

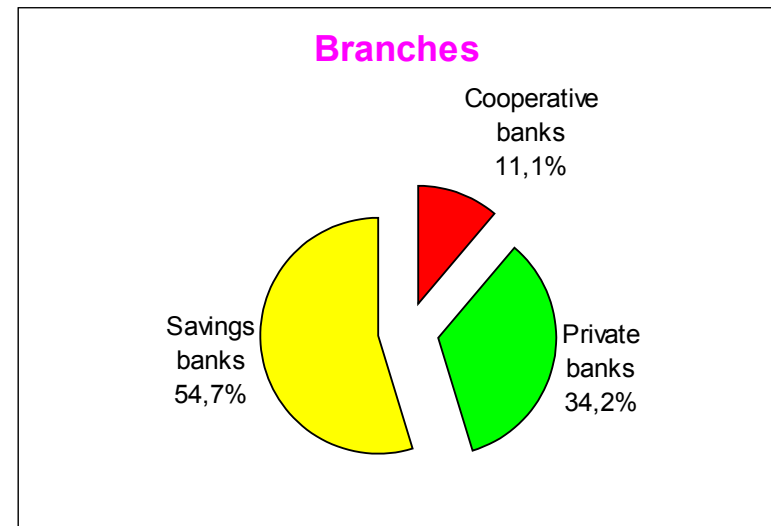
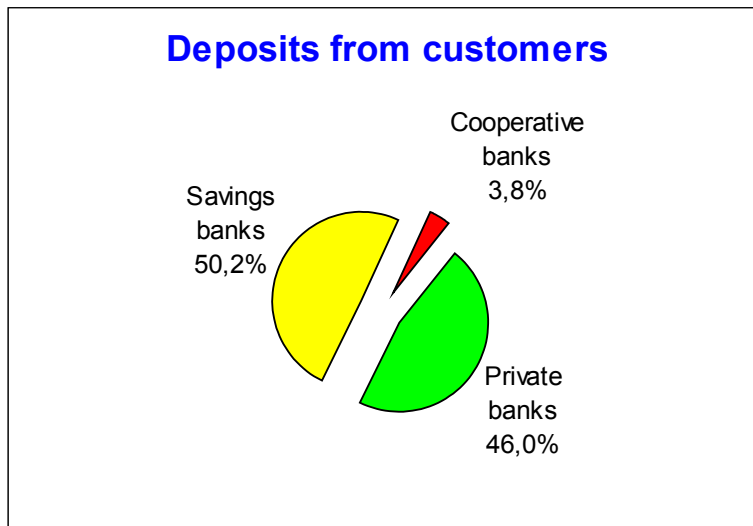
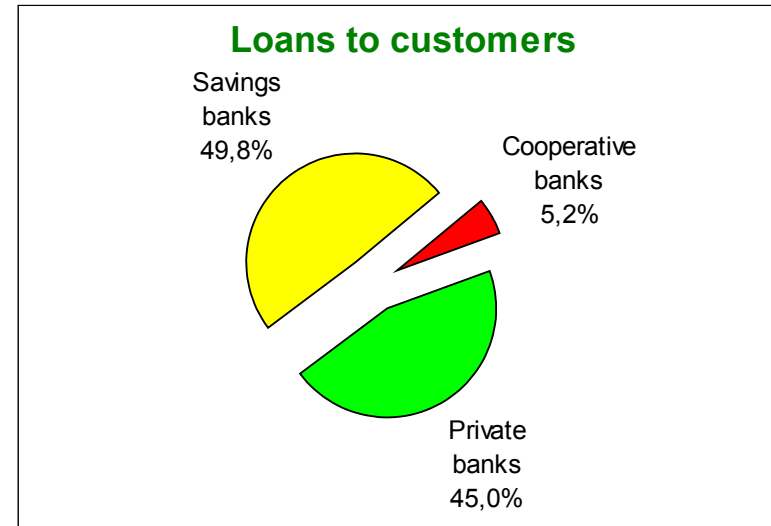
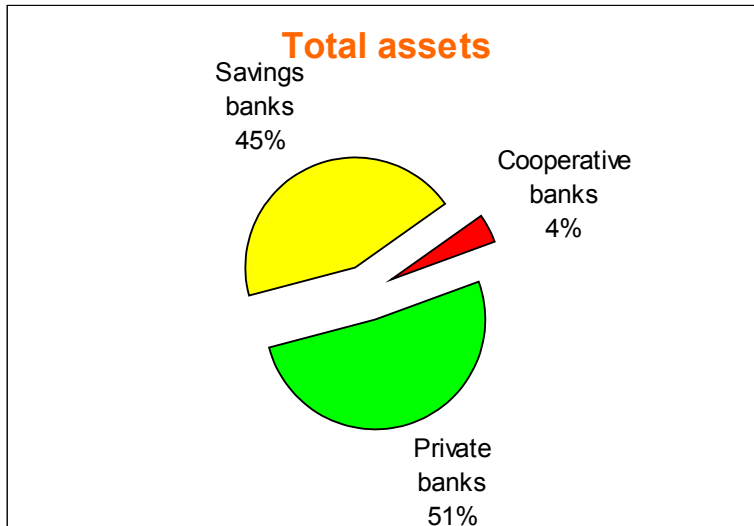
Mutual learning on financial exclusion

The Credit unions and Microfinance:
Do they offer cost effective and easily accessible financial services
to tackle financial inclusion?

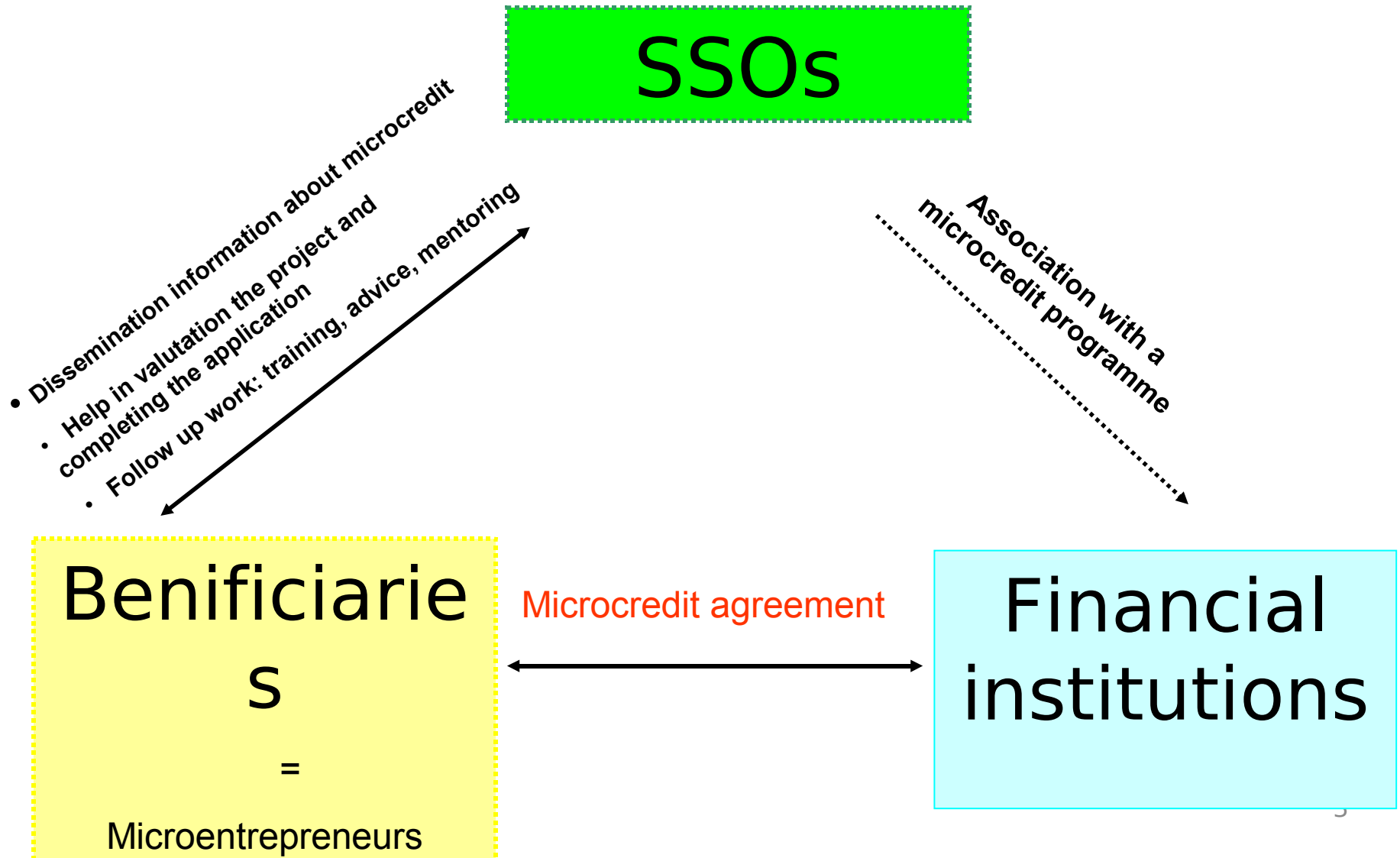
Credit Unions and their strong competitors: Cajas de Ahorros in Spain

Elizabeth Aro
Sofia, March 20th 2009

Cooperative banks in the Spanish banking system



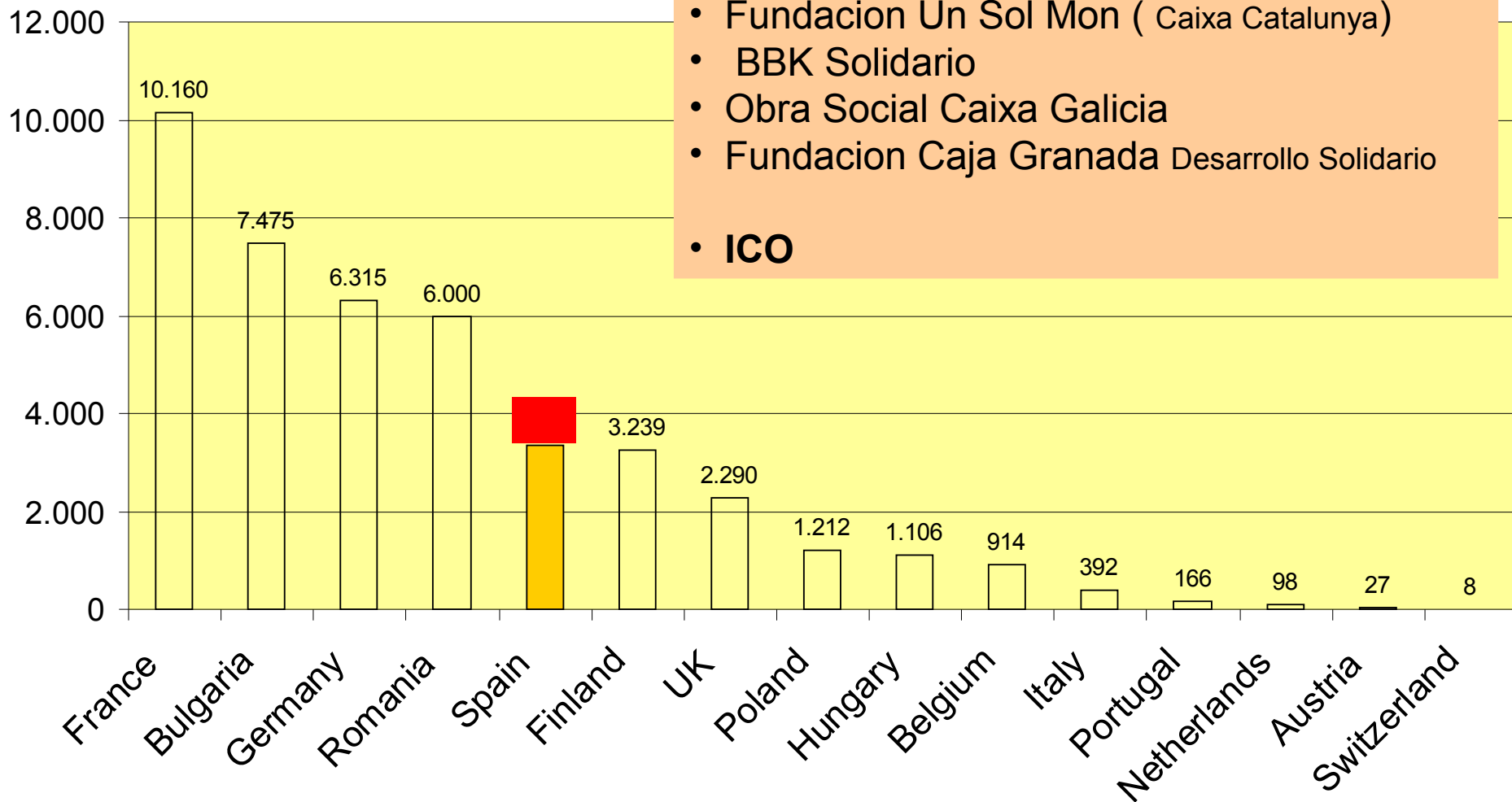
The scheme of SOCIAL microcredit in Spain



Number of loans disbursed 2007

Main financial providers in Spain:

- La Caixa – Obra Social de “La Caixa”
- Fundacion Un Sol Mon (Caixa Catalunya)
- BBK Solidario
- Obra Social Caixa Galicia
- Fundacion Caja Granada Desarrollo Solidario
- **ICO**

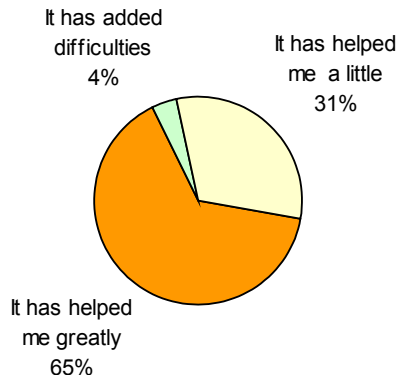


Conclusions

- A well rooted and functioning model in Spain
- The valuable role played by Savings Banks and their Foundations
- Obviously, there is room for improvements.....

According to beneficiaries

Opinion regarding the microloan



Possible improvements in the microloan programmes

- BETTER TERMS FOR LOANS 27 %
- POSSIBILITY OF EXTENDING THE LOAN 24 %
- ADVISORY SERVICES AND PAPERWORK 16 %
- ADAPT THE TERMS TO THE PROFILE 12 %
- MORE ADVERTISING 5 %
- GIVE A NON REPAYABLE AMOUNT 3%

According to financial institutions

- Greater mentoring of clients during the loan period in order to promote long-lasting client commitment
- Better communication between financial institutions, SSOs and clients in order to speed up procedures
- Better understanding, by SSOs, of need to assess the credit risk : to this end the inclusion of SSO's representative in microcredit client selection committee could help
- More training and support services activity

According to SSOs (selected)

- Larger budgets for training activities and follow up services and consolidating their structures
- More flexibility of microcredit terms and conditions proposed by financial institutions in order to better meet the needs of beneficiaries
- Better communication between financial institutions and SSOs
- Feed back on the rejection microcredit applications as a means for learning and future improvements

Obviously, the main need is an higher volume of resources available for microcredit programmes, and this need is growing fast with the actual economic crisis.

Thanks