

UN Capital Development Fund

From Microcredit to Inclusive Finance

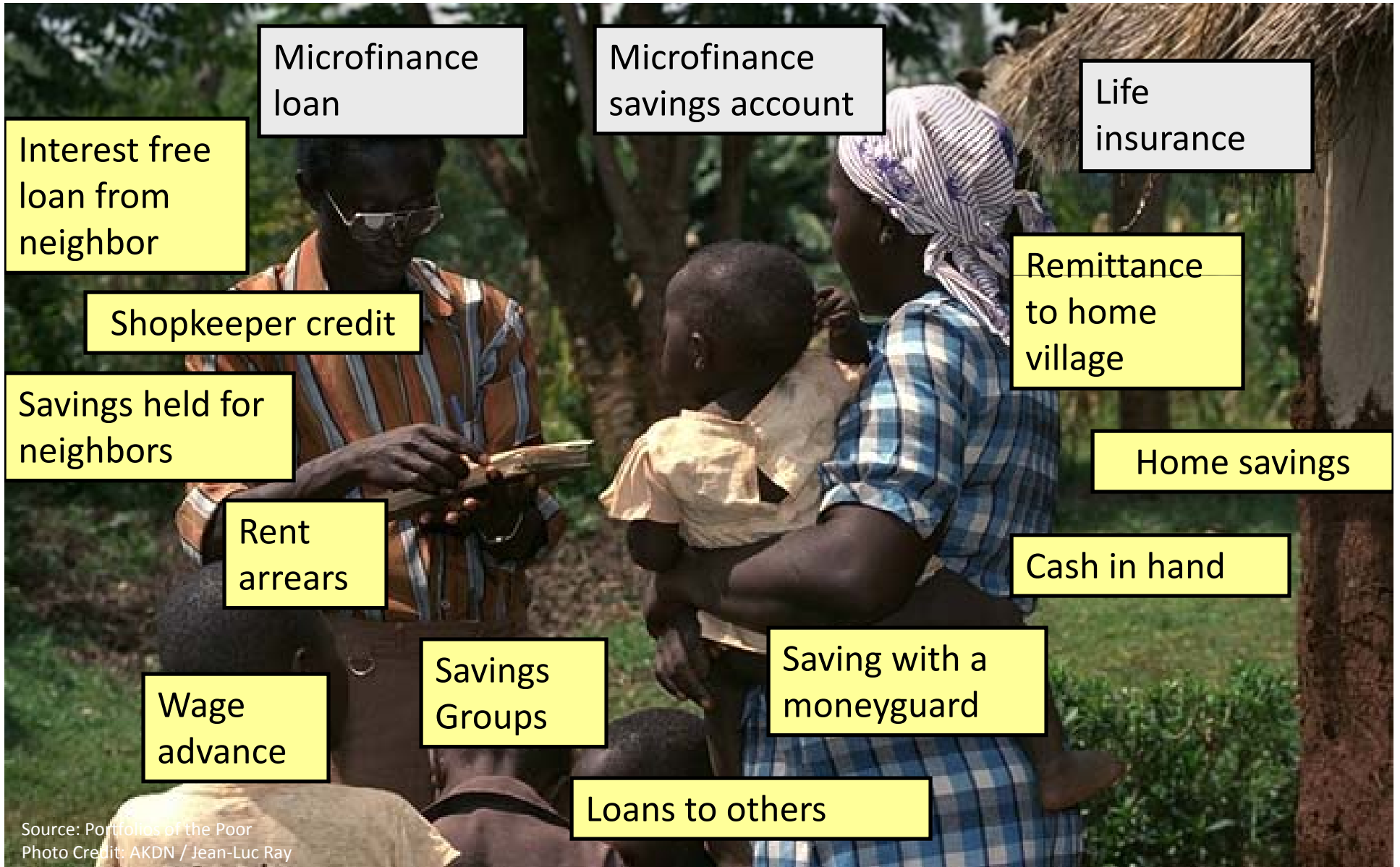


The Story

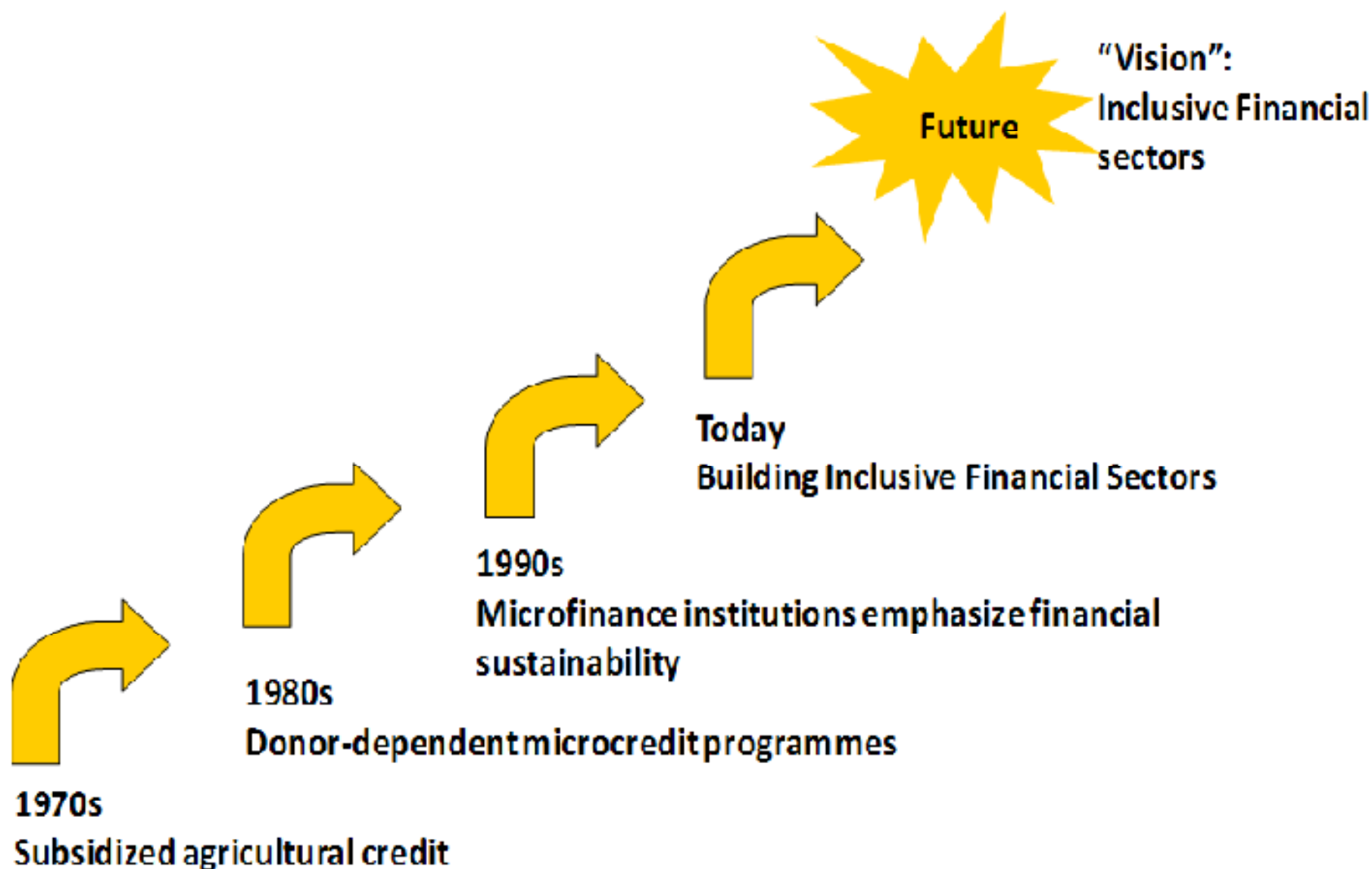
- Microcredit's story begins in the mid seventies in South Asia.
- Credit is a part of most people's lives, this is also true for the very poor.
- Of course, if you think about it, this should be obvious: the less you have the more you need to borrow -- the more you need *credit*.
- Credit, however, is hard to get the more you need it. We hear talk of a "[credit crunch](#)",
- But the truth is, for billions of the world's poor, this credit crunch is a permanent denial of access to credit.



Poor clients already manage a wide range of financial instruments



Global Evolution towards Inclusive Finance



What is Inclusive Finance?

- ✓ Universal access,
- ✓ At a reasonable cost,
- ✓ To a wide range of financial services,
- ✓ Provided by a variety of sound and sustainable institutions."

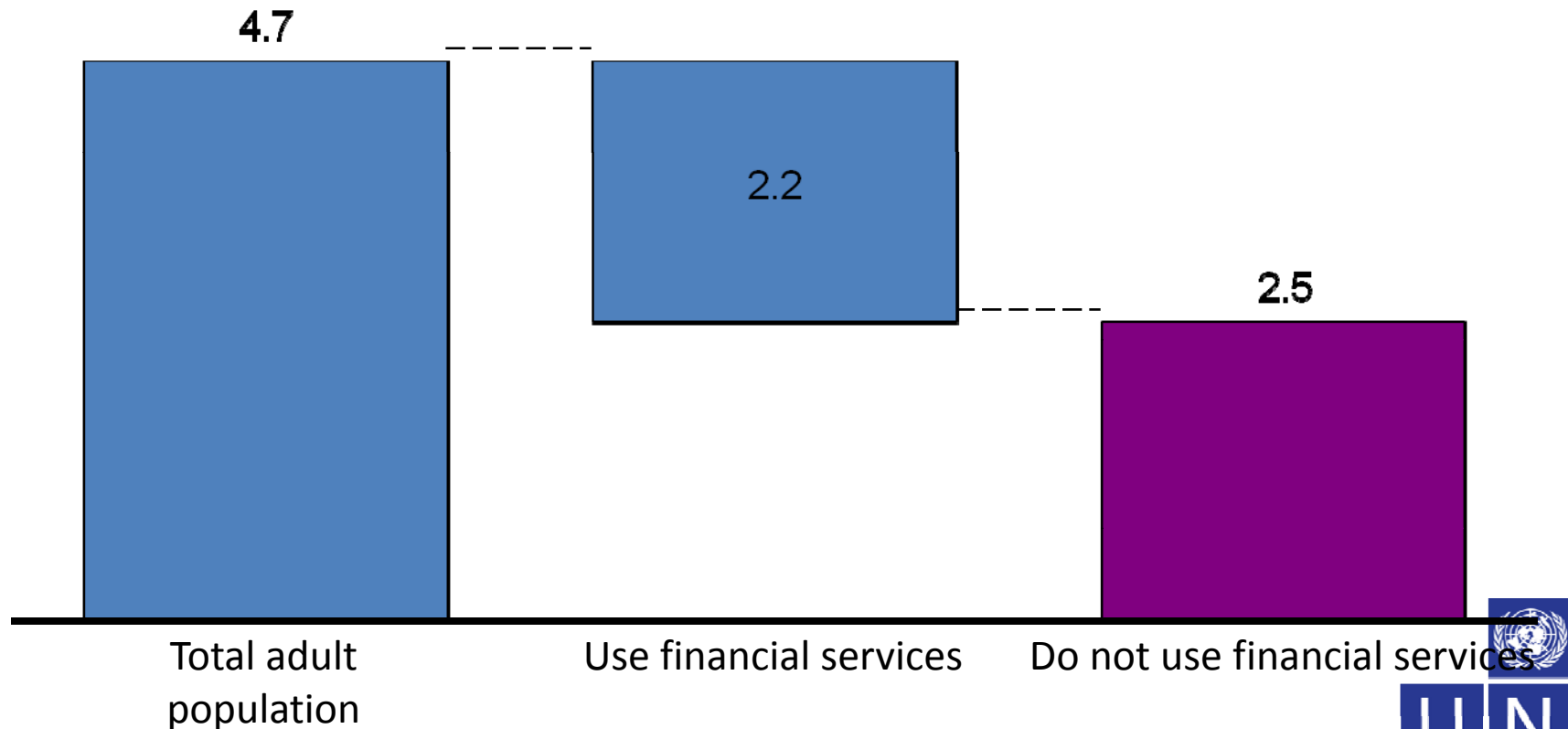


Yet, "Half the world is unbanked"

~2.5 billion adults around the world do not use formal or semi-formal financial services

Adults who use and do not use formal or semi-formal financial services globally

Billions of adults, 2005

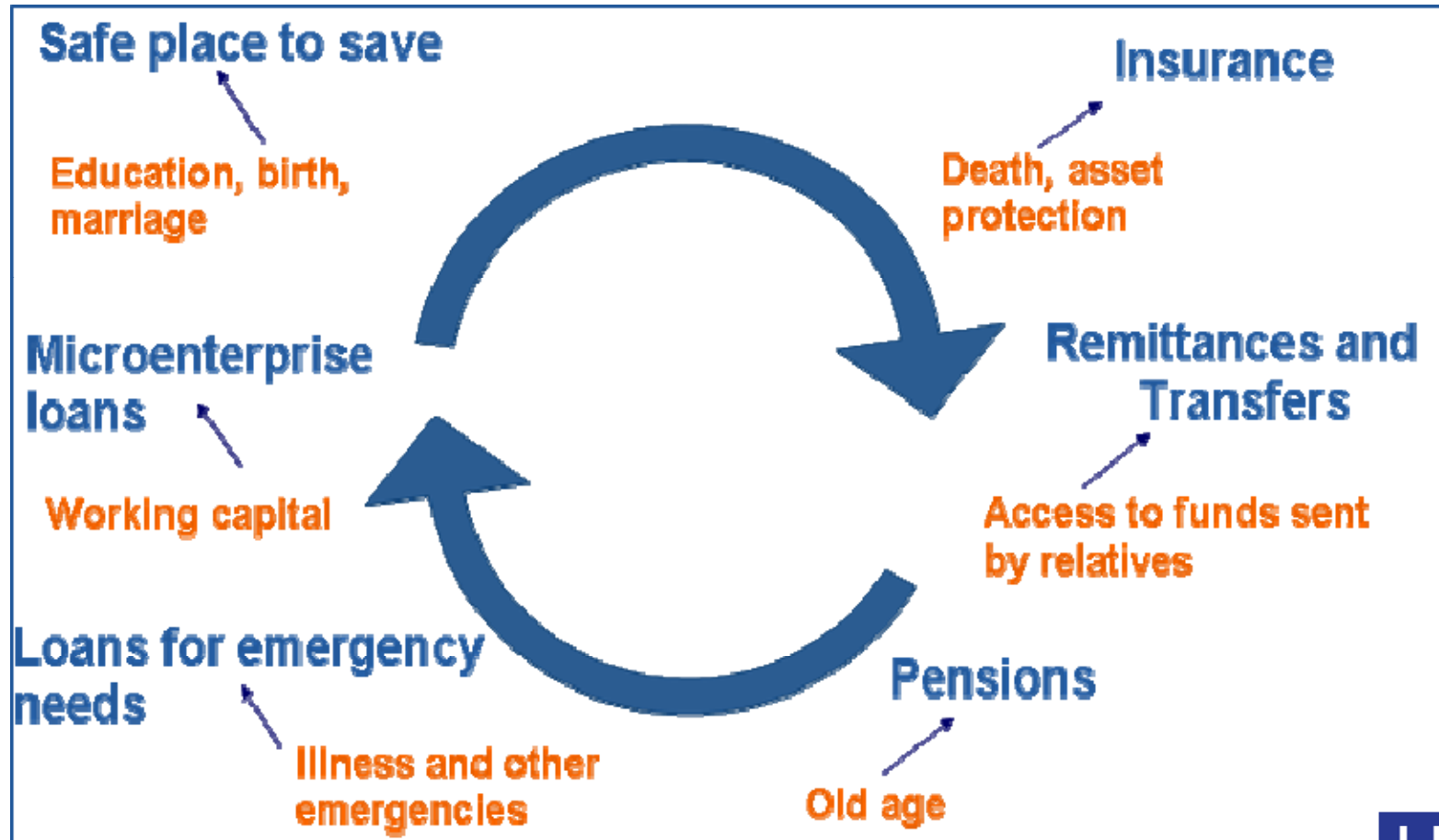


SOURCE: McKinsey & Company's global Financial Inclusion Practice, from Chaia et al., "Half the world is unbanked," Financial Access Initiative, 2009



What do poor people want want? How to serve them better?

➤ Not just credit



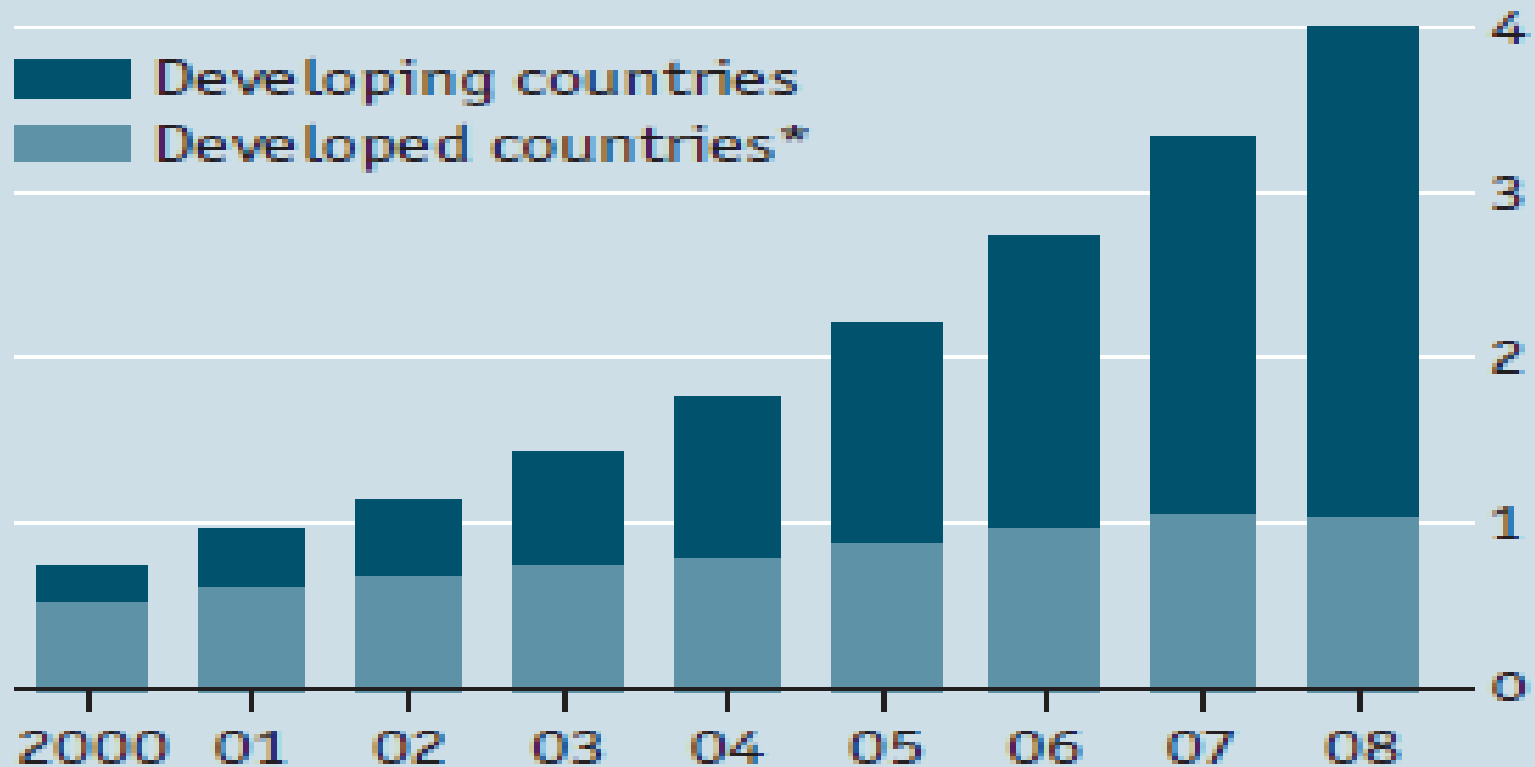
Source: Helms

Mobile Technology : financial inclusion game-changer?

Where to look for growth

1

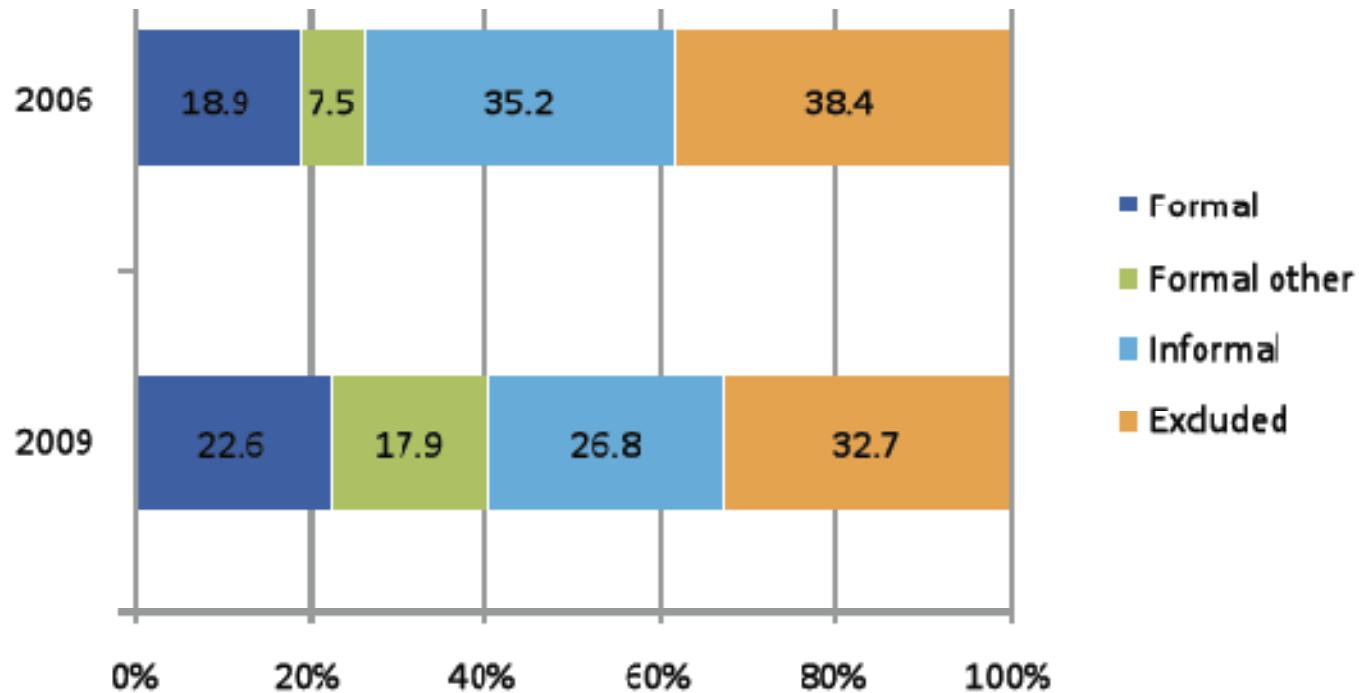
Mobile-phone subscriptions, bn



Sources: World Bank; ITU

*OECD members

Clear impact on financial inclusion



- The evidence of **financial inclusion** driven by Mobile Financial Services in Kenya has been strongly highlighted by the Finscope study released in June this year.
- In three years, the formal inclusion has increased from 26,4% in 2006, to 40,5% in 2009 with clear development due to M-Pesa (in "Formal Other" category).

Source: FSD Kenya

The big questions

- Financial crisis
- Social Impact
- Client protection
- Women empowerment



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THANK YOU

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