

# New Perspectives on Banking and Agendas for Financial Inclusion



**Kurt Mettenheim**  
**Lauro Gonzalez**  
**Eduardo Diniz**

# New Agendas for Banking and Microfinance?

---

**1970s: Microfinance emerged vs old developmentalism and inefficient states.**

**1990s: Mature microfinance = NGOs - capital markets - private banks.**

**2000s: Disappointments, slow pace, excesses, crisis.**

**2010s:**

**New experiments = basic income policies, new technologies, universal coverage & citizenship.**

**Liberalization → modernization of savings banks & cooperative banks.**

**New references:**

**Back to the future modernization of social banking.**

**Caixa, Brazilian Federal Government Savings Bank.**

**Brazil: From 20% → 50% banked 2000-2010.**

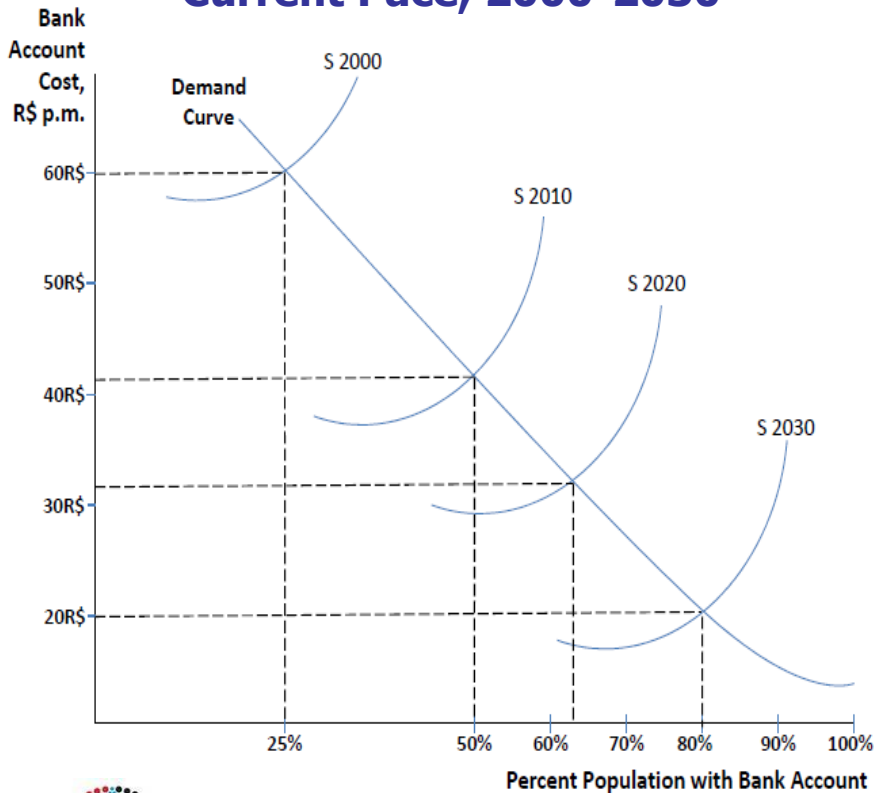
**Central Bank Financial Inclusion Programs.**

**BNB Crediamigo, Public bank of Brazilian Northeast.**

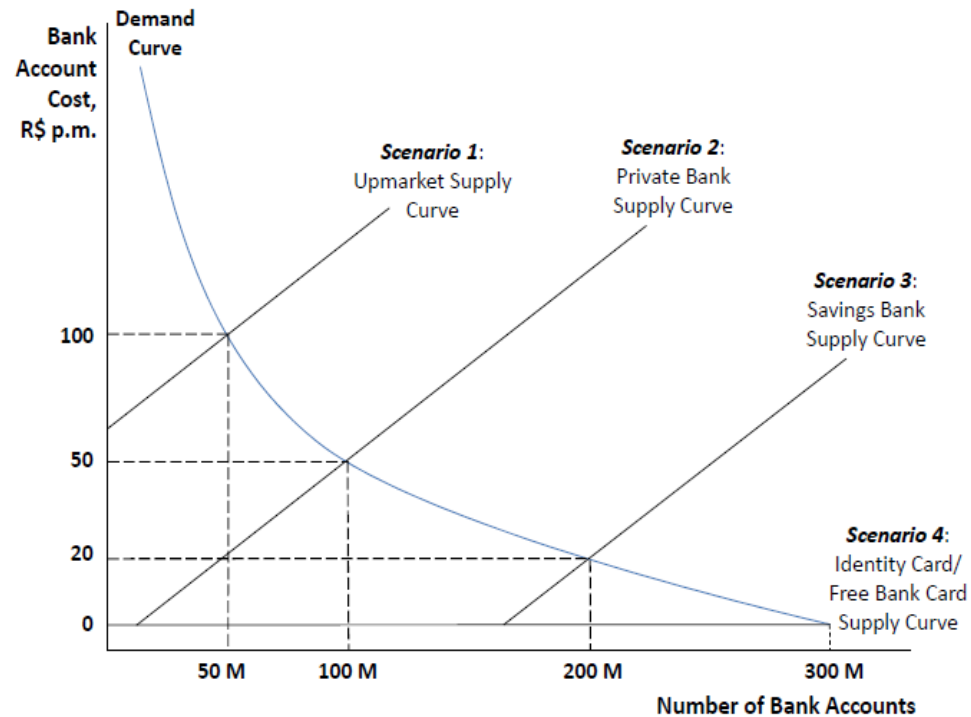


# Brazil: Financial inclusion, but not good enough

## Financial Inclusion in Brazil at Current Pace, 2000-2030



## Four Supply Curve Scenarios for Mature Bank Market, Brazil 2030



← Can AFI challenge central banks to accelerate financial inclusion?

## ***Research & Theory :***

### **Alternative Banking: Competitive Advantages & Policy Alternatives**

“Alternative Banking: Theory and Evidence from Europe” “Federal Banking in Brazil”

“Back to Basics in Banking Theory and Varieties of Finance Capitalism”

### **New Technologies, Policies and Financial Inclusion**

“Mobile payment adoption pilot study” “Mobile money and payment – a literature review”

“Expansion of potential microfinance and market institutions”

“The expansion of microfinance through banking correspondents: Are we reaching the poor?”

“IMF Expansion in Northeastern Brazil and the fight against poverty”

“Impact assessment of production oriented microcredit”

“The role of banking channels in using information and communications technologies (ICT) to improve microcredit: learning from the Brazilian experience.”

## ***Policy Agenda: Alternative Banking and Social Inclusion***

<http://alternativebankingandsocialinclusion.wikispaces.com/>

### ***Institutional Supporters***

Rockefeller Foundation

Institute for Money, Technology &  
Financial Inclusion, UC Irvine

Columbia University SIPA, New York

King ´s College Dept. Management, London

São Paulo Business School, FGV

Second University of Naples

### ***Networks***

Association of Emerging Market Business Schools

Community of European Management Schools

Global Public Policy Network

International Cooperative Banking Association

World Savings Bank Institute

Social Science Finance Network

Critical Political Economy Network

Society for Advancement of Social Economics

# Back to the Future of Savings Banks & Cooperative Banks

“That all persons in the time of their health and youth, while they are able to work and spare it, should lay up some small inconsiderable part of their earnings as a deposit in save hands, to lie as a store in a bank, to relieve them, if by age or accident they should come to be disabled or incapacitated to provide for themselves; and that if God bless them, that neither they nor theirs come to need it, the surplus may be employed to relieve such as shall.”

Daniel Defoe, *Essays on Projects*, London, 1697, p. 45

**UK:** Trustee Savings Banks = 5.5 million clients (1870) → Consolidated (1980s) → Demutualized (1986) → £5.5 billion bailout (2008) → Sold to Coop Bank (2012)

**France:**



**Germany:**

3rd largest →  
bank group



620 Firms  
21,700 branch offices  
366,500 employees  
3.4 billion e business p.y.



← 4th largest  
Bank Group

**Italy:** Banco de Napoli (founded **1463**)

Cassa di risparmio Privatized with shares to foundations ...



Correspondent Banking Outlet, Junco, Piauí.

Only source of  
income for  
12 million women  
(48 million Brazilians)  
→



## Simplified Bank Accounts, 2004-10

Caixa Market  
Share = **87%**

|        | Caixa     | Total      | Caixa Market |
|--------|-----------|------------|--------------|
| Jan-04 | 1,100,000 | 1,897,828  | 58%          |
| Jan-05 | 2,200,000 | 4,275,309  | 51%          |
| Jan-06 | 3,100,000 | 6,443,218  | 48%          |
| Jan-07 | 3,900,000 | 6,806,375  | 57%          |
| Jan-08 | 4,700,000 | 7,693,608  | 61%          |
| Jan-09 | 7,000,000 | 9,966,535  | 70%          |
| Jan-10 | 8,750,000 | 10,056,674 | 87%          |





# Crediamigo, BNB US\$2.4 billion lending 2012



## Loans, R\$m

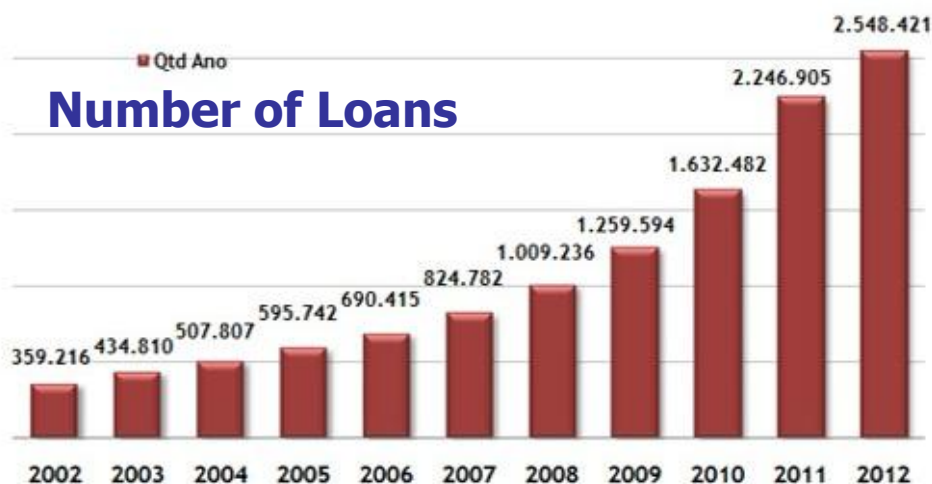


## BNB (Banco do Nordeste do Brasil) Regional Development Bank

### Crediamigo Microcredit:

|       | 2002    | 2012      |
|-------|---------|-----------|
| Loans | 359,000 | 2,548,421 |
| R\$m  | 287.3   | 3.833.1   |

## Number of Loans



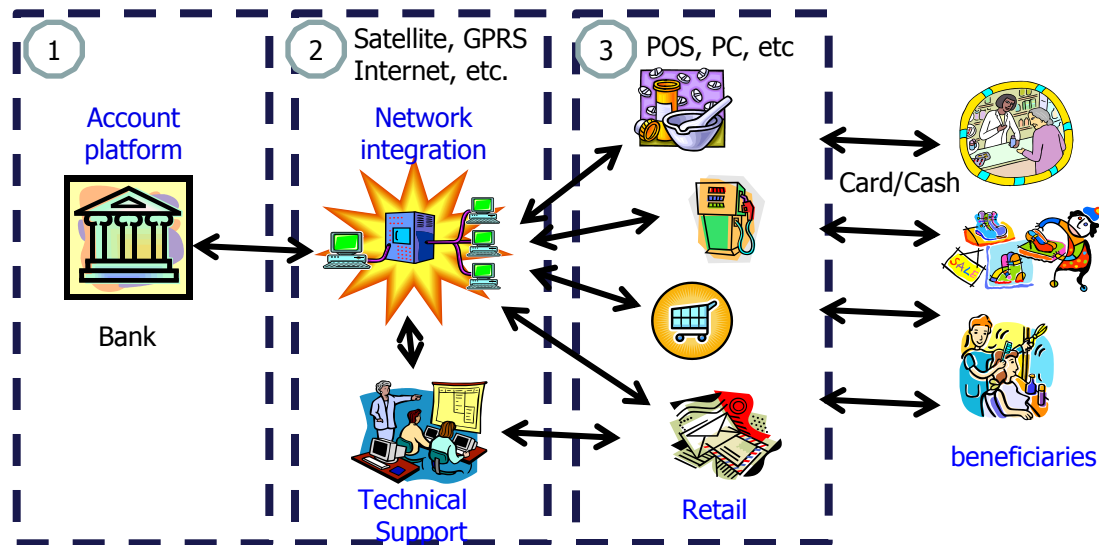
Lavoie, Pozzebon & Gonzalez, "Challenges for Inclusive Finance Expansion: the Case of CrediAmigo, a Brazilian MFI"

Neri, "Microcrédito: o mistério nordestino e o Grameen brasileiro. Perfil e performance dos clientes do CrediAmigo."



# Correspondent Banking: Financial Inclusion the Brazilian Way

**Brazil, 1999-2010: 1,373 → 110,000 Bank Correspondent POS**



**Correspondent banking network infrastructure**

Diniz et al, “The role of ICT in helping parallel paths to converge: microcredit and correspondent banking in Brazil”



**AUTAZES - Episode 1: Bank Agents in the Amazon: Financial Access and Development, by Eduardo Diniz, FGV-EAESP:**

[http://www.youtube.com/watch?v=oggYsCiJ\\_Q0](http://www.youtube.com/watch?v=oggYsCiJ_Q0)



**FGV Center for Microfinance Studies**

<http://eaesp.fgvsp.br/en/TeachingandKnowledge/studycenters/gvcemf>

**Kurt Mettenheim:**

<http://fgv.academia.edu/kurtvonmettenheim>

**Eduardo Diniz**

<http://eaesp.fgvsp.br/en/docentes/eduardo.diniz>

**Lauro Gonzalez**

<http://eaesp.fgvsp.br/en/docentes/lauro.gonzalez>