worth clients to benefit poor households? How can we adapt the principles of asset creation to the realities of the poor? How can expertise garnered in developing and developed countries be cross-fertilized for greater impact?

Key speakers:

- >> Inez Murray, Women's World Banking
- >> Jorge Rubio Nava, Citi Microfinance Group
- >> Stuart Rutherford, SafeSave Bangladesh
- >> Jennifer Tescher, Center for Financial Services Innovation

Moderator:

- >> Christina Barrineau, Financial Access Initiative, New York University

Concurrent Roundtables on the Financial Pillars of Asset Creation

Savings:

Commentators:

- >> Jaime Aristotle Alip, CARD MRI
- >> JD Von Pischke, Frontier Finance International
- >> Alok Prasad, Microfinance Citi India
- >> Kathleen Stack, Freedom from Hunger

Moderator:

- >> Jayshree Vyas, SEWA Bank

Credit:

Commentators:

- >> Anil Kumar S.G., ICICI Bank
- >> Israel Moreno-Barcelo, CEMEX

>> Rupert Scofield, FINCA International

>> Yang Tuan, Chinese Academy of Social Sciences

Moderator:

>> Alex Counts, Grameen Foundation

Insurance:

Commentators:

>> Mukul Asher, National University of Singapore

>> Vijay Mahajan, BASIX

>> Luis Portilla, Seguros Banamex

Moderator:

>> Christopher Crane, Opportunity International

Remittances:

Commentators:

>> Chandula Abeywickrema, Hatton National Bank of Sri Lanka

>> Roy Jacobowitz, ACCION International

>> Craig Wilson, Foundation for Development Cooperation

Moderator:

>> Mike Soto, Center for the New Economy

Reception and Dinner/Keynote

Keynote speaker:

>> Robert Christen, Financial Services for the Poor, Bill & Melinda Gates Foundation

THURSDAY, JUNE 28, 2007: EXPANDING ASSET-BASED POLICIES, PRODUCTS, AND STRATEGIES

Opening Plenary: What We Know about Saving and Asset Holding

Growing interest and enthusiasm in the potential of financial services to empower the poor through savings and asset building has nurtured a blossoming of policies, products, and programs in both the developed and developing world. However, until now, the evidence on what works and what does not has not been brought together and presented in one place. What is the evidence of research and practice? What is working and what is not? How does it differ in a range of developed and developing country contexts? What key questions do we still need to answer? What opportunities lie ahead? Attention will be given especially to how saving occurs and effects of asset holding.

Key Speakers:

>> Dean Karlan, Yale University

>> Elaine Kempson, University of Bristol

>> Gida Nakazibwe-Sekandi, Capricorn Investment Holdings

>> Roslyn Russell, RMIT University

Moderator:

>> Stuart Rutherford, SafeSave, Bangladesh

Second Plenary: Connecting Poor Households with Financial Services and Products

At the household level, financial products and services are augmented with a variety of auxiliary services to improve the ability of the poor to connect with and use financial tools. These include financial literacy training, business development skills, health services, and new technologies. What factors are most critical in enabling the poor to connect with financial products and services? How can products be designed to lead to both profitability for institutions and wealth creation for clients? What is the role of public policy?

Key speakers:

>> Carolyn Blacklock, ANZ Banking Group

>> Bob Friedman, CFED

>> Kathleen Stack, Freedom from Hunger

>> Neísa Vásquez, Pro Mujer Bolivia

Moderator:

>> Vijay Mahajan, BASIX

Asset Building and Women

Conversation with:

>> Mary Ellen Iskenderian, Women's World Banking

Facilitator:

>> Christina Barrineau, Financial Access Initiative, New York University

Afternoon Plenary: Inclusive Asset Building Policies, the Case of Singapore

Singapore's path-breaking asset-building policies have made it a world leader in fostering inclusive asset-based development. Understanding the Singaporean experience can inform policymakers and practitioners introducing policies and projects in other parts of the world. What are Singapore's asset-building policies? What are their histories? What are their notable successes, as well as impact on the average Singaporean, on communities, and on the society as a whole? In particular, how have the policies affected the poor and vulnerable? What have been the major challenges Singapore has faced in implementing the policies, and what are the challenges going forward? What lessons can others learn from Singapore's example?

Speakers:

- >> Liew Heng San, Central Provident Fund Board
- >> Liu Thai-Ker, National University of Singapore
- >> Vernon Loke, Center for Social Development, Washington University in St. Louis
- >> S. Vasoo, Department of Social Work, National University of Singapore

Moderator:

- >> Ngiam Tee Liang, Department of Social Work, National University of Singapore

Keynote: Asset Building and Development

Keynote speaker:

- >> Tharman Shanmugaratnam, Minister for Education and Second Minister for Finance, Singapore

FRIDAY, JUNE 29, 2007: THE FUTURE OF ASSET DEVELOPMENT POLICIES, PRODUCTS, AND SERVICES

Opening Plenary: Child Asset-Building Accounts: a Path Forward for the Next Generation

Inter-generational poverty represents one of the greatest failings of existing welfare policies, and combating this is a global priority. With quality financial services, poor households have been able to move from desperation to greater security and sustainable livelihoods. The children of these same households stand the chance to go much further. Several key questions arise: How can investments in children be funded? How can the poorest children save? What assets are most important for a child's development? When and how should financial education proceed, especially for children of families that have never had access to financial services? Are Child Development Accounts (CDAs) a potential option for such children? Intertwined with all these questions, how can financial institutions profitably serve the long-term financial needs of children?

Key speakers:

Panel 1: CDAs at the Project Level

- >> Thierry van Bastelaer, Save the Children
- >> Jeroo Billimoria, Aflatoun, Child Savings International
- >> Jennefer Sebstad, Global Financial Education Program
- >> Fred Ssewamala, Columbia University

Panel 2: CDAs at the National Level

- >> Ray Boshara, New America Foundation
- >> Yunju Nam, Center for Social Development, Washington University in St Louis
- >> Jim Bennett, Institute for Public Policy Research

Moderator:

- >> Ray Boshara, New America Foundation

Second Plenary: Environments for Building Assets in the Future

Those with few assets have relatively few opportunities, work with small amounts of discretionary capital, have limited safety nets, and may face personal discrimination and high costs of living. Further, their immediate environments and their governments often provide little support. How can risks be minimized and inclusion maximized? Of central interest are social and financial policies and regulations that shape opportunities for building wealth.

Key speakers:

- >> René Azokli, PADME
- >> Chang-Keun Han, Center for Social Development, Washington University in St Louis
- >> Melvin Oliver, University of California–Santa Barbara

Moderator:

- >> Walter Russell Mead, Council on Foreign Relations

Closing Plenary Symposium Summary and Agenda for Asset Building

This key session will begin with a summary of the key points and messages from the symposium, followed by interchange and discussion with participants to discuss, elaborate, or amend the summary points. The final plenary will then turn to next steps: How do we advance this work? What directions and strategies should we pursue? How will we measure success? What commitments are symposium participants willing to make?

Discussion leader:

- >> Kate McKee, Consultative Group to Assist the Poor (CGAP)

Symposium Wrap-up and Adjournment

- >> Leslie Meek–Wohl, Citi Foundation

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