

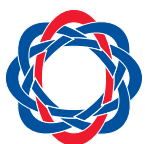
# news & views

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## 25<sup>TH</sup> | WORLD WSBI | CONGRESS

**Sustainable retail banking:  
Making globalisation inclusive for all.**



WSBI



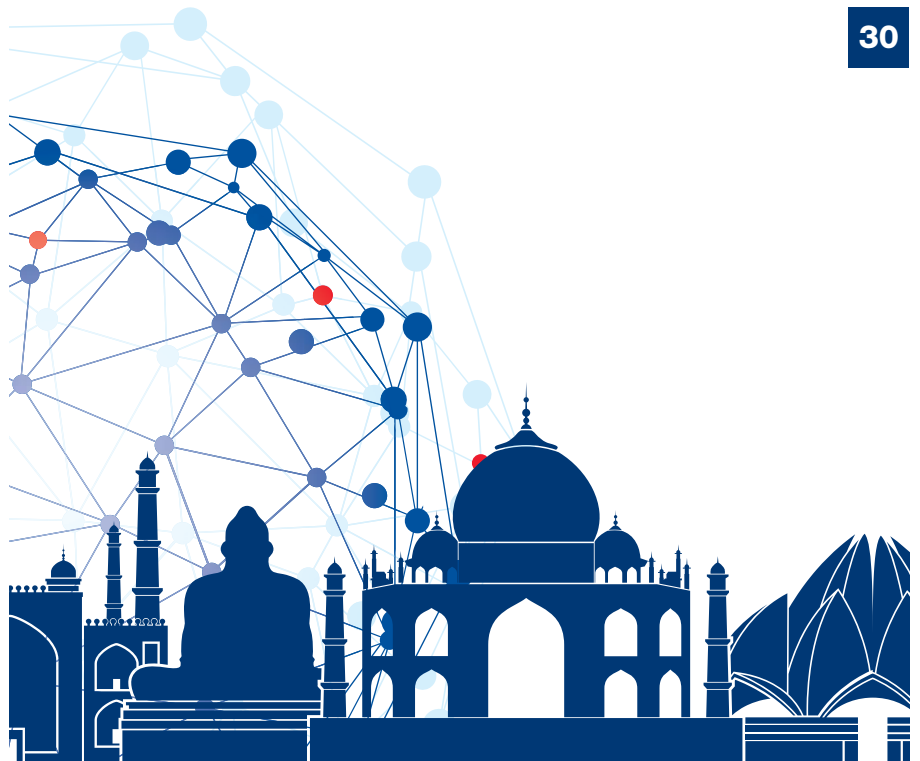
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Helping savings and retail banks thrive.

2018 WORLD CONGRESS

**“What we do as savings and retail banks can and will help address income inequality on a global basis.”**

WSBI President Isidro Fainé



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News & views is published on a quarterly basis by WSBI-ESBG, in Brussels Belgium. It is distributed to individuals and organisations from the financial sector in more than 80 countries including all WSBI and ESBG members. An electronic copy of this copy of News and Views can also be found on the corporate website [www.wsbi-esbg.org](http://www.wsbi-esbg.org)

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## H.M. Queen Máxima message to WSBI World Congress



H.M. QUEEN MÁXIMA

**The following is a quote from H.M. Queen Máxima of the Netherlands, United Nations Secretary-General's Special Advocate for Inclusive Finance for Development for the November 2018 WSBI 25th World Congress of Savings and Retail Banks.**

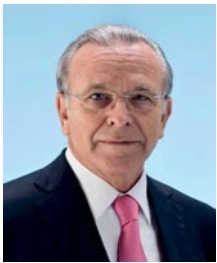
"Earlier this year, we celebrated the release of Global Findex data showing that more than half a billion people have gained access to formal financial services since 2014. With 1.7 billion adults still unbanked, however, much work remains to be done. The banking sector has a vital role to play in reaching underserved populations with affordable, easy-to-use financial products that meet their needs. Therefore, I'm very grateful to WSBI and its member banks for working to bring more people – particularly women, farmers, small business owners, and the poor – into the formal financial system. Reaching these populations is not only life-changing for them, but it can also make good business sense for financial service providers."

"Financial technology offers great opportunities for banks to reach these untapped markets at lower cost. Innovative digital financial services can enable many people to save and borrow for the first time. However, we all need to balance the tremendous potential of these products with regulations that protect customers. I'm very pleased to see that WSBI is driving the discussion about these issues."

# New WSBI President, Presidents Committee elected

The WSBI Board of Directors elected on 14 November Isidro Fainé, President of the Spanish Confederation of Savings Banks, to a three-year term as association president from 2018 to 2021. The WSBI Board also elected its President's Committee for the same mandate period. The WSBI President's Committee will comprise for the period 2018-2021 as follows:

## ISIDRO FAINÉ CASAS WSBI PRESIDENT



**President, Spanish Confederation of Savings Banks (CECA). Chairman, Board of Trustees of 'La Caixa' Banking Foundation and Criteria Caixa (Spain)''**

Isidro Fainé was a member of the Board of Directors of Caixabank since 2011, presiding from 2011 until his resignation in 2016. He holds a Doctorate in Economics,

an International Senior Managers certificate in Business from Harvard, and a post graduate degree in Senior Management from the IESE. He is a member of the Royal Academy of Economics and Finance and of the Royal Academy of Doctorate Holders of Spain. In 1982, he joined "la Caixa" as Deputy Executive General Manager. In April 1991, he was appointed Chief Executive Officer and in 1999 rose to General Manager of the bank, before becoming Chairman in June 2007. He held this position until June 2014. He is also Chairman of the Spanish Confederation of Managers and Executives (CEDE) and Chairman of the Spanish Chapter of the Club of Rome and a member of its International Executive Committee.

## JEAN ARONDEL WSBI VICE PRESIDENT



**President, Fédération Nationale des Caisses d'Épargne (France)**

Jean Arondel graduated from l'Ecole d'Ingénieur en Electricité et Mécanique Industrielle (EEMI Paris, 1975) and spent his professional career in the cosmetics and perfumery industry. In 1993, Jean Arondel, along with Jean-Paul Guerlain, created the Cosmetic Valley, a business

cluster for the perfume and cosmetics industries, which became a competitiveness cluster comprising 300 companies in 2005. Since 1999, he has been the Director and Chairman of the local savings bank in Chartres. In 2008 he was elected Chairman of the Steering and Supervisory Board of the Savings Banks 'Caisse d'Épargne Loire-Centre', he was re-elected in 2009 and again in April 2015 by unanimity. He has been a board member of the National Federation of Savings Banks (Fédération Nationale des Caisses d'Épargne) since September 2014.

## P.K. GUPTA WSBI VICE PRESIDENT



**Managing Director, State Bank of India (India)**

Appointed Managing Director in 2015, he looks after retail banking and latest initiatives in payments and digital banking. Prior to this, Mr. Gupta was the Managing Director looking after Compliance & Risk in the Bank.

He is ACS from Institute of Company Secretaries of India. He joined State Bank of India in 1982. He has held a number of important assignments in the bank in India and abroad, including Managing Director & CEO, SBI Capital Markets Ltd., the merchant banking subsidiary of SBI; Deputy Managing Director and Chief Financial Officer of the Bank; Chief General Manager (Global Markets) responsible for the entire treasury functions of the bank. Mr. Gupta has extensively handled treasury operations in the Bank, both in India and abroad. Mr. Gupta is a past Chairman of Forex Exchange Dealers Association of India (FEDA). He is also a member of Technical Advisory Committee of RBI on Financial Markets.

## LV JIAJIN WSBI VICE PRESIDENT



**Executive Director and President, Postal Savings Bank of China Co., Ltd. (China)**

LV Jiajin has been appointed as Executive Director and President of Postal Savings Bank of China Co., Ltd. since January 2013. He also served as Executive Director and Vice President from March 2007. He served as a Deputy Chief and

the Chief at the Henan Postal Savings and Remittance Bureau, the Chief of the Henan Xinxiang Municipal Post Bureau, a deputy chief of the Henan Post Bureau, a Deputy Chief of the Liaoning Post Bureau, a deputy director general at the Postal Savings and Remittance Bureau of the State Post Bureau. Mr. Lv currently serves as a Deputy Chairman of the China Banking Association, a standing director of the China Finance 40 Forum, a master supervisor at the PBC School of Finance, University of Tsinghua and a doctoral supervisor of Southwestern University of Finance and Economics. Mr. Lv graduated from Southwestern University of Finance and Economics and obtained a doctor's degree in finance. He is a senior economist and has been entitled to special government allowance granted by the State Council.

## SABASABA MOSHINGI WSBI VICE PRESIDENT



### Chief Executive Officer, TPB Bank PLC (Tanzania)

Sabasaba Moshingi has been Chief Executive Officer at Tanzania Postal Bank Limited since July 2011 and serves as its Managing Director. He has vast local and international experience in Corporate banking, Trade Finance, Credit Risk, Operations, assessment of Operational

Risk for new products and process, Consumer Banking and Finance. He has worked with reputable local and international banks holding various positions. He has worked for Kenya Commercial Bank and Standard Chartered Bank.

## ABDELLATIF ZAGHNOUN WSBI VICE PRESIDENT



### Director General, Caisse de dépôt et gestion (Morocco)

General Director of Caisse de Dépôt et de Gestion (CDG) since 2015, he began his career in 1982 at Office Chérifien des Phosphates (OCP) where he held several executive positions. In 2004, he was named Director General of the Customs and Indirect Taxes Administration.

In parallel, he was elected in 2007 Vice-President of the World Customs Organization (WCO), President of the Organization for the MENA region, and in 2008 he was also elected Chairman of the Audit Committee of the WCO. In 2010, he was General Director of the Directorate General of Taxes. He graduated from the Mohammedia Engineering School (EMI), Morocco.

## JORGE SOLIS WSBI VICE PRESIDENT



### President, FEPCMAC – Peruvian Federation of Municipal Savings and Credit Banks (Peru)

Mr. Solis has a degree in law from the National University of San Marcos, where he studied Registry and Notarial Law. He also has specialist studies in Government contracts and recoveries (Continental University), and in Money

Laundering and Risk Management, and he attended the University of Chicago Booth Executive School. He chairs the Board of Directors of Huancayo Municipal Savings and Credit Bank and was the head of Public Registers for Registration District VIII. He also has experience as a speaker on microfinance and as an advisor for financial institutions and public and private companies.

## REBECA ROMERO RAINEY WSBI VICE PRESIDENT



### President & Chief Executive Officer, ICBA – Independent Community Bankers Association of America (United States)

Rebeca Romero Rainey heads the leading advocacy organization exclusively representing U.S. community banks. She is one of the nation's foremost advocates of the community banking

industry, with a focus on regulatory reform for America's nearly 5,700 community banks. She is the former Chairman and CEO of Centinel Bank of Taos, New Mexico. Her broader service to the community banking industry began when she joined the board of the Independent Community Bankers of New Mexico, where she served as president in 2007-2008. She entered the national stage by becoming active within ICBA and serving on several committees. In addition to graduating from Wellesley College, Romero Rainey holds a degree from the Pacific Coast School of Banking.

## CAMDEN FINE WSBI VICE PRESIDENT



### Immediate Past President and Chief Executive Officer, ICBA – Independent Community Bankers of America (United States)

Camden Fine is one of Washington's most effective and influential trade association CEOs and lobbyists, as recognised by The Hill newspaper and CEO Update publication, and he

was recently named one of the top 100 lobbyists to watch in Washington DC. He was educated at the Virginia Military Institute and the University of Missouri-Columbia, where he double-majored in history and English. He is a distinguished graduate and past chairman of the Stonier Graduate School of Banking. Camden Fine's thesis, *Banker's Banks: A Correspondent Alternative for Community Banks*, was published and included in the Harvard Business School library. He currently serves on several industry boards and committees as well as on the Presidents Committee of WSBI.



**MEET THE WSBI PRESIDENTS COMMITTEE**

**MACARIO ARMANDO ROSALES ROSA  
WSBI VICE PRESIDENT/TREASURER**



**President, FEDECRÉDITO –  
Federación de Cajas de Crédito  
y Bancos de los Trabajadores  
(El Salvador)**

He has 35 years' experience in the FEDECRÉDITO System (El Salvador). From 2009-2012 he was chairman of the Latin American and Caribbean Regional Group of WSBI. Macario Armando is a

Member of the FEDECRÉDITO Standards Committee as well as a Member of the Institutional Executive Unit (IEU) responsible for managing the Modernisation Programme for the System of FEDECRÉDITO, Credit Banks and Workers' Banks, sponsored by the Interamerican Development Bank (IDB). From 1999 to 2001, he was Owner and Head of the Board of Directors of FONAVIPO (the National Popular Housing Fund). In 1992, he founded the Soyapango Workers' Bank and he served as the General Manager Soyapango Caja de Crédito (credit bank) for 25 years. Macario Armando Rosales Rosa graduated in Public Accountancy and in Jurisprudence and Social Sciences.

**ISARA WONGRUNG  
WSBI VICE PRESIDENT**



**Senior Executive Vice President,  
Government Savings Bank (Thailand)**

Mr. Wongrung is responsible for the Personal Customer Group, which consists of 13 Departments in three Major Lines, namely: Personal Customer Business Management Line, Sales Management Line, and Personal Customer Operation Line. Before joining

GSB in May 2015, he worked for 27 years in Hire Purchase Market, Auto Leasing, and Commercial Hire Purchase & Leasing in the Leasing Industry in Thailand. Mr. Wongrung is a lecturer in Marketing, Management and Finance at leading educational institutions including Assumption University, where he graduated from, Bangkok University International College and Sasin Graduate Institute of Business Administration of Chulalongkorn University. Additionally, he holds the position of Independent Director, Director and Advisor in various companies in Thailand. He has a Master of Business Administration (MBA) in Business Management and Finance from Assumption University, Thailand.

**HELMUT SCHLEWEIS  
WSBI VICE PRESIDENT**



**President, DSGV – Deutscher  
Sparkassen- und Giroverband  
[German Savings Banks Association]  
(Germany)**

Helmut Schleweis was born in Heidelberg and began his professional career in 1973 at the local savings bank. In 2002, he was appointed Chairman of their Management Board. Since 2010, Helmut Schleweis

has been a Federal Chairman of the German Savings Banks and 3rd Vice-President of the DSGV; in this capacity, he has represented the interests of Savings Banks in many institutions of the Savings Banks Finance Group, in particular in the Group's associated companies. Schleweis heads the umbrella organisation of the Savings Banks Finance Group, Germany's largest and leading financial network. The Group includes 390 Savings Banks, seven Landesbank Groups, eight Landesbausparkassen, eleven direct insurer groups, as well as many additional financial service providers and other associated companies, with a total of over 320,000 employees.

**HEINRICH HAASIS  
HONORARY PRESIDENT**



Heinrich Haasis served as WSBI president from 2012 until 2018. Before then he was appointed president of ESBG from 2006-2009. From 2006 to 2012 he served as the President of the German Savings Bank Association (DSGV). In January 2001 he was elected Chairman of the Board of Landesbank Baden-Württemberg (LBBW) and the Landesbausparkassen and Chairman of

the Supervisory Board of Sparkassen-Versicherung Holding AG Baden-Württemberg. From September 1991 to January 2001, he was Chairman of the former Württemberg Savings Banks Association (WSGV). From 1971 to 1981 he was the Mayor of Bisingen. He also served as a member of the State Parliament of Baden-Württemberg (1976-2001). He holds a Diploma in Public Administration from Württemberg Management Service.

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# Q&A with newly appointed WSBI President Isidro Fainé



WSBI PRESIDENT ISIDRO FAINÉ

That trend is changing the way farming is done, with more and more women becoming involved in farming activities. Another trend is smartphones that now penetrate all corners of the world. Internet is set to reach nearly everyone on the planet in the not-so-distant future while money flows continue to expand across the world and a new approach to banking is under way – especially for younger generations.

**So how are banks facing these mega challenges at local and regional level? What other forces do savings and retail banks face?**

As I just alluded, banks are changing the way they approach customers, especially when it comes to the “when and where” of keeping in touch with clients. The changes are real and are transforming the banking world. For instance, the role of customers and their needs has become more active and “24/7”. New technologies are radically changing the way in which business is done. The smartphone is prime example. New players, subject to little regulation, are popping up and elbowing in to compete in the market. That said, new regulations also have an affect not only on our need for capital but our relationship with customers.

The context of all of these factors is within the chessboard of globalisation. If you step back a bit, we notice that we are living in a period of unprecedented wealth creation worldwide. This is a disruption indeed. And it is gaining in scale and marked by downward pressure on price for goods and services that consumers and businesses buy. On top of globalisation’s effects, we see a “data effect”. A “data explosion” has taken hold. The level of data traffic has swelled dramatically. This is pushing us towards a future of smart networks while opening platforms for new services. The profound impact on banks and our customers cannot be ignored.

**How do you see savings and retail banks in a globalised world?**

What we do as savings and retail banks can and will help address income inequality on a global basis. They are ideally placed to help calls from society to tackle the need for economic growth – no matter where – that is, economic growth, which is sustainable, deep-rooted and widespread. Just to be clear, when I say widespread, I mean growth that generates inclusive economic and social development, not just in big cities but also in sometimes hard-to-reach rural areas.

Our World Congress in New Delhi put on stage the special role played by savings and retail banks to ensure that Asian, Latin American and African economies become actors that stand side by side with all regions in the global economy, on an equal footing with Western economies. This crucial point was not missed by the WSBI members and stakeholders during our panels and speeches, which reflected

the essential role that non-OECD countries play in the world.

Connected to this, it is important to note that Asian and Pacific countries, for instance, represent around 40% of world GDP and estimates point out that by 2050 their share of the world economy will grow to well over half. This remarkable jump in share of the global economy will happen thanks to immense economic expansion driven primarily by China, India and Indonesia. Specifically, India, the host country for this year’s Congress, will double its weight from the current 7% to 14% of global output. And all this, without mentioning the vast build-up of know-how that India is harnessing in leading-edge, high-tech areas.

There is real economic and social value of retail banking, which will be increasingly important as the world faces seismic shifts. One example is mass migration of people – especially young men – from rural areas to urban centres.



As a consequence of this, we as savings and retail banks have adapted to this digitally led 'New Normal'. We have done it by improving the professionalism of our employees. That means they are smarter with their time, and as a result they have more face-to-face dialogue with customers, while giving them more than they expect.

To make sense of all of this change, due to globalisation and technological breakthroughs, let me quote Pope Francis who said: "We are not living an era of change but a change of era."

It's important to describe the world around us, but it is necessary that we carve out a strategy from it. From a strategic point of view, the World Congress in New Delhi helped us identify our strengths and weaknesses as well as the threats we face and the opportunities we find. That is to say where we excel areas we perhaps fall short, and what we need to do to be leaders in an always-on, digital world.

### **How important is trust between savings and retail banks and their customers?**

Trust is the foundation of savings and retail banking. It is based on three clear principles outlined in the WSBI New Delhi Declaration announced during the Congress. The first principle is "mutual trust", a bond we must nurture. This mutual trust is to protect our customers' savings and to engage with all our stakeholders in a valuable way. Unless we enjoy a high level of trust with those we serve, our business ... will never flourish.

In banking, there is a main premise, "without trust there is no business". And the trust of our customers is gained day by day, continuously and particularly in the most difficult times.

The second principle is "Excellence in service to our customers", which has many aspects. It starts with having the right quality of service.

It means relentlessly seeking excellence to provide a better valuable service for our customers, who must always be at the centre of our actions.

Putting the customer at the centre gives us greater competitive advantage, making us more sensitive to changes and allowing us to adapt to the needs of the market before our competitors. Furthermore, anticipating the market will lead us to become the best bank in quality and reputation.

Never forget, that a banker prospers when customers prosper. Achieving excellence in any profession not only depends on the characteristics of a leader or his staff but on the qualities they cultivate throughout their careers. That is why I think Aristotle was right when he said, "We are what we repeatedly do. Excellence then is not an act but a habit".

The third principle is aligned with the theme of our Congress: "Local banks can help bring the benefits of globalisation to society". We cannot turn our backs on the social plights of our society. As far as we can, we must develop different programmes depending on the needs in each country or region. We have a social mission to help communities and economies to stand strong and prosper in a globalised world, particularly those communities facing real world problems like child poverty, unemployment, affordable housing, the elderly, palliative care, and financial exclusion.

### **Tell us more about financial inclusion. What is the social mission of savings and retail banks in this area?**

It is one of the most effective ways to address globalisation and a pathway to welfare and progress. Our role in financial inclusion came out loud and clear during the Congress here in New Delhi. Why? Because when financial inclusion improves, more individuals are empowered, more jobs are created and the economy grows.

Knowing that, WSBI members have a strong will and purpose to broaden financial inclusion.

This WSBI World Congress in New Delhi has provided plenty of examples of how we promote financial inclusion effectively – and profitably for the bank – while adding value to customers that other entities sometimes disregard. We tackle financial inclusion by being socially responsible retail banks that supply banking services to individuals, families, entrepreneurs and micro enterprises in rural or remote geographical areas. We also serve marginal neighbourhoods in urban areas, from younger people to those who, due to their advanced age, lack access to basic banking services. We also support micro-entrepreneurs who cannot present more guarantees than: "their own word, talent and enthusiasm".

Our Institute signed an agreement with the World Bank in 2016 for the implementation of the Universal Financial Access 2020 pledge, consisting of a commitment to enable hundreds of millions of people to gain access to a bank account. I am happy to say that our members are continuing to make substantial progress towards accomplishing this goal.

Regarding this international commitment, the latest available data, as of 31st December 2017, show that we, the WSBI, contributed to this goal by providing financial access to 234 million new customers, who suffered from financial exclusion. Our total number of customers worldwide has reached 1.6 billion. These figures show the tremendous potential the WSBI has when it comes to linking retail banking with financial inclusion. And as I just said, we also know that our activity must be profitable. Without profit our members would not be sustainable in the long term. By contrast, being more profitable will allow us to deliver more financial services to the most vulnerable, social segments of society. →

**Q&A WITH NEWLY APPOINTED WSBI PRESIDENT ISIDRO FAINÉ**

**You stated at the WSBI World Congress issues related to keeping banking a sustainable business. What are the challenges savings and retail banks face to continue to thrive?**

We, as bankers, know that one of the greatest challenges we face daily is the need to generate more income through services and, at the same time, reduce operating expenses. Banks today provide an increasing number of services to customers. That includes standard banking products, advisory and investment services, multichannel and digital payments, and many other value-added services, such as financial planning, stock analysis, budgeting management and expense control, among others.

Providing these services, however, with the highest quality standards comes at a cost, which should be reflected in prices. In line with our times we should revise our costs, some of which can be found in: having overstaffed headquarters, streamlining our structural networks, closely watching our financial costs, and reducing the risk of defaults and thereby impairments. I have always kept in mind, as the risk manager that I was in the 1960s, the two Warren Buffet rules. First, when you give a loan, make sure you can recover the money, and second, never forget the first rule.

In addition, we should never forget market share. We must survive by growing, offering a wider range of services for families, SMEs, large enterprises and institutions while adapting our branch networks to the different segments of the market.

**How do you see the role of branch banks? What should the modern branch be doing?**

As savings and retail banks, the role of our branch networks is another crucial component in our strategies. The importance of having a strong branch network is vital. Based on my experience, I believe that in branches, the ideal thing would be for employees to dedicate 90% of their time to commercial activity and speaking to customers, while leaving the other 10% for office and administrative work.

It is paramount to ensure that the branch network is a sales network and not an administrative burden.

Bank branches play an essential role in the service mix within an integrated multi-channel distribution model. Branches allow for a personal and a more human contact with customers.

**“We, as bankers, know that one of the greatest challenges we face daily is the need to generate more income through services and, at the same time, reduce operating expenses.”**

I would like to explain to you an anecdote concerning branches. In 1996 I had met and discussed with the Bank of America Chairman Richard Rosenberg on the issue of closing branches. On my return to Spain, I had a meeting with Bill Gates in Madrid and we talked a lot about physical branches and internet banking. I asked... “Bill, which do you think is the right strategy?” And he responded, “Isidro, I think the best one is to have both: many branches and full-on internet banking.”

**As branches evolve, there is a digital wave sweeping over banking. How do you view digitalisation of banking?**

Digitalisation is an opportunity we as savings and retail banks cannot afford to miss. Digitalisation means revolutionising our proximity to customers. It gives us a chance to be even closer to our customers, and make our relationship with them more profitable. It’s an extraordinary “once-in-a-generation” opportunity to include through digital and mobile banking large numbers of people, from around the world, in the global economy.

It is also an opportunity to learn more about the customer by better use of Big Data as a tool, which will allow us to offer our customers better, faster and more-targeted personal services, and

customer-designed products through their desired channel, which results in overall cost savings and an enhanced customer experience. In a nutshell, digitalisation gives us the best of both worlds: branch and digital. In other words, it represents the combination of human intelligence and artificial intelligence.

Digitalisation entails change in our business models too. There is a plethora of influencing factors that include: mobile telephony, 5G, cloud computing, blockchain, Big Data, social networks, augmented and virtual reality, robotics, virtual assistants, artificial and cognitive intelligence.

To face this challenge, WSBI members must cooperate with other digital actors, setting up partnerships with financial institutions, including banks, as well as Fintechs, telecommunication companies, and even the big players in the digital world.

**It seems those who lead and manage banks are facing unprecedented forces from digitisation, demographic shifts and globalisation. What is the best formula for managing banks in this ‘New Normal’?**

Good management is an essential component to successfully carry out our business activity. Managers must exercise active leadership. A high responsibility position is defined by the type of leadership the manager exercises. The role of the manager should be to empower and promote employees and set goals permanently and to encourage the spirit of improvement, perseverance and permanent updating.

Managers do not work alone, but in a team. A team, in line with my experience, is made up of people who should have the following strengths: the critical experience of thinkers; the capacity of technicians; the creativity of artists, and the sensibility of poets. For this to work, the leader and the team must engage in permanent and mutual trust.

In terms of internal organisation, I believe that a flatter organisation creates greater operating efficiency and more focus to achieve the commercial and business goals employees must have. The basic characteristic of decentralised organisations is the delegation of authority to people at lower levels, to make decisions and take action in a more direct way. In this sense, it is important to keep in mind that authority resides in people, not in positions.

On the other hand, employees must be empowered to take quick and intelligent decisions when the satisfaction of a client needs or his loyalty is at risk. Employees should have five main attributes. First, a driving entrepreneurial spirit. They should embrace a culture of work and service with respect for people and their ideas. They should engage in dialogue based on reality and truth and be driven by social responsibility and solidarity.

To prevent confusion and facilitate quick and right decisions, employees should have clear hierarchical lines. By doing this, the management process becomes simpler and more efficient.

If I had to summarise management, I would conclude that management is about making our people grow and helping them take decisions. Management also needs to create a good work climate with strong communication flows. And finally, management means paying people adequately.

Our employees need to know what they do, why they do it, and what lies behind their actions. Seneca once said that "If a man does not know to which port he is sailing, no wind is favourable". This is so true.

#### **What management style can help bring about a ship sailing in the right direction?**

Jack Welch's leadership policy probably sums it up best. The best manager of the last century, he required the 4 "E"s from his people.

**Energy:** He wanted his employees to have energy. **Engage:** He wanted his people to instil energy in others.

**Edge:** He wanted people who knew how to work on a knife edge in other words, in complex situations. **Execution:** He wanted people who knew how to do things and do them well.

#### **What are the main goals that you would like to pursue during your WSBI presidency?**

First of all, I will make reference to three objectives, which have been approved by the President's Committee. The first one is focused on retention and acquisition of members. We know that customer loyalty is a key priority. Consequently, bolstering our membership base will help make WSBI stronger. Furthermore, we would like to enlarge our Institution with new members to reach countries where we do not have a presence. The more we are, the stronger we will be.

The second goal is related to global advocacy. Our target is to raise WSBI's visibility on a global level. To achieve this milestone, we will dedicate our efforts to reinforce our profile and influence in the regional and international fields. We also want to strengthen our advocacy profile vis-à-vis international policy makers and organisations. In this sense, financial inclusion through the Universal Financial Access Goals 2020 is also part of our advocacy goal.

The third objective approved by the President's Committee involves an exchange of best practices and know-how. Our purpose is to involve non-European Members in Committees, Task Forces and High-Level Groups to foster the exchange of practices, knowledge and experience to promote cooperation between Institution members.

#### **Beyond the main goals, are there any specific initiatives that you would like to see through during your presidency?**

It will be important to promote financial education. This is an area where many members from the WSBI excel with strong programmes already going on.

I think that makes a lot of sense to get the best out of them and create specially designed programmes for WSBI members.

These programmes could be implemented in those countries where members believe they would make a greater impact.

The second initiative that needs to be pursued is to highlight the importance of retail banks before regulators and policy makers. We need to emphasise to them that saving and retail banks enjoy a key role in supporting local economies. We have to highlight our contribution in the real economy before national and international authorities.

And third, reinforce the regional Groups of WSBI: the Asian, African and Latin American ones without forgetting the great potential the American community banks have.

#### **What would you like readers to know about savings and retail banking?**

Retail and saving banks are always willing to support those activities and initiatives, whether public or private, that pursue human development and the improvement in the quality of life.

Not only can we do that, but we must also remain faithful to the basic 3-R Principles of WSBI, which guide our activity: Retail banks with a regional presence, and a responsible attitude towards business and society. In other words, we are deeply rooted in every corner in every country in the world.

I see it time when saving and retail banks are obliged to give the best of themselves and to demonstrate to society that solutions to big problems exist and are within our reach. We need to show society, with projects and facts, that economic and social progress is not only possible but we can and want to achieve it. We will be absolutely committed to reach that goal.

I firmly believe that opportunities exist. All we must do is find them and give them life to continue offering our collaborators and citizens the hope of a job, the chance to feel useful, and the necessary energy to forge with their daily effort, a life with purpose and direction, a family, and a fairer society.

# Interview with Helmut Schleweis

## President of the German Savings Banks Association and ESBG-President

### **As ESBG President, how do you view the role of savings and retail banks in the overall European banking landscape? What special role do they play?**

Savings banks and retail banks play an important role as intermediaries in Europe. They foster European cohesion and convergence. They play an important role as lenders in the economy and as partners for the accumulation of assets. However, they also play an important societal and social role. We facilitate participation in society in the regions in which we operate. We assume responsibility in these regions, and this has a stabilising effect on the community as a whole. In my view, this is particularly important nowadays. In this role, we are unique and particularly valuable for Europe. For this reason, we have joined forces to campaign for a favourable environment in Europe for savings banks and retail banks.

### **What are the main areas ESBG will focus on during your presidency?**

In my view, ESBG is an important additional mouthpiece for all its members vis-à-vis the EU institutions and the EU regulator. Many politicians at EU level have realised that it is important to engage in a dialogue with ESBG as a representative of 1,000 retail banks in 21 EU countries if they want to support finance for small and medium-sized enterprises and for private households. We will therefore continue to foster this exchange. In the discussion about proportionality in banking regulation, attractive and modern payment services, and sustainable financing, we want to obtain the best possible environment for ESBG members.

In addition, an exchange of experience among ESBG members in various formats is very useful. It is important to continue to foster this exchange unabated.

Retail banks can learn a great deal from each other. Moreover, fostering mutual understanding in Europe is an ongoing challenge. I am very grateful to my predecessor Isidro Fainé for the service he has rendered to ESBG. We will continue to develop the common denominator of savings banks and retail banks over and over again.

### **In terms of ESBG advocacy efforts, what do you see as the most pressing regulatory areas in the EU that concern member savings and locally focused retail banks?**

As regional retail institutions, we need a favourable environment to provide optimum benefits to business and society. The Banking Package will go some way towards making regulation, which was originally designed for internationally operating big banks, more appropriate – and hence, more tolerable – for retail banks. However, this process has not yet come to an end. In the new legislative period, work will begin on the implementation of the new Basel requirements. This will once again raise questions regarding the nature of proportionate regulation. This is also something we need to discuss within ESBG because many SMEs – and hence, important segments of the national economies in our respective countries – depend on the loans granted by our institutions. Small and medium-sized enterprises prefer bank loans; capital market finance is not an option for them. It is therefore worth fighting for good financing terms.

We will also need to deal intensively with the structure of sustainable financing concepts. In this context, ESBG clearly supports the objective of creating a sustainable EU economy.

However, we will have to make sure that whatever is decided will in fact be helpful in achieving this objective. I would like to warn against unwanted side effects that might restrict access to financial services, both for private households and for enterprises. In any event, we have to fend off unwanted social effects.

### **Giving access to finance for entrepreneurs and SMEs is the key to promoting growth and employment in local communities in Europe and beyond. They are oftentimes viewed as “risky” customers. How does a Sparkasse approach SMEs, empowering them while ensuring return for the Sparkasse?**

A large portfolio of SME loans is clearly less risky than the same volume of a few large exposures. Since we are able to back this up with empirical evidence based on figures collected over many years, we have been successful in anchoring the SME Supporting Factor.

In my view, one crucial point regarding savings banks is that they know both the local market and their customers. Our customer relationship managers maintain their relationships with enterprises and commercial clients for many years, sometimes for generations. This helps to create strong relationships that are needed in the lending business. Many of the export-driven enterprises that make Germany an export nation have precisely this kind of trusting relationship with their savings banks. And many of my colleagues in ESBG have told me that their credit institutions play a similar role in their home markets.

### **How does a Sparkasse maintain this customer proximity in a digital world? What role do branch banks play in a digitally driven world?**

### How will branch banks evolve as digitisation and innovation continues?

The savings bank branches continue to be the cornerstone of customer relationships. This key point of contact is expanded and complemented by digital and mobile services. We offer customers a full range of services, and every customer can decide individually how and when they want to carry out their banking transactions. We have become the market leader across all channels. Savings banks have the largest number of branches in Germany, with leading market shares in particular in retail banking. In addition, approximately 19 million customers with over 40 million accounts take advantage of the online banking options we offer. More and more customers are using mobile devices such as smartphones and tablets to access their accounts. In 2017, these devices already accounted for over 30 percent of the total volume of transactions. The savings banks' websites have 2.5 billion visitors per year, which puts them into the top group of the most widely used Internet services.<sup>1</sup>

However, we do not plan to rest on our laurels. In 2018, savings banks added two important products to their range of services: instant payments, and payments from mobile phone to mobile phone for retail customers. This means that savings banks have entered the German market faster and with wider coverage than most competitors, and savings banks have achieved respectable usage rates. In 2019, the focus will be on two new topics: We will embed the multi-bank-compatible current account in a digital platform, where we will also integrate self-learning algorithms to better align our services with customer preferences. At the same time, we will expand our range of services for enterprises, including an Internet branch for commercial clients.



HELMUT SCHLEWEIS

### “I am convinced that we will be successful if we stick to our values and strengths.”

We will also look closely at the benefits that we can generate from our databases for our customers.

#### Where would you see savings and retail banks in Europe in five years' time? Where do you see the role of savings and retail banks in the banking landscape of the future?

I am convinced that we will be successful if we stick to our values and strengths. The common goal pursued by the institutions within ESBG is described by the three “Rs” – retail, regional, responsible – which serve as an excellent compass.

EU Commissioner for Competition Vestager recently said in Berlin that I was not sufficient to successfully wave the European flag in the world markets, but that enterprises would also have to make a contribution toward building a better, safer, more prosperous and more sustainable society. As regional retail institutions, we strengthen competition in the European Union in many ways, and we assume responsibility in society. If we remain true to our principles, I am confident that regional, responsible retail banks will continue to play an important role in the European banking market in the future.

<sup>1</sup> DSGVO, Circular on annual figures of digital channels, 2018/151, 2018.

# One on one with TPB Bank CEO Sabasaba Moshingi

A CLOSER LOOK AT WSBI'S TANZANIAN MEMBER TPB, THEIR EVOLUTION AND WHAT'S AHEAD.



SABASABA MOSHINGI

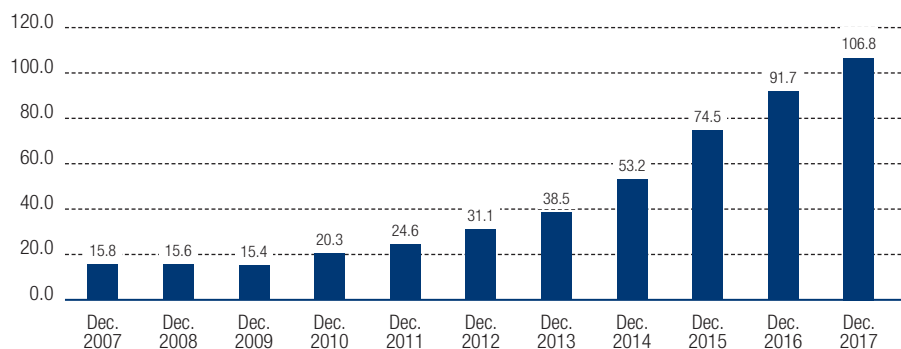
**Tell us about the evolution of TPB Bank since you joined the bank?**

When I joined TPB Bank (TPB) in 2011, there were several critical challenges facing TPB. It was highly inefficient with a cost income ratio of 96%, return on asset of 0.3%, return on equity at 6%, low profit before tax that averaged TZS 400 million (170,000 USD) – TZS 900 million (385,000 USD). Staff salaries were the lowest in the market, while staff morale low and a poor corporate culture. The bank was also poorly capitalized, breaching regulatory requirements. Branches were extremely dilapidated and the head office had a serious shortage of working tools. The brand was extremely weak – in fact, it was considered a dying bank.

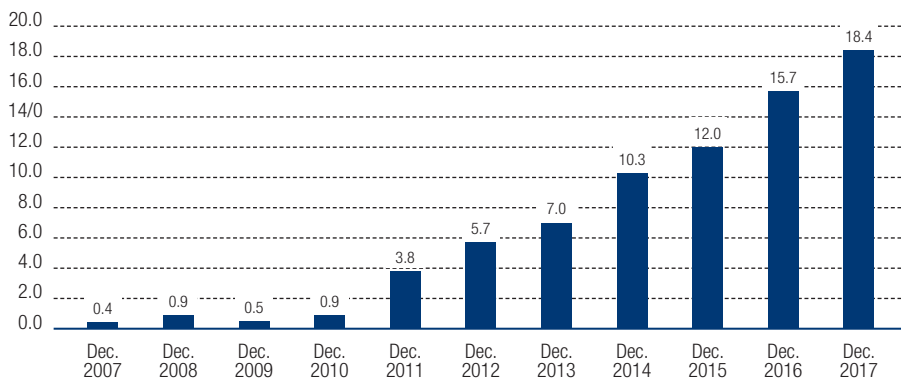
TPB conducted a 'deep dive' assessment of itself and developed a four-year strategy that covered the period 2012 to 2015. Some measures we took involved bringing on board new members of staff in strategic units from the private sector. New revenue streams and new products were introduced as well as aggressive cost cutting measures. The bank renovated dilapidated branches all over the country while doubling the branch network.

The following charts capture the phenomenal transformation over the last few years.

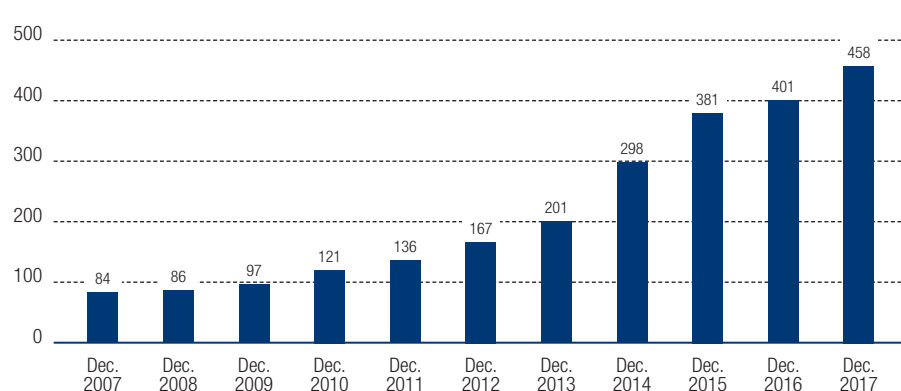
**CHART ONE: TOTAL INCOME GREW BY 426% FROM 2010 TO 2017**



**CHART TWO: PRE-TAX PROFIT ROSE BY A FACTOR OF 20.4 IN THE LAST SEVEN YEARS**



**CHART THREE: BALANCE SHEET EXPANDED BY 279% FROM 2010 TO 2017.**



■ TZS Billion

Ultimately revenue generation and profitability greatly improved. Staff salaries were improved and a performance culture was introduced. The bank in 2016 registered under the Companies Act, the decision that also allowed the bank to improve its brand identity, rebranded it from Tanzania Postal Bank to TPB Bank PLC. We have consistently posted impressive financial results year on year with compounded average annual growth rate of around 20%, making us in the last six years among top 10 profitable banks in Tanzania. We have paid a cash dividend to shareholders since 2016 for two consecutive years.

We are still engaging with shareholders on the best method to recapitalize the bank so we can continue with the transformation journey.

**What are the aims of TPB bank?  
What ambitions does the bank have in the next five years?**

As previously mentioned, recapitalisation is key. We plan to continue to reach the unbanked and under-banked, as this is something greatly important among TPB Bank's board of directors and management. I believe that in the next five years, by diligently focusing on the bottom of the pyramid, TPB will be one of the 10 largest banks in Tanzania.

**I know financial inclusion is important for you. Tell us how TPB bank engages in financial inclusion efforts?**

TPB at inception was billed as a savings bank for the indigenous population with a focus of instilling a savings culture. The bank now focuses on financial inclusion. The bank has been able to bring on board 500,000 previously financially excluded customers in the last five years with deposits of TZS 12 billion (5.1 million USD).

Our focus in the pro-poor space is village savings and loan associations (VSLA's) and village community banks (VICOBA's) that target women, informal groups that target both men and women, and sports account for men and the youth. This allows us to have a focused to how we approach our customer base. TPB was also the first bank in Tanzania to launch mobile banking and agency banking through our dual product – TPB POPOTE – that means 'TPB everywhere.' We have 284,000 mobile banking customers. The mobile banking product is integrated to all mobile money operators. We have extended this product to groups too. They now have a special menu where they can transact and mimic their normal transactions like taking a loan or contributing to a social fund. All this at their fingertips.

We now have 884 agents across the country on both mobile and point-of-sale and should have 2,000 by the end of 2019. We have opted to scale up or agent network by working with a third party aggregator that allows us to have sustained growth.

**How does WSBI help with efforts on the financial inclusion front?**

WSBI is a true partner in TPB's financial inclusion journey. Instrumental in helping TPB on the financial inclusion front, WSBI provides technical support and helps TPB access financial support too. For example, they have helped us better connect with organisations like Mastercard Foundation and the Bill and Melinda Gates Foundation to help find ways to address financial exclusion in the country. We truly appreciate their support and look forward to ongoing support and cooperation.



**HON. DR. PHILLIP MPANGO, MINISTER FOR FINANCE AND PLANNING, HOLDING HANDS WITH FORMER TPB BOARD CHAIRPERSON PROF. RUTASHOBYA & TPB CEO SABASABA MOSHINGI AT THE UNVEILING OF THE TPB BANK REBRANDING BRANDING.**

**Where do you see innovation and digitisation to widen financial inclusion in Tanzania?**

Innovation and digitisation both drive financial inclusion growth in Tanzania. These two aspects will drive any future financial inclusion growth as well. The data around this trend are highlighted in Finscope, Tanzania's nationally representative survey that provides an overview of financial behaviour of Tanzanian adults (i.e. individuals 16 years or older). Data from the 2017 Finscope shows that 13% of the adult population use banks while 60% depend on mobile money. I think the issue is how innovation and digitisation will evolve and work in various eco-systems, which at this point is somehow hard to tell but looking at the present trends. Innovation will be key to addressing financial inclusion challenges not only in Tanzania, but also throughout Africa.



A tall, modern skyscraper with a dark facade and many lit windows, topped with the CaixaBank logo. The scene is at dusk or night, with palm trees and streetlights visible in the foreground.

CaixaBank

You have to reinvent yourself every day  
to be the Best Bank in Spain year after year



CaixaBank



*Global Finance names CaixaBank the Best Bank in Spain for the fourth consecutive year*

For yet another year, Global Finance has acknowledged CaixaBank's **innovative approach to banking**, environmental commitment, and **social engagement**, seeking to drive the development of individuals and society as a whole. Said commitment has seen us extend our **leadership** even further, providing the **most innovative and efficient services**.

Once again, thank you for recognising our constant efforts.



# Interview with Macario Armando Rosales Rosa

## President and CEO of Fedecrédito



MACARIO ARMANDO ROSALES ROSA

### Tell us about the structure of Fedecrédito, since it is an apex organization of a group of co-operatives?

Fedecrédito is the federation of a system of credit unions and workers' banks, taking the form of a private co-operative, which was set up 75 years ago, its entry into the history of El Salvador coming three years after the establishment of the first credit union.

Fedecrédito is one of the members of Sistema Fedecrédito, along with 48 credit unions, seven workers' banks, two insurance companies and Fedeservi, a subsidiary of Fedecrédito complementing the financial services provided to its partner institutions. The whole group is 100% made up of Salvadoran and private capital.

Fedecrédito plays a series of fundamental roles for its partners (the credit unions and workers' banks), i.e. a) Second-tier bank; b) Supervisor under self-regulation of the partner institutions of Sistema Fedecrédito not overseen by the Financial Regulatory Authority; c) Administrator of the Joint Technological System; d) Manager and administrator of the corporate business, including credit and debit cards, family remittances, current account, collection service, payment of conditional

government transfers (subsidies), Fede Red 365 ATMs, Fede Punto Vecino, Fede Móvil, Fede Banking, call centre, etc.; e) Specialist consultancy on all aspects of management; f) Institutional and international representation of Sistema Fedecrédito; g) Driver and promoter of new products and services; h) Development driver of Sistema Fedecrédito; i) Management of the Joint Training Centre, which provides highly specialized training to all members of Sistema Fedecrédito; j) Management of the common brand and communications campaigns of Sistema Fedecrédito.

According to its legal mandate, Fedecrédito's fundamental objective is to foster the development of its partners to make them efficient, solvent and competitive, able to play their role of providing financial services to low- and middle-income families and micro-, small- and medium-sized businesses in the various economic sectors.

The IFC, a member of the World Bank Group, has acknowledged the variety of functions undertaken by Fedecrédito for its partners, seeing it as a success story and example for federations across the world.

### Tell us about the evolution of Fedecrédito in the last few years?

Sistema Fedecrédito has experienced significant growth over the last decade, so that it currently ranks second in terms of assets and third in terms of deposits in the financial system of El Salvador.

Business strategy in recent years has considerably extended territorial reach through the growth of the non-banking correspondents (*Corresponsales no Bancarios* - CNB), known commercially as "Fede Punto Vecino", together with the development of our digital channels Fede Móvil and Fede Banking (mobile and Internet banking respectively).

Sistema Fedecrédito is the network with the greatest national coverage and enjoys tremendous emotional closeness with customers, reflected in the features of its brand, which Salvadorans value and love.

Fedecrédito has committed to the financial inclusion of all Salvadorans, striving through the members of Sistema Fedecrédito to bring products and services closer to the people, as well as taking a particular interest in developing cost-free savings products for partners and customers, thereby helping to improve access to banking services, in addition to backing up its efforts with financial education programmes.

As regards financial intermediation, we have broadened the base of international institutions with which we work, including the IFC (World Bank Group), IDB, FMO (Dutch development bank), DGW of Germany, Proparco of France, amongst others.

### What are the aims of Fedecrédito right now? What are you trying to achieve in the Salvadoran market?

We want to go on growing profitably to contribute to the development of El Salvador. The major medium-term challenges are to continue increasing commercial activity and brand presence throughout the country, push on with digitization of our business, grow in the micro, small and medium business segment, drive bank-insurance business models and increase our presence in the youth segment.

We are well aware that getting to a position of leadership means working even harder to stay competitive.

### Tell us about Bancos de los Trabajadores. What is their mission? Are there any success stories about them that you would like to share? →

**INTERVIEW WITH MACARIO ARMANDO ROSALES ROSA**

The credit unions and workers' banks in Sistema Fedecredito are co-operatives enjoying a strong local presence and closeness to customers, with more than 78 years' experience; historically, they came into being to help small traders and farmers. The origins of microcredit at global level can be traced to the Crédito Popular, which we set up way back in 1952. It provided microcredit to the micro-businesses in the country's markets, with two-month terms and fixed daily payments. It offered an extraordinary incentive in that instalments included a small savings fund element, building up throughout the year and being returned to customers in the Christmas period. It was known as "Christmas Saving".

There are innumerable examples and success stories we could mention of the development of small businesses and enterprises thanks to support from the credit unions and workers' banks, but I think the data speak for themselves. We have 1.1 million partners and 700,000 active customers within a country of 6.5 million people.

**I know financial inclusion is important for Fedecredito, what form does financial education and financial inclusion take on the ground?**

Financial inclusion is a key priority for Sistema Fedecredito in El Salvador, going hand-in-hand with a financial education programme which provides our partners and customers with the necessary tools to learn and turn they have learned into to their own advantage.

The Federation promotes many things. First, it promotes the creation of specific products. It also promotes the design and administration of the CNBs. It also looks to bring the various financial solutions closer together, through various means such as the Fede Red 365 ATMs, Fede Punto Vecino, Fede Móvil and Fede Banking. The Federation also promotes a financial education programme for various segments of the population, the content of which is drawn up at the Federation in co-operation with the German Savings Banks Foundation for International Co-operation and different organizations in the country, namely the Central Reserve Bank, Financial Regulatory Authority and educational institutions.

**How does WSBI help with efforts on the financial inclusion front?**

Sharing experience is key for us. Through the WSBI we have been able to find out about and visit various successful projects, apart from discovering the main trends and challenges in applying technology to financial inclusion.

**How does Fedecredito reach its client base? How do digital channels help? What role do branches play? Has that role changed?**

We believe in a model combining digital channels with a strong physical presence, where the CNB model plays an important role in distributing financial products and services. This combined focus reflects the fact that some transactions are no longer carried out at branches, but rather through many different methods such as the ATM network Fede Red 365, Fede Punto Vecino, the mobile app Fede Móvil and Internet banking Fede Banking.

Digital transaction banking must be based on a broad range of savings accounts, so that it is possible to pay for utilities, receive family remittances, pay for loans and bank cards, etc. That explains why it is very important for us to encourage the habit of saving and use of banking services. In this way we are creating an ecosystem with a broad base of customers, which will enable us to go deeper into digitization, such as with virtual POS or specific digital products.

**Where do you see innovation and digitisation in widening financial inclusion? What success stories do you have from Fedecredito?**

Digitisation will make it possible to offer cheaper financial solutions to boost financial inclusion. The key for us is to create an ecosystem which will eventually result in digitization of financial flows. One small example is the operation of the mobile app, which means that a family remittance sent from the United States for collection in cash in El Salvador can be received on Fede Móvil, where the customer may redirect it to a savings account, facilitating financial inclusion.

**How does WSBI help you to gain knowledge about innovation and digitisation to take home to your bank? Any examples worth mentioning?**

The opportunity to share experience and attend the various forums organized by WSBI is vital, but each member of the WSBI must find their own path to digitisation, based on two fundamental premises. First, alignment with customers' needs and corporate strategy. Second, adequate technology, which does not necessarily have to be the most advanced.

**A big initiative going forward at WSBI is financial education. What sorts of financial education efforts does Fedecredito pursue? What are some success stories you would like to share with readers?**

As an example of success here, we could tell you about the Dual Training Programme. In line with our corporate social responsibility policies to support education, it was set up at Fedecredito in 2010 when a co-operation agreement was signed with the Sparkassenstiftung für internationale Kooperation as a counterpart to the regional "Strengthening financial education and training and qualification schemes in Latin America" project. The diploma course for financial technical advisers was developed in connection with this programme. Accredited by José Simeón Cañas University (UCA), it has seen two groups graduate since 2014 and the third is well on the way. More than 55 young people have benefited.

**International financial regulation is gaining more momentum. How do efforts by organizations like the Basel Committee affect Fedecredito?**

In Sistema Fedecredito, especially in the Federation, we always keep an eye on the direction taken by international financial regulation, because we know that, sooner or later, it will affect us.

We are well aware of how important it is for regulators to understand the differential nature of the risks assumed by institutions like ourselves: exclusively dedicated to the retail business. At the same time, we believe that regulators should promote financial inclusion.

# Q&A with Joan Rosás, recently appointed Representative of the WSBI Board for International Relations

**Joan Rosás was appointed in November as Representative of the WSBI Board for International Relations for the mandate period 2018-2021. Endorsed by the WSBI Presidents Committee, the newly created role will support and advise the WSBI management on an ad hoc basis regarding matters related to strengthening WSBI's global advocacy role, raising its visibility and expanding its membership base.**

## ABOUT JOAN ROSAS

His career in banking spans more than three decades. He joined "la Caixa" in 1993 and has participated in its internationalization process since those efforts began. He has a PhD in Economics and a Law Degree from the University of Barcelona. He also holds a Master Degree in International Affairs from the George Washington University and a Diploma in Finance from the New York University.

### **Congratulations on your appointment. Tells us about the role and what it entails?**

First of all, I would like to express my deep satisfaction and appreciation to the President of WSBI, the WSBI President's Committee and Board of Directors for this endorsement. There is no other banking association like ours with so many members and customers. I truly see huge potential in the initiatives planned ahead. Because of that, I am deeply honoured and committed to contribute through my small part to strengthen WSBI.

As stated in the appointment, I will be focusing my efforts on retaining and gaining new members, strengthening our global advocacy role as well as our international visibility.

### **What do you see needs to be done to strengthen WSBI's global advocacy role?**

We have to leverage the already existing knowledge, relationships and positioning of both WSBI and ESG, thereby, keeping close and permanent contact with major international regulatory authorities and institutions. Also, we have a quite active role to play with national regulators in countries where the local retail banks lack the influence required to be heard before their national authorities and institutions.

Last but not least, we have within our organisation, remarkable strengths in various fields such as financial education, which we see as a pathway to financial inclusion. We have built up strength in innovation, digitalisation and digital banking, as well as savings mobilisation, CSR and social welfare. It's clear that we are particularly well placed to showcase our expertise and know-how in these areas as part of our global advocacy efforts and to demonstrate our role in the global financial landscape.

### **What does raising visibility entail?**

From my point of view, it entails to be present in all major international fora where the savings and retail banking story should be heard. As the President of the WSBI, Isidro Fainé, said during our Congress in Delhi, we have to highlight the crucial role of retail and savings banks before international regulators and policymakers and stress our key contribution to local economies.



JOAN ROSÁS

### **How do you see the membership base being expanded in the coming three years?**

I think we are ideally positioned to increase our membership base because in the last few years, we have presented the role of the Institute to many potential members that are in the final stage of their incorporation. The more visibility we are able to achieve internationally, the greater the number of institutions that show a genuine interest in the WSBI. In this regard, to eventually welcome such potential candidates on board, there needs to be a close and permanent follow up with them. We are already actively working on this long-term, relationship-based aspect. I am certain that soon we will have even more members joining WSBI who represent the values of retail, regional and responsible.

# Indian Finance Minister addresses WSBI World Congress

**TWO-DAY EVENT EXPLORES RETAIL BANKING IN A GLOBALISED WORLD WITH POLICYMAKERS, BANKING EXPERTS, WSBI MEMBERS**



**India's Finance Minister inaugurated on 15 November the 25th World Congress of Savings and Retail Banks held in Delhi. Shri Arun Jaitley, Honourable Union Finance Minister, Government of India, gave a keynote address to an audience of 300 WSBI member savings and retail banks, banking policymakers and banking industry experts who are exploring the challenges faced by savings and retail banks around the world and how those institutions can better serve communities in a globalised world.**

Held at the Taj Palace Hotel in the Indian capital, the opening session also included remarks from State Bank of India Chairman Shri Rajnish Kumar, NABARD Chairman Dr Harsh Kumar Bhanwala, along with Shri Rajiv Kumar, Secretary, Department of Financial Services, Ministry of Finance, Government of India.

Under the theme “Sustainable Retail Banking – Making globalization inclusive for all”, the two-day Congress featured speakers and panellists who come from WSBI’s membership as well as experts from throughout the banking world who offered attendees their insight during high-impact panel discussions. Under that theme, outgoing WSBI President Heinrich Haasis provided a summary of achievements made during his six-year

association presidency, including inroads made toward a WSBI pledge to provide “an account for everybody”, which was outlined in a 2012 WSBI declaration in Marrakesh.

WSBI President Isidro Fainé gave his acceptance speech after being elected the day before as WSBI president for a three-year term. He was followed by fellow Spaniard Javier Solana, former EU High Representative for Common Foreign and Security Policy and NATO Secretary General (see related story on page 0).

Opening day sessions followed, tackling three areas via panel discussions. The first, titled “Globalisation: the promise of a golden dawn or dystopia in the making?”, examined how WSBI members,

as financial institutions that are focused on their local community, could bring the benefits of globalisation to the local level by acting as an interface that connects these communities to global perspectives and global growth opportunities. The second session, “Two worlds no longer apart – rural and local development for growth in harmony”, looked at how savings and retail banks take the best of globalisation and digitisation to ensure their profitability while at the same time creating benefits for people and the planet. The third session focused on the virtuous circle: locally focused savings and retail banks in a circular and digital economy. The fourth session focused on the theme “Digitisation as a tool for financial inclusion and customer proximity.”

Outgoing President Heinrich Haasis, who will now serve as WSBI Honorary President concluded: “Policymakers acknowledge that WSBI member savings banks nourish the SMEs that oftentimes export their products abroad. Members also help households at local level too through savings and loans. The savings and retail banking model helps make globalisation inclusive for all.”

## **INDIA'S PROGRESS: WIDER FINANCIAL INCLUSION, BETTER LIVES**

From a situation in 2011 whereby 41% of the households did not have access to banks, India has come a long way thanks to the financial inclusion programme called “Pradhan Mantri Jan Dhan Yojana”. Efforts have enabled 329 million accounts for erstwhile, unbanked people. The India’s financial inclusion approaches are unique the country’s situation and have been acknowledged by the Global FINDEX Report. The JAM trinity, a government initiative to Jan Dhan accounts,

mobile numbers and Aadhar cards held by Indians (short for Jan Dhan-Aadhaar-Mobile), has enabled the deployment of a vast financial infrastructure in the form of a digital pipeline within a very short time. This has enabled social security provision to about 190 million families within just a four-year span.



### **NABARD: ENABLING 100 MILLION RURAL WOMEN IN INDIA**

NABARD Chairman Dr Harsh Kumar Bhanwala (pictured) observed during his welcoming remarks that the financial inclusion model adopted by India has contributed to inclusive growth and laying down a huge digital infrastructure, which can be used by the Indian state for providing various benefits to the poorer population. NABARD has also enabled outreach to more than 100 million rural women through partnerships with over 60,000 bank branches and over 5,000 civil society organisations. Savings plays a very critical role in all the financial inclusion approaches promoted by NABARD. NABARD is also in the process of digitisation of Self Help Groups, which contributes to intensification of credit, convergence of various government benefit schemes and providing better business opportunities for banks with over 100 million members of SHGs.

Indian Finance Minister Jaitley observed that digital financial inclusion is a topic of extreme importance to a country like India where it has adopted a higher growth rate to propel development. Within a short span of time, what started as a financial inclusion experiment by the government has blossomed into remarkable results in banking the unbanked, securing the unsecured, funding the unfunded and covering uncovered rural areas. The country's achievements in financial inclusion have influenced the aspirations of the low-income population. This has led to many aspects of daily life for poorer village population and improving rural sanitation.

### **SBI'S KUMAR: WORLD CONGRESS A CHANCE TO SHOWCASE 'UNPARALLELED' FINANCIAL INCLUSION SUCCESS**

SBI Chairman Shri Rajnish Kumar shared with the audience that included members of the press that WSBI has chosen Delhi as the site of the WSBI World Congress for good reason. India is leading in terms of financial inclusion. A massive programme started by the India Prime Minister in 2014, along with social security schemes, have changed the complexion of the country and remains unparalleled in the world. More than 85 per cent of the accounts opened have a balance, with an average amount at SBI of 1800 Indian rupees.

He noted that many new ideas will come out of the Congress, giving an opportunity for attendees to tack back to their countries learnings from experience. The three WSBI member organisations in India – SBI, NABARD and NSI – share their success with the rest of the world. Collectively, WSBI members work towards the welfare of the people in all the countries.

### **ABOUT RETAIL BANKING IN INDIA**

Financial institutions in the world's second-most populous country have done impressive work during the last few years to address financial inclusion. Among those institutions are three WSBI members: The State Bank of India; The National Bank for Agriculture and Rural Development; and the National Savings Institute. The trio have made enormous progress in financial inclusion in a short timeframe, as hundreds of millions of Indians are now part of the formal financial sector. They achieved this through efficient use of technology and clever leveraging of outreach.

Addressing globalisation:

**“Attendees learned how WSBI members have added since 2015 into the formal financial system some 340 million accounts for 234 million people.”**

# Sustainable & equitable socio-economic development Not growth!

**Michael Hamp, IFAD Lead Regional Technical Specialist Rural Finance, Markets and Enterprises, Asia and the Pacific, gave an insightful look at rural and local development.**

Climate change, inequality, poverty, landlessness, refugees, nationalism and even isolationism are pressing global priorities or issues taking the front stage in countries partnered with IFAD, according to Michael Hamp of Rome-based International Fund for Agricultural Development. Affecting rural poor people in developing countries the most, Hamp says that financial inclusion can take centre stage and financial service providers play a main role.

## SYSTEMIC APPROACH AND INTEGRATED THINKING

Although financial inclusion is not one of the UN Sustainable Development Goals, he presented several financial inclusion indicators that track progress. A risk, he added is that people harken back to the times when there was a purely instrumental view of finance, targeted, subsidised credits and public development finance institutions to serve particular development programmes and objectives.

Closely echoing comments by CGAP, the Consultative Group to Assist the Poor – a global partnership of 34 leading organizations that seek to advance financial inclusion – he said: “...there is still a role for financial system development as an area of development in its own right even in the context of the sustainability agenda. And we should keep funding programmes that strengthen the financial system in itself and as a backbone of the economy.”

“I tend to say ‘complex problems require complex solutions, rather than simplistic answers’. For a long time any form of integrated approach to rural and local development was out of favour.



However, when we are aiming at sustainable & equitable socio-economic development, integrated thinking is imperative! In brief, there is a need to bundle services (financial and non-financial) and to address the need for education, market-oriented qualification and training, institutional capacities, etc. to reach at rural and local socio-economic development!”

## RESULTS AND THE WAY FORWARD

Hamp’s address referred to the 2017 Global Findex database, which tracks progress made in financial inclusion in more than 140 economies. The data reveal plenty of trends and progress made. On the research front, he noted that studies demonstrate the impact of country advances on significant priorities such as reducing poverty, hunger, education, health and gender equality. Hamp added that digital technology, payment systems, government policies, regulatory frameworks and supervisory systems have driven recent progress. Progress has also leaped forward thanks to a new generation of financial services accessible through mobile phones and the internet. Advances have helped women gain access to financial services too. This point was especially timely, as the feminisation of farming sweeps of

the agricultural landscape as men seek greener pastures in fast-growing urban areas. He also acknowledged the “disconnect between the supply of financial services and poor people’s financial needs and lives in the real economy, particularly in the rural sector.”

Hamp pressed savings and retail banks, including dozens in attendance at the World Congress, the imperative to contribute to rural and economic development for growth in harmony to ensure that their market-oriented financial products and services enable rural people’s inclusion for three main reasons. First, to improve their well-being and enable access to essential services such as health, water, energy. Focus on this area should be placed on people that continue to be more socially and economically excluded, such as women and migrants in certain settings. Second, there is need to better support their livelihoods. Hamp said: “we need to understand better what people do for a living and how these incomes can lead to improved asset accumulation – and we need to keep in mind that poorest people live off the rural and informal economy”.

Help concluded with a third focus area: Adapt and build resilience, saying: “We need to add to our agenda how we enable access to dual-vocational education, skills training, and retooling; and enhance social protection distribution, including financial graduation of those at the base of the pyramid.”



READ THE ENTIRE SPEECH AT [HTTPS://BIT.LY/2RLIC1J](https://bit.ly/2RLIC1J) OR BY SCANNING THIS QR CODE.

# Globalisation, interdependence require states to take up more responsibility



## Keynote speech by former EU, top NATO official Javier Solana on interdependence and responsibility

Javier Solana, Former European Union High Representative for the Common Foreign and Security Policy and Former Secretary General of NATO, has a keen sense of the forces shaping governments and society.

In his keynote address on the first day of the WSBI World Congress, he explored the crises now facing countries and the “actions and inactions of states”. During the morning remarks, he talked through the need for states to guide their actions through international norms and institutions. He weaved in the importance of interdependence between nations, and stressed that any return to a world led by great powers will be conditioned by globalization and its effects.

Providing a big picture of how best to shape the future, he opined that societies must move forward, not back, keep adapting to confront the problems of today – rather than looking back at past models.

## A PATH FORWARD: GLOBALISATION AFFECTS STATES

There is a paradox faced today by nation states, he noted, describing them as “weakened, or at the very least more porous” due to globalisation. Globalisation and interdependence require those same states to take up more responsibility.

To address these challenges, Solana argued that global cooperation is the only path. Achieved only if each state consciously accepts their situation and assumes their global responsibility. He added that in this multipolar age, making progress in global cooperation requires a new mind-set.

He said: “No one power can impose their singular principles or *modus operandi*. If we want to move forward collectively, we must defend our principles while respecting and understanding others.

All of this while keeping our shared interests strongly in mind.”

## INDIA'S ROLE IN THE FUTURE GLOBAL SYSTEM

India, the host country for this year's World Congress, has an extremely important role to play. Solana defines India as a “re-emerging country”, the world's largest democracy, and soon will be the most populous country on the planet. Home to some 1.3 billion people, India has enjoyed the many benefits that lie in constructive global engagement. Moving up on the value chain, India's IT sector is booming and the country enjoys a vast internal market.

Solana noted: “India is in a unique position to shape global events in the decades to come. The world will be looking at you and asking questions. You have to make sure you get your answers ready.”

## INTERDEPENDENCE: OFFERING CHALLENGES AND OPPORTUNITIES

A self-titled “possibilist”, Solana closed out his address with a call for each person on the planet to think of themselves as a “node” in a networked world, which means people must all think globally. He pressed the notion that globalisation has brought society much progress, but warned against archaic mind-sets of short-term self-interest, urging people to avoid both.

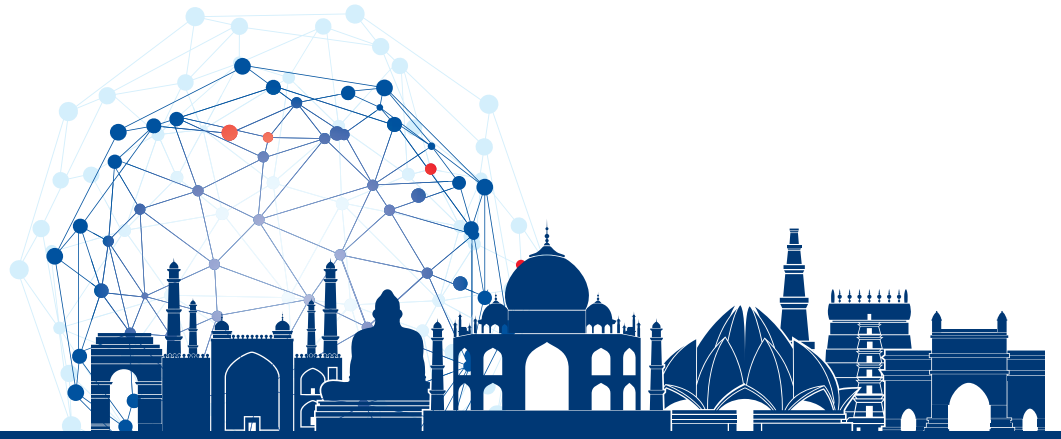
He concluded: “Only by cooperating and governing in a responsible manner can we realize our full potential – and forge a more promising future for all.

“We must gaze far beyond our own borders, out over the entire gleaming web where actions spread in the blink of an eye – and we must act accordingly. That is, we must act responsibly.” ●

# 2018 World Congress in pictures







# WSBI members to focus on opportunities, challenges globalisation brings



**Top banking and policy leaders took further stock of how savings and retail banking fits into a globalised world the second day of the 25th World Congress of Savings and Retail Banks in New Delhi.**

## PANEL DISCUSSION: GLOBALISATION INCLUSIVE FOR ALL; ROLE OF RETAIL AND SAVINGS BANKS

The last plenary session of the two-day Congress explored the conference theme: “Making globalisation inclusive for all: the role of retail and savings banks.”

Moderated by WSBI Managing Director Chris De Noose, the panel included leaders from German, Indian, Swedish, Mexican and Indonesian savings and retail banks and national organisations.

That panel, which included ESG and German Savings Banks Association President Helmut Schleweis (pictured below), tackled how financial institutions can become keystones of local economies and make those local communities benefit as much as possible from the opportunities globalisation presents.

Rural development, circular economy and digitisation were three sub-topics discussed during the panel.

Examples gave further insight about how countries represented on the panel address the globalisation challenge.

## KEYNOTE ADDRESSES FROM PRIVACY EXPERT, CYBERCRIME

Day 2 went further into the globalisation and digitisation challenge. It featured privacy activist Max Schrems (photo above, left), founder of noyb

– the European Center for Digital Rights – giving a well-received opening address on what happens to personal data and how it is used by banks, governments and businesses alike.

In banking, he noted how data is monitored by banks, which he thought a legitimate thing to do. He also gave powerful examples of how data harnessed can predict life moments and lifestyles based on shopping habits and other data. Schrems concluded his address by saying that despite all of the issues around data, privacy issues have technical solutions, legal solutions like GDPR and enforcement of rights. During the Q&A session, he said that it is crucially important for trust to exist between banks and people. On GDPR, he noted that banks are finding new ways to help customers to opt in to data access, such as “In-line”.

Following Max Schrems, French National Federation of Savings Banks (FNCE) President Jean Arondel shared with attendees how French savings banks provide an example of the close link between regionally focused banks and local communities to address strategic areas like financial education.





Keshav Rao of SWIFT Asia Pacific delved into how banks are fortresses against cybercrime while Naoyuki Yoshino from the Asian Development Bank Institute (ADBI) gave his thoughts on the conference theme and how it relates to Japanese postal banks. All four presenters gave real-world examples that struck a chord with attendees

### **WSBI NEW DELHI DECLARATION, ADDRESS FROM NEWLY APPOINTED WSBI PRESIDENT**

As the Congress came to a close, WSBI member savings and retail banks committed themselves to help bridge the socio-economic inequality gap among people around the globe. They put that aim to paper in a New Delhi Declaration, where they affirm the goal to achieve this by including a maximum number of people into the formal economy and financial system. WSBI Managing Director Chris De Noose guided the audience through elements of the Declaration, which includes five strong commitments that build on the previous declarations.

The first commitment pledges WSBI members to serve clients from all layers of society. The second is to continue efforts to open and maintain accessible, sustainable and affordable bank accounts. WSBI members also pledge to maintain and strengthen their special relationship with SMEs. They commit as well to widen financial inclusion by offering affordable products adapted to the specific needs of people, especially the unbanked and underbanked. Financial inclusion is a must. The fifth and final commitment is to continue investing important financial and logistic resources into financial education.

WSBI and its 104 members will do their utmost to reach these commitments. (Read the New Delhi Declaration on page 0.)

### **CLOSING ADDRESS FROM NEW WSBI PRESIDENT**

Newly appointed WSBI President Isidro Fainé outlined three objectives which have been approved by the President's Committee. The first one is focused on retention and acquisition of members.

The second goal is related to global advocacy – to raise WSBI's visibility on a global level by dedicating WSBI efforts to reinforce its profile and influence in the regional and international fields.

The third objective involves exchange of best practices and know-how. WSBI's purpose is to involve non-European Members in Committees, Task Forces and High-Level Groups to foster the exchange of practices, knowledge and experience to promote cooperation between Institution members.

Beyond the three goals, specific initiatives during his presidency will be to promote financial education, to highlight the importance of retail banks before regulators and policy makers. He also looks to reinforce the WSBI Regional Groups in Asia, Africa and Latin America without forgetting the great potential the American community banks have.

Fainé also noted that WSBI members and stakeholders during our panels and speeches see an essential role that non-OECD countries play in the world, saying that the WSBI World Congress has shown the special role played by savings and retail banks to ensure that Asian, Latin American and African economies become actors that stand side by side with all regions in the global economy. (See a feature piece with Mr. Fainé on page 8.)

PT Bank Tabungan Negara (Persero) Tbk

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# WSBI Members commit to help narrow global socio-economic inequality gap

**Savings and retail banks commit themselves to help bridge the socio-economic inequality gap among people around the globe, WSBI members pledged on 16 November at the WSBI World Congress. That pledge was outlined in the institute's New Delhi Declaration, which outlines that WSBI's 104 member banks and associations from some 80 countries affirm that they will achieve this by including a maximum number of people into the formal economy and financial system.**

Agreed during WSBI statutory meetings held two days prior in the Indian capital of New Delhi, the two-page declaration outlines a trio of public policy areas to help savings and retail banks thrive. The first is a call for adapted regulation, whereby international and national policymakers should adapt banking rules around the uniquely designed, regionally focused savings and retail banking model. WSBI argues in the declaration that this model is geared towards the local economic and financial environment on the ground, which takes on less risk than internationally active financial institutions. Adapted regulation and supervision of WSBI member financial institutions would ensure their essential role to finance the real economy is not hampered by unnecessary rules.

The declaration also spells out ways to avoid counter-productive consequences around de-risking. The WSBI statement outlines an urgent need for international regulatory institutions to re-consider damage caused to savings and retail banks by some aspects of de-risking rules. Under the rules, those banks struggle greatly to conduct the basic task of linking up with banks in other countries and offer local economies where they serve a gateway to the global economy. WSBI and its members note in the declaration that rules should protect citizens from the harmful effects of a globalised financial system. Rules should not hinder banks from forging among themselves normal business relations.

Another policy ask in the triennial statement focuses on more ways to open up local investment sources. International financial institutions that are part of or associated to the Bretton Woods institutions should work now, rather than later, with locally rooted retail banks to further unleash financing for local economic development projects that spur economic growth and deepen social cohesion.

Outgoing President Heinrich Haasis concluded: "The declaration spotlights how savings and retail banks help communities thrive in a globalised world. WSBI members do this by nourishing the SMEs that oftentimes export their products abroad. Our members help households at local level too through savings and loans. Our model helps make globalisation inclusive for all."



**SEE THE DECLARATION ON THE NEXT PAGE  
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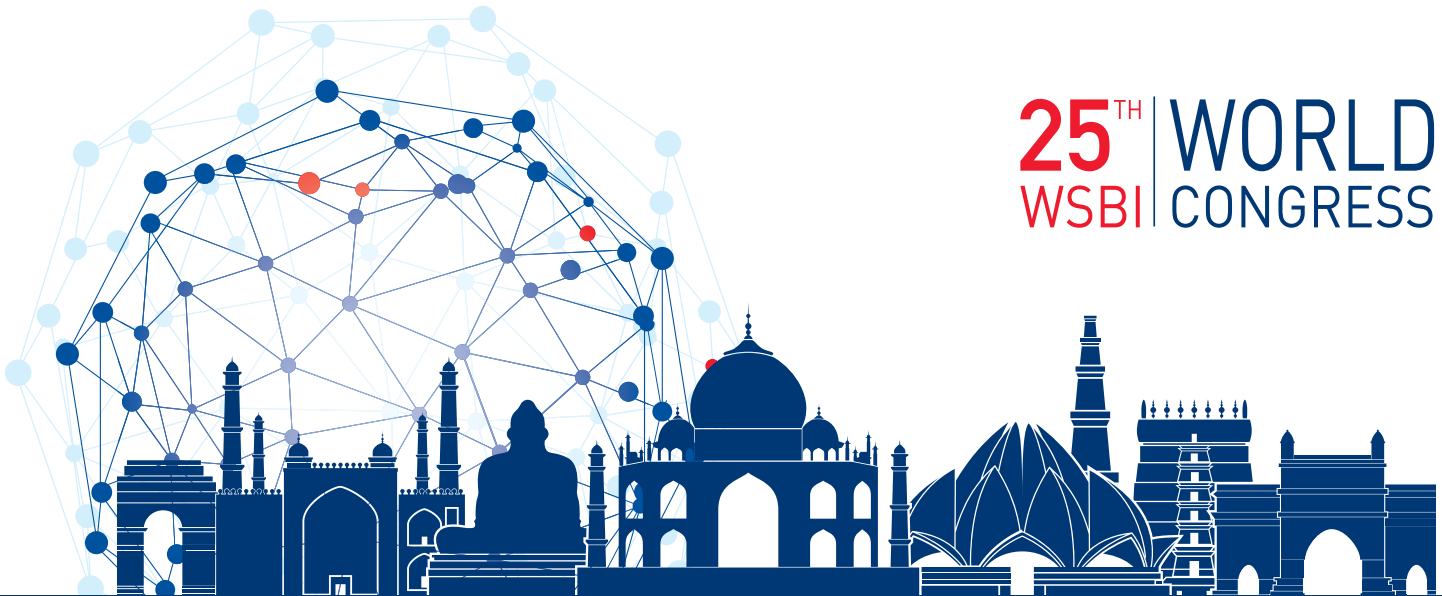
## CONTRIBUTING TO UN SUSTAINABLE DEVELOPMENT GOALS

**WSBI-ESBG paper gives examples from WSBI-ESBG members**

WSBI-ESBG released on 7 January a publication that showcases WSBI-ESBG and its members' efforts towards the achievement of the objectives set by the Global Agenda, and more precisely the 17 goals adopted by the United Nations General Assembly in 2015, favouring an inclusive form of globalisation and seeking to reduce inequalities. The paper features concrete examples from financial institutions that are members of WSBI-ESBG around the world, highlighting how they can concretely be pioneers in these efforts.



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**25<sup>TH</sup> | WORLD**  
**WSBI | CONGRESS**

# Savings and retail banks: Bringing the benefits of globalisation to all

**STATEMENT OF THE 25TH WORLD CONGRESS OF SAVINGS AND RETAIL BANKS 15-16 NOVEMBER 2018**

At the occasion of their 25th World Congress, World Savings and Retail Banking Institute member savings and retail banks commit themselves to help narrow the socio-economic inequality gap among people around the globe. They will do this by including a maximum of people into the formal economy and the financial system.

## **GLOBALISATION: A POWERFUL FORCE... FOR GOOD**

The gradual interlinking of regions, countries, economies and people, in the last three decades has lifted hundreds of millions of people out of extreme poverty, boosted standards of living and brought swaths into the formal financial system. In advanced economies, economic integration has further raised living standards, but forced downward pressure on wages, notably for lower skilled workers in developed countries. This has led to a populist backlash against globalisation in industrialised countries.

But an inclusive version of globalisation rarely get the headlines that appear

around layoff announcements, wage cuts or offshoring. But there is another way. Savings and retail banks see hope in an inclusive form of globalisation for all. That includes global trade flows and socio-economic progress that benefit all citizens at all strata of society. Not the few.

## **LOCAL COMMUNITIES, BUTTRESSED BY SAVINGS AND RETAIL BANKS: GATEWAYS TO A GLOBAL ECONOMY**

A sound and solid financial footing on a local level helps equip citizens to withstand the headwinds of globalisation. That strong foundation offers them a chance to tap into global markets for work or trade. Citizens can find attractive jobs abroad, companies can export products and services worldwide with economic gains re-invested back into the local economy. That strengthens peoples' prospects on the ground and the societies they live in. As main financiers of the local economy and as intermediators between savers and borrowers, savings and retail banks have a key role to play along the way.

## **A DOUBLE BOTTOM-LINE FOR SUSTAINABLE DEVELOPMENT**

A fair profit keeps firms sustainable. Savings and retail banks are no exception to the rule, but a balance must be met between shareholder value and stakeholder return, which includes giving back to the communities that make these institutions thrive.

### **WSBI commitments**

WSBI members, who come from some 80 countries around the globe, make the following five commitments:

- **Commitment 1:** Savings and retail banks will serve clients from all layers of society with traditional branch networks complemented by clever use of digital technology.
- **Commitment 2:** Savings and retail banks will continue efforts to open and maintain accessible, sustainable and affordable bank accounts outside of or within the association's previously stated UFA 2020 framework goals.

# New Delhi Declaration

- **Commitment 3:** Savings and retail banks will maintain their focus on financing SMEs, the main engine of jobs and wealth creation in their communities.
- **Commitment 4:** Savings and retail banks will widen financial inclusion by offering affordable products adapted to the specific needs of people, especially the unbanked and underbanked.
- **Commitment 5:** Savings and retail banks will continue investing financial and logistic resources into financial education, for a pathway to financial inclusion and to a sustainable economy.

## A policy framework needed to help savings and retail banks reach their commitments:

- **Adapted regulation**  
WSBI member savings and retail banks see a need for international and national policymakers to acknowledge the specific business model that make savings and retail banks unique.

Geared towards the local economic and financial ecosystems, the model takes on less risk than internationally active financial institutions. Adapted regulation and supervision of WSBI member financial institutions would ensure their essential role to finance the real economy is not hampered by unnecessary rules.

- **De-risking: Avoid its counter-productive consequences**

There is urgent need for international regulatory institutions to re-consider damage caused to banks by some aspects of de-risking rules. Retail banks struggle greatly to conduct the basic task of linking up with other banks in other countries and offer local economies they serve a gateway to the global economy. WSBI and its members wholeheartedly agree that rules should protect citizens from the harmful consequences of a globalised financial system. They should not, however, prevent normal business relations between banks from being born.

- **Open up sources for local investments**

International financial institutions that are part of or associated to the Bretton Woods institutions should work now, rather than later, with locally rooted retail banks to further unleash financing for local economic development projects that spur economic growth and deepen social cohesion.



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# “What matters is to be useful”

INTERVIEW WITH FNCE’S JEAN ARONDEL AND FLORENCE RAINEIX

**The FNCE or Fédération Nationale des Caisses d’Epargne, or National Federation of Savings Banks, is the WSBI and ESG member in France. Proud of 200 years of history and a cooperative tradition, the FNCE looks to the future with confidence. Major challenges must be addressed, however, so that the Caisses d’Epargne continue to be seen as financial institutions that bring added value to French society. One challenge is digital transition. Another is the inclusion of people and territories that feel excluded. Federation President Jean Arondel, with General Manager Florence Raineix, share their insights with News & Views readers.**

## THE AMBITION OF SAVINGS BANKS AFTER 200 YEARS OF EXISTENCE

Talking with two people who occupy an important position in a banking association without cost / profit ratios, returns on investments and other technical concepts being mentioned might seem unusual.

Setting the tone from the outset, Jean Arondel says that: “as savings banks, our ambition is to be useful. We want to be where our customers are. This means in the regions, in the cities, in the rural communities. This desire to be useful, to offer simple, solid and sustainable services was the very reason for the creation of savings banks by Benjamin Delessert and the Duke of Rochefoucault-Liancourt in 1818. We are here to improve the quality of life of people with solutions in terms of things like savings, housing credit, investment credit.

“The French savings banks’ ambition is to be even more useful by occupying a leadership position in the field of sustainable regional development, by pursuing our commitment to the local structures and local life and by strengthening the dialogue with stakeholders.”

**The Caisses d’Epargne are part of the same group as the “Banques Populaires”, which together form a group headed by Groupe BPCE. How does that work out in practice?**

Jean Arondel: “Very well! In fact, this model is not as rare as you might think.



JEAN ARONDEL

Look for example to the automotive industry where Citroën and Peugeot are competitors but are also part of the same group. In practice, the salesforce of the Caisses d’Epargne and the Banques Populaires have total autonomy. This creates a healthy level of competition that keeps us on the edge of our seats. And don’t forget: a higher level of competition is beneficial to customers as well. They have more choice, a better level of service and prices that are more attractive. This competition does not prevent the two banking networks to work together to offer products and services. This cooperation is also highly developed between our two national federations. We meet on a regular basis to promote our business models and the interests of our cooperative members towards French and international institutions.

As a federation, FNCE contributes to the strategic orientations of Groupe BPCE, which represents us at the Banque de France and the European Central Bank.”

**The Caisses d’Epargne are cooperative banks. Does the regulator take sufficient account of this legal specificity?**

Jean Arondel: “First, allow me to say that we can be proud of the work that regulators and supervisors did during the financial crisis that hit us. They no doubt played an essential role. We must admit a certain tendency on the part of regulators to consider all financial institutions in the same way.

“It must be remembered that at all times, especially at the European level, the cooperative model and the savings bank model are extremely vital and that, compared to the traditional free-market model, these models are quite young since they were born just 175 years ago. One of its characteristics is the decentralised model. We offer proximity-focused services to our customers. We have a great future ahead of us, since our model involves the cooperative shareholder in the functioning of his or her bank. This goes well beyond a simple dividend or profit sharing. It is more a matter of adhering to a model based on a deep conviction.”

Executive Director Florence Raineix continues: Our model, our organisation is in direct contact with local areas and it gives us extraordinary strength and vitality. Of course, we have to listen and interact all the time, but it allows us to know what our clients expect from us, as well as our shareholders. We are able to react rapidly and adequately and to accompany the economic and social development of our regions. We are in permanent contact with many grassroots organizations, such as “France Active”, which fights against exclusion by financing companies that work based on solidarity.





FLORENCE RAINEIX

Another organisation, called “Rameau”, encourages the development of innovative answers to the needs of the regions by creating alliances between companies, associations and public authorities. “BPW France promotes gender equality on the work floor.

“An example of what is possible thanks to this dialogue? In rural communities, you need a car to go to work. As the biggest personal microcredit bank in France, we have developed, in close collaboration with Renault, a lease formula with purchase option for new cars in order to offer a vulnerable public the opportunity to get to work safely and without having to cope with rather high fuel and maintenance costs.

“This is just one example and this is where the Federation plays its role as a hub of information and knowledge: solutions that are implemented in a region can benefit other regions.”

**As a Federation, it is also your responsibility to support the operation of the members. Does this idea still gather traction nowadays?**

Florence Raineix: “More than ever. We represent a very young model!

It is clear that nowadays, and more than ever, people have an urge to express themselves. They want to be listened to. Our interaction with our cooperative shareholders goes, however, much further than that. This interaction takes various forms, all based on listening and exchanging. The Caisses d’Epargne are proud to have dynamic shareholders with a high degree of proximity. These local shareholders are represented by dynamic local administrators who are part of the local socio-economic fabric. The Caisses d’Epargne opted for the cooperative model only in 1999, which makes us the youngest cooperative bank in France at just 20 years of age. That is the age of vitality! In only 20 years, the Caisses d’Epargne have been able to create a special link with their shareholders, a link that is at the same time solid, dynamic and future-oriented.”

**A large organization like the Caisses d’Epargne has also to look beyond its national borders. What do you expect from Europe?**

Florence Raineix: “We expect Europe to be close to European citizens, to deal with the real problems of the people. Europe needs to ensure coherence and not uniformity because diversity is a great treasure for Europe if it can be turned into a force. This is what the Caisses d’Epargne do every day with their clients and shareholders because they are regionally focused banks. The increasing use of digital technology in the banking relationship can lead to a loss of proximity. Being present in the regions, developing a proximity relationship, open for all, contributing to the local development and sharing experiences with a positive impact are the raison d’être of the Caisses d’Epargne. Europe should hold the same ambition.”

**What can ESG do to help you in these ambitions?**

Florence Raineix: “Just as the FNCE plays the role of idea hub at the national level, ESG has to circulate good ideas and innovative and efficient practices on a

European level and bring these to the attention of political and economic decision-makers. We must promote the image ESG members as “proximity banks” that serves a maximum number of people and make sure that our activities are done with a long-term vision and to the advantage of all our stakeholders. WSBI should do the same at international level.

“I am thinking, for example, of financial education, a problem that exists all over Europe. We at FNCE have been present since 1957 in this area through our association effort called ‘Finance et Pédagogie’. We are working in priority with vulnerable people who need real explanations, a didactic approach and not a flow of more or less precise information. This is where we really provide added value. Since we face similar challenges in different European countries, we need to pool our knowledge and know-how. That pooling must also apply beyond Europe too. ESG can help to truly create Europe’s citizens, territories, and regions.”

**A last question to Jean Arondel. You are halfway through your mandate. What are your ambitions for the FNCE and the Caisses d’Epargne in general?**

Jean Arondel: “We must absolutely support the digital transition. That is because technological innovation is changing our society, whether we like it or not. It is up to us to better support our customers, our employees, and our members. Beyond that, we must continue to dedicate ourselves to society, continue to serve the regions and meet the challenges of energy transition, job creation and solidarity. The ambition of the National Federation is to develop and reinforce the cooperative model of the Caisses d’Epargne. The Federation does this by working with them, by accompanying them in the important transformation that they are experiencing. We will continue the development of our operational mission by being also the place for exchange and dialogue between the Caisses d’Epargne.” ●

# Economic and financial inclusion by Chris De Noose



WSBI-ESBG MANAGING DIRECTOR CHRIS DE NOOSE

## The World Congress in New Delhi set forth a vision for the future of savings and retail banking and their role in a globalised world.

That future is set forth in a New Delhi Declaration published during the Congress. It sets out how WSBI will charge ahead to help make globalisation inclusive for all, the theme of this year's event. The declaration comes just six years after the Marrakesh Declaration, which pledged WSBI members to offer "an account for everyone". Three years later, in Washington, members committed themselves to closer customer proximity – taking a digital path, while keeping a human touch.

The New Delhi Declaration goes further. It makes five strong commitments that build on the previous declarations. First, WSBI members pledge to serve clients from all layers of society. This is essential because savings and retail banks are oftentimes the financial institutions that form the link between the global economy and people, small businesses and local authorities. The second is to continue efforts to open and maintain accessible, sustainable and affordable bank accounts.

A bank account is an essential product that allows people to manage their budget in an efficient way.

WSBI members also pledge to maintain and strengthen their special relationship with SMEs, the main engine of jobs and wealth creation in any local economy. We saw examples throughout the Congress of how small and medium-sized enterprises play a vital role in local economies, bringing

the advantages of a global economy to the local level. Without stable, long-term financing, a vital part of the global economy will be under threat.

WSBI also commits to widen financial inclusion by offering affordable products adapted to the specific needs of people, especially the unbanked and underbanked. Financial inclusion is a must. As long as people remain on the outskirts of the formal financial system, many measures will be out of reach to tackle the enormous challenges the world faces in areas like social wellbeing, healthcare, demographic shifts. At the 2015 World Congress in Washington, we committed to reach 1.7 billion clients and 400 million new transaction accounts by the end of 2020. Outlined in our Universal Financial Access 2020 pledge, we are close to reaching those targets.

Our fifth and final commitment is to continue investing important financial and logistic resources into financial education. Financial inclusion – being able to manage income and expenses – is not just a matter of making products and services available but empowering people. Financial education provides the tools to give people the power to control their own life.

**“Without stable, long-term financing, a vital part of the global economy will be under threat.”**

WSBI and its 104 members will do their utmost to reach these commitments. But we cannot do it on our own. Public policy plays a role. There is a pressing need for adapted regulation and supervision. Why? Because our members use a unique business model geared towards local economic and financial needs on the ground. We take on less risk than internationally active financial banks. We hold an essential role to finance the real economy that policy frameworks must factor in.

International financial institutions and development banks should work with us too. When they do, we further unleash financing for local economic development projects that spur economic growth and deepen social cohesion.

We invite WSBI members, stakeholders, policymakers, regulators and supervisors to take note of the New Delhi Declaration and the roadmap it lays out. ●

## HELPING NARROW THE GLOBAL SOCIAL-ECONOMIC INEQUALITY GAP

The New Delhi declaration, unveiled by Chris De Noose during the WSBI World Congress, can be read on page 0, or by visiting the webpage at <https://bit.ly/2TymARo> or by scanning this QR code.



# INSIDE THE NUMBERS: WSBI

→ **1.5 billion customers**

→ **6,000 savings and retail banks globally**

→ **Total assets**

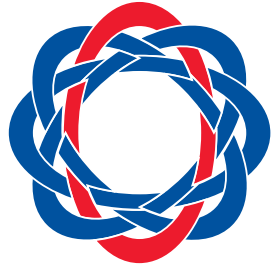
**\$15 trillion**

→ **104** members from

**76 countries**

## UPCOMING EVENTS

- **4-6 March – Rural Finance Workshop with WSBI member NABARD, Kampala, Uganda**
- **13 March – Fintech Female Workshop, Brussels, Belgium**
- **19-21 March – Scale2Save Programme: 1st Peer Review Workshop', Mombasa, Kenya**
- **21 March – Innovation Workshop & 10th GRULAC Steering Committee, São Paulo, Brazil**
- **27 March – WSBI Africa Regional Group Meeting, Victoria Falls, Zimbabwe**
- **5-6 June – ADBI-WSBI Conference, 'G20 and Locally Focused Banks', Tokyo, Japan**



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**Dedicated to retail banking.**



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