



BSR Conference 2010

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Financial Inclusion

Breakout Session Summary

Wednesday, November 3, 2010 | 4-5 p.m.

Speakers

- » **Libby Annat**, Senior Ethical Trade Manager, Primark
- » **Payal Dalal**, Head of Public Affairs for the Americas, Standard Chartered Bank
- » **Laura Commike Gitman**, Director, Advisory Services, BSR (moderator)

Highlights

- » Financial inclusion programs should not only be pursued by the banking sector but by any company with a workforce that is underserved.
- » Identification requirements often prevent migrant workers from accessing banking services such as savings, credit, and remittance programs.
- » There will be limited impact without a movement to scale up financial inclusion programs and collaborate across sectors.

Memorable Quotes

“People have a limited definition of financial inclusion. Most people only think of microfinance, but financial inclusion is much deeper than that. Financial inclusion is about access, education, and specific products in the banking sector.”—Laura Commike Gitman, BSR

“Some of the benefits surprised us. ... Women have told us that this is the first time that they have had control over their finances.”—Libby Annat, Primark

“We are an emerging markets bank. We’ve been in places like India and China for over 150 years. Because we grew up in this market, we have a different approach than many of our counterparts.”—Payal Dalal, Standard Chartered Bank

Overview

During the session, Annat and Dalal brought to light how the benefits of financial inclusion programs extend far beyond the banking sector and into the factories and communities.

Annat introduced Primark’s financial inclusion program in India by first recognizing the 400 million unbanked people in the country and the specific challenges that factory workers without access to bank accounts face. Banks provide access to savings and wage protection as well as credit during emergencies. Given that many factory workers are migrant workers, it is almost impossible for these workers to safely transfer cash home without a proper banking structure. Furthermore, cash payments present numerous challenges to factory workers, including fraud as the money passes through factory management, and safety concerns when factory workers travel home after work.

A lack of banking among factory workers is not a result of a lack of demand. Rather, banking challenges stem from physical and geographical barriers and regulations. During the session, Annat highlighted the most prominent barriers to banking for garment workers in India and then addressed how Primark is currently working to overcome these challenges. Standard bank requirements, including identification certification, prevent workers from accessing bank accounts. Many garment factory workers are migrant workers and lack any form of identification.



Additionally, banks frequently require a minimum balance that factory workers cannot maintain in an account. Traditional banking hours also pose a barrier, as factory workers cannot leave work during open hours. Finally, the lack of banks near factories presents a real challenge.

In order to address the above challenges, Primark started a financial inclusion program for its factory workers in India. Workers are provided with a bank account to which wages are directly deposited. Women access their bank accounts through highly secure biometric scans that scan six fingerprints. In collaboration with a local bank, Primark determined the most appropriate and beneficial locations for banking hubs. Since the beginning of the program, 25,000 people outside of the factory (walk-in customers) have enrolled in the banking program, demonstrating the demand for banking in this region. Financial literacy training is also provided.

Despite the tremendous benefits of the program, Annat did discuss some of Primark's challenges. The predominant challenge is providing services for those between the ages of 16 and 18, who are employed but not legally permitted to open a bank account without a guarantor. Finding a guarantor is often logistically infeasible for migrant workers.

After 150 years in this space, Standard Chartered Bank has a range of financial inclusion programs that include microfinance, Islamic banking (banking that adheres to Shariah law), agrofinance, and mobile banking. Microfinance initiatives are perhaps one of the strongest initiatives among these. Standard Chartered Bank does not directly provide microfinance loans, but rather it funds microfinance institutions (MFI) so that they can run better, be more efficient, and reach more people. Standard Chartered Bank is currently working with 63 MFIs in 17 countries.

In addition to microfinance, Dalal focused on the 1.3 billion Muslims in the world that comprise a significant portion of the world's population. Standard Chartered Bank helped to financially include the Muslim community by offering Islamic banking. In Pakistan, Saadiq Islamic Banking provides Shariah expertise and Shariah-compliant financial products.

As a financial institution, Standard Chartered Bank recognizes the significance that small- and medium-sized enterprises (SMEs) play in the economy, and the barriers to capital that these SMEs often face. Payal discussed the role of technology in increasing the role of these SMEs from relatively insignificant actors to those with great power. Standard Chartered Bank is working with the International Finance Corporation (IFC) and governments to ensure that there is continuous credit flow for SMEs. Additionally, Standard Chartered Bank is partnering with the IFC to provide training on customer service, accounting, and business planning as well as technical assistance in Pakistan and Kenya.

While both Annat and Payal focused on very different financial inclusion programs, both speakers recognized the role of women in their work. Payal discussed how Standard Chartered Bank looks to women as staff members, community members, and customers, while Annat recognized the empowerment that often results when women have access to their own finances.

To conclude the session, both speakers pointed to the necessity of scaling up financial inclusion programs and collaborating across sectors to ensure that the 400 million unbanked people soon have banking options.

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