

Financial service access can accelerate Millennium Development Goals achievement

In 2010, world leaders will review the Millennium Development Goals (MDGs). These eight far-reaching objectives, set in 2000, encompass a broad range of critical human development components. While progress has been made towards reaching these goals by their 2015 target date, there is still much work ahead. More innovative and effective methods will be necessary to accelerate the process.

It has become apparent that a key accelerator for meeting development objectives is access to core financial services for all population segments, including poor people. During the past decade, there has been increasing attention paid to providing access to microcredit in developing countries to help reach development goals. More recently, it has become clear that access to credit is only one aspect of necessary financial services. Poor people in the developing world – just like wealthier people in developed countries – need access to an entire range of affordable financial services. This includes access to savings accounts, payment services, the ability to send and receive money cheaply through remittances, insurance and other services.

Accessible, secure and adaptable financial services are of the utmost importance for a smoothly functioning economy and for the well-being of a society. As such, access to financial services is vital in meeting the MDGs and for improving the quality of life of the world's poor.

Consider the first MDG aimed at eradicating extreme poverty and hunger. For a farmer, access to formal savings account can help ensure the availability of necessary resources even when crops are not in season. An interest-bearing savings account is more profitable and less risky than hiding money in the mattress, investing it in livestock that may die or in machinery that ages and loses value. For a family living in an urban slum, access to micro-insurance can ensure that a damaged or destroyed home may be rebuilt without plunging the family further into poverty. And making remittance services less costly and more accessible to poor recipients dramatically increases resources available for education and health care.

These are just a few critical examples of how access to financial services functions as an instrumental “accelerator” for reaching the MDGs.

Our organisations represent socially committed financial institutions and development finance organizations with outreach to low-income and underserved consumer groups in developing countries. Our ongoing services clearly demonstrate that bringing relevant financial services to people in need in developing countries can be a highly effective tool to lift people out of poverty, financially empower them and offer them genuine opportunities for personal development and education.

The MDGs will come under close scrutiny throughout 2010. In a context in which accelerators seem necessary to achieve these goals, we strongly believe that broad, global access to financial services is an integral factor for achieving the 2015 objectives. That

access is also a key step to further mobilizing national governments, getting more stakeholders involved in extending services to people who most need them.

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WSBI (World Institute of Savings Banks)

WSBI is one of the largest international banking associations and the only global representative of savings and retail banking. WSBI represents savings and retail banks and associations thereof in 92 countries of the world

More info on www.wsbi.org

WOCCU (World Council of Credit Unions)

WOCCU acts as the leading voice for advocacy and governance on behalf of the international credit union community. WOCCU continues to promote economic freedom and the sustainable growth of financial cooperatives across the globe through education, collaboration and community-based development projects.

More info on www.woccu.org

ICMIF (International Cooperative and Mutual Insurance Federation)

ICMIF aims to promote and work with the cooperative and mutual insurance sector globally by being a leader in providing information and services to members, and representing the interests of, the global cooperative and mutual insurance sector.

More info on www.icmif.org

INAISE (International Association of Investors in the Social Economy)

INAISE is a global network of socially and environmentally oriented financial institutions. Through INAISE, social investors from Norway to South Africa and from Costa Rica to Japan have been joining forces to exchange experience, disseminate information and demonstrate to the world that money can actually be a means to achieve positive social and environmental change.

More info on www.inaise.org

Women's World Banking

Women's World Banking was established to be a voice and change agent for poor women entrepreneurs. Women's World Banking's goal is to continue to build a network of strong financial institutions around the world and ensure that the rapidly changing field of microfinance focuses on women as clients, innovators and leaders.

More info on www.swwb.org

e-MFP (European Microfinance Platform)

e-MFP is a growing network of 120 organisations and individuals active in the area of microfinance. E-MFP's principal objective is to promote co-operation amongst European microfinance bodies working in developing countries, by facilitating communication and the exchange of information. e-MFP members share the vision that everyone should have access to financial services and that microfinance can contribute significantly to the development of this vision.

More info on www.e-mfp.eu