

news & views

Q2

2020 - EN



Taking action means tough decisions, adjustment

Banks adapt, act in communities hit by Covid-19 (see page 10)

European payments regulation: State of play at start of new decade (see page 36)

Financial inclusion widens: WSBI members reach new UFA2020 levels (see page 40)



WSBI



ESBG

Helping savings and retail banks thrive.

REMITTANCES AND COVID-19 DID YOU KNOW?

- **Covid-19 creates a hit for migrant workers. Although past remittances flows have been relatively resilient to external shocks, COVID-19 is different.**
- **Working hours will decline in Q2 by around 10.7 per cent relative to the last quarter of 2019, which is equivalent to 305 million full-time jobs (ILO).**
- **Remittances have dropped by 19.7 per cent in 2020 to US\$445 billion (World Bank).**
- **Flows are expected to face the sharpest decline in history, falling by an expected 20 percent in 2020 to US\$445 billion (World Bank).**
- **Helps recovery and resilience of 1 billion people: 200 million migrant workers – half of them women – and their 800 million family members who rely on remittances.**

See the story on page 32 about International Remittance Day, new guidelines to help remittance flows during Covid-19.

Taking action means tough decisions, adjustment

WSBI-ESBG's Chris De Noose explores challenges faced by policymakers, banks and society during the Covid-19 pandemic.

Prepare for the unknown. Good, timely advice as we witness Covid-19 ravage economies and quietly, but surely grip society.

While people stay close to home as countries fend off coronavirus, a question surfaces as to how adjust and why we face so much unrest in society. Answers flow aplenty, including those from former French central bank and EBRD president Jacques de Larosière who explores the crisis from three lenses: global, EU and refreshingly local. Featured in the SUERF Policy Notes newsletter, he argues that tough decisions needed before the crisis made things worse. Governments and regional groups like the European Union need to do better. Doing so will help people, local communities and the banks that serve them.

Central bankers find adjustment a conundrum. Monetary financing of government crisis spending means they do much of the heavy lifting to keep the economy afloat – as they should. As monetary policy and fiscal policy become intertwined it requires careful and sober management, as the Financial Times Martin Wolf warned in April.

Government treasuries face challenges too. As additional money flows from on high, government coffers and central bank balance sheets balloon. Because of this, interest rates will remain rock bottom too. That spells bad news for savers, penalising their thrift while moving investment appetite to riskier assets. Saddled with hard-to-shake low-interest rate policy, central banks in Covid-19 times find new, perhaps controversial ways to provide liquidity to grease the economic machine. Let's just hope it doesn't spell suicide for market-based economics in today's populist-driven politics.

The future of banking, with pandemic in play, will depend greatly on innovation to adapt and thrive in the years ahead.



One worry stems from moral hazard that surfaces when governments step in, oftentimes taking big stakes in firms. How active will governments be on boardroom seats?

As policymakers grapple, savings and retail banks stay on mission. They help people stay resilient in a globalised and interconnected world.

This edition of *News & Views* explores how locally focused proximity banking adjust with communities to keep the economy humming along in cities, rural areas and everywhere in between.

As countries try to keep virus reproduction rates down, WSBI-ESBG members keep an eye on the 'real economy' as reported in this edition. Retail focused, they work with business owners and households to find the best way to get through, stay resilient. They also look at societal need, with plenty of examples explored in this edition.

Adept policymakers may foretell what's ahead, as Winston Churchill noted, and explain why they didn't happen afterwards. WSBI and ESBG continue to share our approach to banking with policymakers, providing specific examples from members around the world. We share examples inside.

The future of banking, with pandemic in play, will depend greatly on innovation to adapt and thrive in the years ahead. We see plenty of success on the digital front, including European payments initiatives and banks serving remote areas in new ways.

As we adapt and serve during the Covid-19 crises, we remain true to our mission of retail, regional and responsible. We also do everything possible to keep banking, and the people and communities who use those services *resilient*. ●

“Members around the world are acting as a key means of channelling aid to families, the self-employed and small and medium-sized businesses. Our direct connection to the real economy puts us in a unique position to anticipate the needs of our customers and help protect jobs.”

Isidro Fainé, WSBI President



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LEADERS

- 3** Taking action means tough decisions, adjustment
- 6** Savings and retail banks: A driving force
- 7** Community banks respond to Americans' needs
- 8** A challenging road ahead

FEATURE

- 10** Banks adapt, act in communities hit by Covid-19
- 12** German savings banks: Staying connected
- 13** Swift Covid-19 response in Italy
- 15** Africa: Helping build resilience in crisis times
- 16** Covid-19: Extra measures matter at Austrian savings banks
- 18** Helping fight Covid-19 in France: Savings banks help hospitals
- 19** Covid-19 in Honduras: WSBI Grupo Financiero Atlántida acts
- 20** Swedish heart

ESBG NEWS

- 22** Covid-19 and EU policy: Europe stays resilient
- 24** Savings and retail banks already serving Europeans through best practices summarised by EU Commission
- 25** MiFID review: ESBG gives policy 'asks' to EU Commission consultation
- 27** European Payments Initiative: A promising step forward for payments in Europe

WSBI NEWS

- 28** WSBI prepares for World Savings Day in October: Guidelines now available
- 29** Africa and the Covid-19 pandemic
- 30** Peru member wins praise on sustainable finance, green microcredits
- 31** WSBI holds global webinar on Covid-19

PAYMENTS & INNOVATION CORNER

- 32** WSBI celebrates International Day of Family Remittances
- 34** Delay TARGET2, T2S project as banks address Covid-19
- 35** Banking industry puts forward its vision for future-driven EU payments market
- 36** European payments regulation: State of play at the start of the new decade
- 37** Cybersecurity matters
- 38** Innovation: This time is different

FINANCIAL INCLUSION

- 39** Agency banking: Learning papers explore pricing, technology preparedness
- 40** Financial inclusion widens: WSBI members reach new UFA2020 levels
- 42** Banking in Africa: Business model re-think
- 44** Scale2Save, Barid Cash sign MoU
- 45** Scale2Save case studies: Advans Côte d'Ivoire
- 46** Giving and receiving: The financial flows between young people and their parents
- 49** COVID-19 & microfinance sector

FINANCIAL EDUCATION

- 50** Financial education with an Italian touch
- 51** Belarusbank: Financial education marches on

MEMBER SPOTLIGHT

- 52** Centenary Bank in Uganda launches paperless account opening technology

SHORTS

WSBI-ESBG webinars flourish, helping members tackle Covid-19 crisis

Webinars form a growing part of outreach at WSBI since the Covid-19 crises. The communications channel helps meet the business needs of members and increase knowledge sharing among them. Held throughout the pandemic, webinar topics provide a broad range of insight from experts from around the globe. Examples include a dialogue with Arup Kumar Chatterjee from the Asian Development Bank (ADB) during a 25 June webinar that explored the ADB's support efforts during the Covid-19 outbreak. A webinar for Latin American members held on 30 June explored the consequences of COVID-19 on financial resilience and the role of digital finance. The region also had a separate webinar on 15 June focused on remittances and Covid-19 in the Latin American region. A WSBI Scale2Save programme webinar on 17 June delved into microinsurance in Africa. Representatives from more than 25 countries tuned in on 21 April a global webinar on its members' initial COVID-19 responses by members in China, the United States and Europe as well challenges faced along the way (see full story on page 41).

SAVE THE DATE

WSBI World Congress
Paris
 18-19 November 2021

Savings and retail banks: A driving force

The following text is the WSBI President's letter for June.

We begin this letter by expressing our sincere condolences to all those who have lost family members, friends and loved ones to the coronavirus. We also pass on our thoughts and best wishes to all those suffering from the disease and wish them a prompt recovery.

OUR ROLE AS DRIVING FORCE

We continue to monitor the consequences of the pandemic. As lockdown measures are further eased, economic activity is slowly rising in certain countries, with an increase in demand and consumption. However, we are aware that the situation remains complicated as indicators point to an unprecedented fall in economic activity in the first two quarters.

This exogenous crisis has caused a major economic shock. The main international economic bodies have taken swift and decisive action, using conventional and unconventional fiscal and monetary stimulus measures; and we are confident they are heading in the right direction. The next question is whether this will be enough to deal with the situation or whether further measures will be needed.

Countries and authorities are clearly making extraordinary efforts. The United States has approved the largest stimulus package in its history, of about \$3 trillion. The plan includes direct transfers to families, business support mechanisms, unemployment insurance extensions and support for local and state authorities.

Meanwhile, the European Commission has launched the Next Generation EU plan, an ambitious vision for social and economic recovery to repair and revive the economy and single market.

The measures adopted within the European Union amount to some €3 trillion.

WSBI members around the world are acting as a key means of channelling aid to families, the self-employed and small and medium-sized businesses.

Our direct connection to the real economy puts us in a unique position to anticipate the needs of our customers and help protect jobs.

POSITIVE LEADERSHIP AND MANAGEMENT

The crisis is highlighting the strengths of the most robust organisations while exposing the weaknesses of the most fragile. In this new paradigm, we must adapt our structures to ensure our resources continue to be used efficiently and our management remains effective. In recent years, the banking sector has undergone a major transformation that has affected all aspects of business. Digitalisation has played a major role in this process, radically changing our relationship with customers. During the lockdown, we have seen how digitalisation has also embedded itself as a key way of ensuring seamless decision-making.

The pandemic is changing the way we interact. Adapting to the new circumstances, sometimes with physical remoteness, does not have to affect the bond and trust we have in our teams. Effort, anticipation, constant innovation, spirit of service and acting from a place of ethical values are attitudes that do not change.



OUR COMMITMENT MAKES A DIFFERENCE

There are many factors that set retail and savings banks apart from other financial institutions. One of them is our social commitment. Our responsibility to society has remained undiminished since the beginning. We believe that when needs grow and resources decrease, our programmes, our model and our values are more vital than ever.

We thank member savings and retail banks for their involvement and commitment to supporting the real economy and the people who are suffering the most. At WSBI, we will continue to support and do everything we can to help savings and retail banks worldwide.

We would like to acknowledge the hard work of the medical and scientific community, governments, the pharmaceutical industry, international institutions and so many other organisations in the fight against coronavirus. Thanks to their efforts, hope remains that we will have an effective treatment and vaccine in a matter of months.

Community banks respond to Americans' needs

By Rebeca Romero Rainey

I'm an optimistic kind of person, often finding the silver lining in difficult times. While we have never before experienced anything quite like COVID-19, we can identify a bright spot: community banks rising to serve the needs of their communities.

While this "community first" philosophy is nothing new for community banks, the Paycheck Protection Program (PPP) cast a national light on the role they play in supporting America's hard-working small businesses. In fact, FDIC Chairman Jelena McWilliams recently referred to community banks as "the small engines that could and did and delivered big," and countless news features raised the profile of the can-do mentality at the center of every community bank.

Because community banks delivered for small businesses when they needed it, they now have the nation's attention. This newfound spotlight means they have a platform to amplify their voices to ensure Americans recognise all that community banks stand for and all that they provide.

For example, community banks serve areas that otherwise may not have access to local financial services. In fact, 35 per cent of counties in the U.S. are only served by a community bank, and more than 80 per cent of all agricultural loans come from community banks.

In addition, community banks support individuals of moderate means. Low-income counties in 28 states are more likely to be served by a community bank than a credit union. What's more, a National Community Reinvestment Coalition study found that banks outperformed credit unions on 65 per cent of fair lending indicators in home purchase, refinance, and home improvement lending to low- and moderate-income areas.

As small businesses themselves, community banks have stepped into the shoes of every small business that has come to them for help. Community bankers don't just see a loan request; they see the lifeline for the future of the small business. As a result, they have processed more than 65 per cent of the 4.6 million approved PPP loans and more than 63 per cent of the \$515 billion in funds approved since the program's launch. In fact, 82 per cent of banks under \$1 billion in assets participated in the PPP programme. This crisis magnified that community banks truly are there for the communities they serve.

And community banks continue to provide service that makes them the small business lender of choice. According to the Federal Reserve Banks' latest Small Business Credit Survey, which features pre-COVID responses, 79 per cent of community bank small-business loan applicants were satisfied with their experience, and community banks' net satisfaction score of 73 per cent continued to lead as it has in recent years, topping large banks by 15 points, finance companies by 23 points, and online lenders by 36 points.

While COVID-19 may have wreaked havoc on our nation's economy, community banks were there to help pick up the pieces and support customers, small businesses, and others who needed a champion in their corner. And that's an important story to tell. I encourage community banks to continue to share their successes and help raise awareness of the role they play as the cornerstone of community. ●

BACKGROUND

Paycheck Protection Program: A loan from the U.S. federal government's Small Business Administration that helps businesses keep their workforce employed during the Coronavirus (COVID-19) crisis.

A bigger piece of the pie: A case study from Gainesville, Georgia, United States from WSBI member ICBA's *Independent Banker* magazine

The July issue of *Independent Banker* magazine focuses on why small businesses love their community banks – especially now. The cover story profiles four enterprising business owners whose community banks have guided them through thick and thin.

The magazine is available on the *Independent Banker* website and via the digital edition. ●



REBECA ROMERO RAINEY SERVES AS ICBA PRESIDENT AND CHIEF EXECUTIVE OFFICER

A challenging road ahead

Ideas for savings and retail banks shared by Ole Morten Geving, former managing director of the Norwegian Savings Banks Association.

We face challenging times – again. The coronavirus outbreak presents a major stress-test both for our societies and our everyday life. A health crisis with unprecedented consequences on economies, societies, businesses and households, uncertainty reigns. We cannot foresee what will come, but we will for sure have to find our path through the Covid-19 aftermath.

We also face a time of radical uncertainty. Covid-19 adds to other trends hitting us, creating a toxic mix of pandemic, trade conflicts, geopolitical tension, and a deepening mistrust among world leaders – playing hard instead of reasoning – political extremism on the rise, and lately, public unrest.

This perfect storm breaks seven decades of continuous development. The world community, and the economy along with it, gradually improved during this period its way and capacity to handle crises due to lessons learned and applied since the end of WWII. But we now experience something truly disturbing. But regardless, the world will go on. Economies will adapt, and a new normality will occur. But how will that 'new normal' be?

MIND THE GAP

Despite the uncertainty placed before us, what we do know is that those hardest hit from these crises – ordinary people, families, businesses, and societies – must face a gauntlet of obstacles on an everyday basis. And we know too well that many of those hardest hit still struggle with the after-effects of the financial crisis from 10 years ago.

This leads me to my greatest concern for our near future: The gaps – gaps in our societies getting deeper and wider. Growing gaps between people, between rich and poor, and between the employed and the unemployed.

A chasm now forms between educated and the uneducated people and those with access to public welfare and those left outside the safety net. We also see great achievement from those who can mobilise and utilise their potential while large swaths of the population sink into despondency.

This trend seems unstoppable. Gaps widen also between regions and countries. Between those economies and fiscal authorities – governments – who have the capacity and wriggle room for the political measures required for recovery and growth creation, and those who will sink deeper and deeper into an abyss of deficit and public debt. Those gaps cannot sustain themselves nor will people accept them in the longer run.

To address the tension, new political measures should be taken. That means new ways to collaborate between policymakers, public authorities, private sector and civil society explored and built. And most important, reinstate people's trust in society, economy and an international system built on mutual interest, security and free and fair trade.

TIME FOR A NEW DEAL?

Solving the crises gives us also a chance to do the right things and improve the way our societies function. It starts with improving capitalism. The question is how it can be changed for the better: To create sustainability, equal opportunities and a greater good in society. Critiques of capitalism say its biggest failure is how it lacks the ability to put into play the full potential of our societies' available resources. For example, not employing the full workforce to create value proves a big loss. We could do better. Keeping people unemployed not only forgoes lost economic opportunity but deepens the gap and generates cost for society. The result: Increased social problems, more crime, worsening health, and dysfunctional families. Those factors slash future opportunity for future generations,

and in the worst case, social unrest, stirring mistrust and igniting conflicts. Mobilising the workforce proves the best way to solve all of this.

These issues must be addressed and solved, and savings and retail banks should form an impactful part of the solution. Driven and focused to help people build a better financial life, they hold a strong and longstanding commitment to their communities, businesses, and civil society. The common destiny between the bank and the society binds it all together. Locally focused savings and retail banks play a role as local hero; they stay through thick and thin. They thrive when society does, becoming even more robust banks. Communities value this business model, especially needed in times we now face.

A WAY FORWARD

As society faces challenging times ahead, so too does the banking sector. They face a steady stream of untimely blows: Loan losses to be absorbed, business clients to be restructured, missed market opportunities and falling profits. And in the aftermath – changes. Changes within society, in consumer behaviour, for industries and economies. This means also changes for banks. What regulatory climate will banks face in the future? Will digitisation and technology in general move faster, especially when work life after corona will be more dependent on digital platforms and breakthrough technology? And what role should banks play in the society in the future? This begs the fundamental question: Are we as banks prepared for these changes, and are we willing to take the necessary steps?

To expand further, environmental and social responsibilities lay in the genes and flow in the veins of our banks. Climate change and the green shift dominates much of the political and public debate. But we know there is more. Social and economic sustainability and well-functioning civil societies remain of



paramount importance for future development.

Active engagement in these discussions, and to advocate for the broader ESG perspectives, should be a major task for the savings and retail bank community. The corona pandemic opens new grounds for such initiatives and discussions, and it creates opportunities our community should grasp, taking hold of the benefits they bring.

Reaching our wanted position in this field can only be achieved, however, by recognising the climate challenge and to craft strategies and measures for how our banks can and will contribute to the green “shift”. If not, fear mounts that banks might fall in the trap of being thought of as defenders of yesterday’s solutions and thereby make banks less relevant.

ESG goals can only be reached with joint and combined measures, driven by political forces, industries, consumers and civil society heading in the same direction. Banks cannot save the climate alone, but climate cannot be saved without banks.

Needed to bring our society to the next step, our banking model can play a prominent role. Somewhat positioned in between, private sector, public service and civil society, savings and retail banks can take multiple stakeholder views into account, and we can lean in and contribute into a broad dialogue between policymakers, industries and the civil society. Together, identifying goals, setting measures and developing new way of partnership for a better and brighter future.

ACTIONS TO BE TAKEN

The savings and retail banking community must continue to deliver a clear message that advocates for a diversified banking sector – that includes community-focused banks – and banking for the greater good of society. Better regulations and better banking: hand in hand. Policymakers must give the nod for the need for a diversified set of banks in the financial landscape,

adjusted capital requirements and proportionality in regulation, supervision and reporting. They need to acknowledge that policy measures should be designed to allow banks to fulfil their role in the economy and society.

Beyond policy and back to people, better banking should be designed to take care of customer’s needs, backing businesses and growth while ensuring financial stability. Embracing technology and digitisation, but still with a human touch.

While providing better service to people, SMEs and local authorities, savings and retail banking should engage with policymakers and authorities in new ways. They should propose ideas on policy measures to forge a better society. Developing ideas for sustainable growth, entrepreneurship and for better private-public partnerships. Banks can be an efficient channel to unleash public stimulus packages to expand economies, combining government funds with banking expertise, knowledge on business’s needs and private capital. This can give better “bang for the buck” spent, enhanced combined effect and quicker economic rebound and growth.

Savings and retail banks should engage in broader policy discussions beyond economic, aiming to help redesign the system so it works better, and consider these factors:

- How resources in society should be distributed to improve both well-being and productivity. Creating jobs and opportunities for the many, not only wealth for the few. Focusing on education, to give all children equal chances while preventing dropouts.
- Develop programmes for life-long learning, giving people the possibility to achieve new skills and help themselves. Also, empowering people in their everyday life, for example by strengthening digital competences within society.
- Develop joint measures to boost and facilitate economic growth.

Support entrepreneurs and job creation, with programmes that help people to start their own businesses. Investments in infrastructure that boost productivity and streamline efficiency.

- Support microfinance towards the broadest possible scale, and make financial inclusion happen in all parts of the world. This finance vehicle provides a strong force that can help people, mobilise capital and create value for all. Support those people with creativity, ideas and resources, and help those who need to be helped.
- Contributing to better civil societies, based on equality and inclusion, by stimulating the good in people. Gained by enforced efforts from social engagement, public and private capital raised, we can form a better civil society.

The savings and retail banking community should truly commit itself to an enhanced effort to reach the goals that we have set for ourselves since day one. They remain driven to improving people’s lives through high-impact financial services to strengthen the economy and to support an expanding economy and civil society for the greater good. That’s nothing new, and although it’s not always said by society, it is a commitment they expect from locally focused banks.

Many might say this goes beyond the role of banks. It doesn’t. Serving the greater good falls on the shoulders of all people and institutions, and banks must play their part. As a new era begins, it could mark a new, more impactful day for savings and retail banks. They have never been needed more. I wish them well. ●

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Banks adapt, act in communities hit by Covid-19

WHEN BUILDING RESILIENCE IN COMMUNITIES, RETAIL BANKS CAN AND DO HELP

The following opinion piece by WSBI-ESBG Managing Director Chris De Noose focuses on how retail and savings banks can help locally.

The coronavirus affects everybody, rich and poor, young and old, in wealthy or developing countries. That said, people in developing countries will be hit harder. Health structures in the “North” – making up most of the OECD countries – are under severe stress, but they will not break. That might not be the case in all developing countries. A severe, worldwide recession will hit all countries, but the governments and central banks in the North have opened the vaults to shower the economy with cash to make sure that it does not stall. That will happen to a much lesser extent in developing countries, even if multilateral organisations and private charities are stepping in.

One of their main sources of revenue, the remittances sent by migrant workers to their families at home is drying up as economies in the West have come almost to a halt and migrant workers are the first to suffer from this situation. The World Bank predicts global remittances sent to low and middle-income countries is set to decline by about 20% this year, or around US\$445 billion – greater than the GDP of oil-rich Iran, Norway or Nigeria. The ones who still have money to send back home continue to be faced with a lack of first- and last-mile infrastructure and AML and KYC requirements too cumbersome to comply with for many migrants. As the crisis unfolds before our eyes, it is more than likely that other sources of revenue in developing countries will be hit severely. Tourism being one. Manufacturing industries might also suffer from a rethink of the global supply chains.



Local industries – and particularly micro- and small-sized businesses – are suffocating because these companies prove unable to switch to digital and are affected most by lockdowns and curfews. People are suffering and millions of jobs will be lost.

The retail banking sector can help reinforce the link between people and communities. Since their inception, savings banks have had as part of their mission to provide a return to society. They do this by offering a wide range of products accessible to a maximum number of people – a highly efficient form of financial inclusion – and also by giving back an often-substantial part of their profits to their communities either directly or via foundations.

BEYOND RETURN ON EQUITY

For more than 200 years, retail banks from all over the world have delivered basic financial services. They are everywhere: in Africa, Asia, the Americas, and Europe.

Big or small, with various legal structures, they work with people from all parts of society, who before then, simply had no access to banks that catered exclusively to the needs of big companies and wealthy individuals. Savings and retail banks focus on profitability as a basic requirement for sustainable, long-term action but have an objective that goes beyond return on equity.

RETAIL BANKING DURING THE PANDEMIC

In a worldwide crisis like this one, the retail banking sector fulfils its role as purveyor of basic financial services. We have reinforced our IT infrastructure to make sure our services continue to be accessible. We have taken measures to make sure businesses and households can have access to financing and have also taken steps to ease financial charges for people who are hit by the economic consequences of the crisis.

We also launch a message to policy-makers, governments and stakeholders at large in developing countries: Let's use this crisis to achieve to a good end these needed projects. Completing them ensures we finally reach intended goals long past due. Some of the postal savings banks in Africa have big distribution networks with a low threshold. For example, people in these countries go to the post office, but many appear hindered from entering a bank branch due to cultural and other barriers. Governance of most of these institutions remains extremely weak and some still do not have a banking license. They can thus not grant credits now that their economies are under unprecedented stress and citizens and businesses desperately need financing.

BRINGING PRODUCTS THE 'LAST MILE'

In some countries agent banking is still not allowed by the national regulator, while these networks can perfectly complement the branch networks and bring products – among which the remittances I mentioned earlier – to the famous last mile: the families who depend on their sons and daughters who work abroad to help their families survive. In the same spirit, partnerships between retail banks, mobile network operators and fintechs need to be encouraged and strengthened to reach the last mile of customers. It is encouraging that central banks have started to reduce fees on mobile banking and that governments are nudging people more towards digital payments.

I am also thinking about digital identity solutions – a key requisite for KYC-rules – such as the UDAI-experience in India.

This hugely successful experience should be replicated without delay in other developing countries to make sure that nobody remains excluded from the formal economy just because his or her identity cannot be certified.

We cannot go back to business as usual once the brunt of this crisis is over and we are allowed again to leave our houses. Savings and retail banks can play their role in their community. We are willing to work together with policymakers and authorities to put bold solutions in place that make it possible for all citizens to play a role in society and to enjoy basic rights and protection. Access to basic financial services is one of these rights. The WSBI membership have been a World Bank Group UFA-partner since the beginning and have overachieved their goal. The big challenge now is to keep all the opened accounts active by strengthening digital payments and where digital is still a challenge, put financial digital education on the agenda and remind people that building up savings proves useful to weather the storm.

LEARN: WSB-ESBGI MEMBERS COVID-19 EFFORTS AT [WSBI-ESBG.ORG/COVID-19](https://wsbi-esbg.org/covid-19)

THAILAND: PEOPLE SIGN UP FOR SPECIAL LOAN FACILITY

WSBI member in Thailand, Government Savings Bank, provides different types of loans for those affected by the corona virus, including those for self-employed persons.

GSB launched a loan package on April 1 for those who have lost their regular monthly income because of the outbreak. Each person can borrow at 0.35 per cent a month and a three-year debt repayment period. Borrowers could use either an asset as collateral or an individual guarantor.

Freelance self-employed people affected by the Covid-19 pandemic can access ultra-low interest loans offered by Government Savings Bank. By applying through the bank's website, anyone aged 20 and up could be eligible for an emergency loan with an interest rate at just 0.10 per cent a month and a grace period of six months.

According to the the GSB website, as of May 18, 2020, there are 2.3 million registered applicants, divided into 1.77 million independent career loans and 627,000 permanent income loans.



German savings banks: Staying connected

MEMBER DSGV SAYS 1.4 MILLION MEETINGS HELD WITH COVID-19 AFFECTED CORPORATE CUSTOMERS

The 377 savings banks in Germany remain a strong partner for companies and private customers during the Corona crisis. According to WSBI-ESBG member DSGV, the German Savings Banks Association, by the end of April alone bank staff held some 1.4 million consultations with Corona-affected customers.

INSIDE THE NUMBERS

Each meeting focuses mainly on maintaining the economic performance of customers and their companies and securing current liquidity requirements. Around 20 to 30% of these discussions resulted in changes to credit lines, suspension of interest or repayments or applications for promotional loans. Between 85 to 90% of customer requests could be fulfilled. In 159,000 cases, interest and principal payments were suspended for commercial customers until the end of April.

Applications for promotional loans were made to German promotional bank KfW in 12,858 cases, of which 12,248 have already been accepted. This means that the promotional loans do not make up the core of the aid. The focus is on the direct measures taken by savings banks.

The Sparkassen also support their private customers with the same commitment: In around 150,000 cases, interest and principal payments were suspended by the end of April. In many cases, the agreements go well beyond the statutory moratorium (April to June). The consultations with companies of all types of sizes form part of an overall effort to help customers of German savings banks withstand Covid-19.



Other measures carried out prior to this latest news include:

- €17 billion in new loans granted to companies, self-employed and private individuals in March 2020. That is 22.3 percent more than in March 2019.
- In March 2020, €9.7 billion worth of new loans were granted to companies and the self-employed, 22.6 percent more than in the previous year.
- Private individuals received loans of €6.9 billion, up 23 percent.
- 270,000 deferrals have been made by Sparkasse customers of interest and principal payments (as of April 22), including 127,000 private customers and 143,000 commercial customers.
- Savings banks have applied for 7,674 loans for their customers from KfW, of which 7,125 have already been approved. Around half of all applications for KfW loans come from companies and the self-employed who are looked after by savings banks.
- Savings banks have increased their capacity for contactless payments – 206 million transactions were contact free in March (11.4% more than February). The upper limit of a contactless transaction has been raised to €50.
- Savings banks are aiming for all debit cards to be equipped with contactless payment possibility by end-2020. ●



SEE SPARKASSE DEDICATED CORONAVIRUS PAGE (IN GERMAN) AT WWW.SPARKASSE.DE/THEMEN/CORONAVIRUS.HTML

Swift Covid-19 response in Italy

ITALIAN SAVINGS BANKS, FOUNDATIONS TACKLE DIVERSE NEEDS OF REGIONS

Foundations: €130 million in grant funds to sustain non-profit organisations, boost much-stained national health system

Covid-19 arrived quietly to Italy. Like countries around the globe, the virus quickly spread and showed its deadly effects. Severely tested by the coronavirus outbreak, Italy took strong measures to contain the spread of Covid-19. As the government addressed the pandemic, WSBI-ESBG Italian member “Associazione di Fondazioni e di Casse di Risparmio Spa”, or Acri Foundation, joined with its 13 member savings banks and 83 foundations of banking origin to swiftly mobilise themselves to help 60 million people tackle the health emergency, serving the needs of the regions spread throughout the country.

ROLE OF ACRI MEMBER BANKING FOUNDATIONS DURING COVID-19

Individual member foundations allocated since the crisis hit funds valued at more than €130 million to help and constantly keep in contact with their respective regions to step in when need arises on the ground. For the most part, these resources have been made immediately available for hospitals and healthcare companies to purchase much-needed intensive care unit systems, respirators, monitoring systems, beds for resuscitation and everything needed to respond to the emergency during the tense period. There are also interventions in support of non-profit and cultural organisations hit by the required measures to contain virus spread. Post-emergency, initiatives support economic recovery and scientific research.

NATIONAL JOINT INITIATIVES FUND: ACTS QUICKLY WHEN ITALIAN EMERGENCIES SURFACE

Past emergencies Italy faced, such as earthquakes in Abruzzo, Emilia-Romagna and Central Italy as well as flooding in Sardegna and Venice, made WSBI-ESBG member Acri decide to launch a joint intervention among its members through the National Joint Initiatives Fund.

The effort lists two criteria to receive fund assistance: 1.) A time horizon that does not look only at the immediate future but also at the post-emergency period, and 2.) addresses the needs of those who already enjoy strong relationships and partnerships with member foundations.

'THIRD SECTOR' SUPPORT FUND FILLS NEED, ULTIMATELY HELPS VULNERABLE PEOPLE

The Acri Executive Committee recently has deliberated the activation of a fund to support the financial needs of the Third Sector organisations. With a starting endowment of €5 million, the fund will allow the allocation of tens of millions of euros – reimbursable in maximum 18 months – bringing liquidity to thousands of organisations. Furthermore, there could be more voluntary contributions from individual foundations to enhance fund capacity.

This action by Acri stems from Third Sector bodies needing help as they fell out of the scope of government efforts as business sector needs were addressed through extraordinary measures aimed at containing economic side effects felt by industries from the health emergency.

Beside of suffering the knock-on effects from business shut down, volunteer groups and non-profit organisations that make up the sector also suffer from structural weakness and fragility on the financial side. That challenge accentuates in a phase where third-sector groups help more vulnerable population segments. Without financial support, third sector groups risk ceasing their much-demanded, human-centred programmes.



ACRI MEMBER SAVINGS BANKS HELP PEOPLE THROUGH COVID-19

ACRI member savings banks and foundations act by their own initiative, in accordance with the Italian banking sector and to implement government and regional institutions' measures against, and in response to, Covid-19.

Those measures include bank branches reorganised to react more quickly to client requirements and provide proper support.

- **For private individuals:** Banks have paid unemployment benefits in advance, and/or salary support. They have temporarily frozen private individuals' loans for people with a low annual gross salary or for those who have lost their job. →

- **For enterprises:** Under the government guarantee scheme, banks have set up for companies new access to finance – credit lines and loans. An agreement between the Italian banking sector and trade entities blueprinted a debt moratorium in favour of small- and medium-sized enterprises (SMEs). Regional and local programmes have been planned by banks – also in collaboration with regional entities – to boost local business, facilitate economic activities promptly and respond to urgent needs of private individuals.
- **For non-profit organisations:** The Italian foundations with a banking origin have set, in accordance with a primary bank, an amount of about €50 million to sustain the non-profit organisations and to strengthen the national health system to tackle Covid-19.



The resources used to carry out the projects of the foundations – bodies historically linked to savings banks within the country – are drawn from the profits generated by the investments of their assets, which overall amount to around €40 billion.

Foundations of banking origin intervene in different fields from welfare to art and culture, from innovation to sustainability, from primary education to scientific research. Each foundation operates in its own territory, generally the province or region in which it is based. However, there are also many national and international initiatives, carried out under the coordination of Acri. Among the major joint projects, there are:

- **The vast social housing plan**, which foundations carry out throughout Italy together with Cassa Depositi e Prestiti.
- Acri's members have launched **many other joint projects** in different fields as art and culture, environment, innovation and research as well as international cooperation.

LEARN ABOUT WSBI MEMBERS COVID-19 EFFORTS AT [WSBI-ESBG.ORG/COVID-19](https://www.wsbi-esbg.org/covid-19)

LEARN MORE ABOUT ACRI AT [WWW.ACRI.IT/EN/HOME-ENGLISH/](https://www.acri.it/en/home-english/)

ACRI: COMMITTED TO SOCIAL UTILITY, PROMOTING ECONOMIC DEVELOPMENT

From 2000 to 2019, foundations associated to Acri have disbursed more than €24 billion through more than 400,000 initiatives and invested significant resources to pursue the mission objectives indicated by law: social utility and the promotion of economic development.

- **The fund for the fight against child educational poverty**, the largest active intervention in Italy to respond to the phenomenon of child poverty;
- **Fondazione Con il Sud**, to promote the activation of social cohesion paths and good networking practices to encourage the development of Southern Italian regions;



Africa: Helping build resilience in crisis times

AFRICA WSBI MEMBERS HELP VULNERABLE IN RURAL, REMOTE AREAS

Since the Covid-19 crisis outbreak, WSBI member postal savings and retail banks in Africa look more present than ever on the payments front.

Driven by a mission to serve lower-income segments, member banks also undertake efforts to serve remote areas where commercial banks rarely tread. In their role as postal savings and retail banks, they have been approached by governments to transfer aid funds to vulnerable people like widows, widowers and elderly people in rural areas. Some examples of banks helping with funds transfer include Tunisian Post, Al Barid Bank in Morocco, Postbank in South Africa and Centenary Bank, a retail banking institution in Uganda.

AL-BARID BANK, BARID CASH, MOROCCO

Al-Barid Bank in Morocco on 6 April started to distribute financial assistance beneficiaries funds received from competent authorities.

Payment of financial aid to beneficiaries are being made through Al-Barid Bank ATMs or at the branches of its Barid Cash subsidiary upon presentation of the customer identification number, or CIN. Payments made “without card” via ATMs use a cardless service that inform beneficiaries by SMS a message containing a so-called “didactic capsule” – an educational way to clearly explain the cardless withdrawal methods. Payments are accompanied everywhere by adequate sanitary measures and reorganisation of services to respect all the sanitary measures and preserve the health conditions of the elderly in particular.

A subsidiary of Barid Al-Maghrib, Al-Barid Bank provides in-person service via more than 1,800 branches spread over the Kingdom. A member of WSBI since 2010, Al Barid Bank offers a wide range of banking products and services at an adapted rate and through several channels – branch, mobile and online, for example – and thus contributes to the promotion of savings and the acceleration of banking and inclusion.

CENTENARY BANK, UGANDA

A leading commercial microfinance bank in Uganda, Centenary Bank recently won a competitive bidding process from the Ugandan Ministry of Gender, Labour & Social Development to become the new payment service provider (PSP) for Senior Citizens Grants under the Social Assistance Grants for Empowerment (SAGE).

The PSP provides channels to deliver the last mile of cash grants to older persons. Coming on the cusp of the national roll out of the Senior Citizens Grant to cover all districts around the country, Kampala-based Centenary Bank will take over the PSP role from PostBank Uganda, whose contract expires in March 2021. Grants were paid using Postbank MTN Mobile Money.

Stephen Kasajja, head of the ministry's Social Protection Programme Management Unit, said, “Centenary Bank comes on board at a time the programme is implementing a national roll out and at a time the country is fighting the Covid-19 pandemic. Their countrywide presence through bank agents and their robust payment channels will go a long way to support us to achieve our goal to pay older persons timely, reliably and safely.”

A WSBI member, Centenary Bank serves more than 1.8 million consumers, a quarter of the country's total banking population. With a growing network of 186 ATMs, 74 branches, and more than 400 Cente Agents across the country, Centenary Bank started in 1985 with two main purposes: Serve the rural poor and make a meaningful contribution to the socio-economic development of Uganda. ●

LEARN ABOUT WSBI MEMBERS COVID-19 EFFORTS AT [WSBI-ESBG.ORG/COVID-19](https://www.wsb.org/COVID-19)

KEEPING CALM AND SAFE IN KENYA

During the Covid-19 lockdown in Kenya, PostBank invites customers to take advantage of its mobile and internet banking channels to continue to enjoy convenient banking.

The bank offers an M-Sawa Account for smartphones that keeps people banking with hassle free transactions and no need to visit the bank. Customers can access their money, anywhere anytime with M-Sawa. from deposits, withdraws, and money transfers, among other services. ●



Covid-19: Extra measures matter at Austrian savings banks

ESBG MEMBER IN AUSTRIA GOES BEYOND: SUPPORTS RED CROSS, EASES LOAN DEFERRALS, HELPS SOCIAL ECONOMY



The Austrian Savings Banks Association, a WSBI-ESBG member, takes measures above and beyond the call of duty to help people manage and remain resilient during the Covid-19 pandemic.

From donations to the Austrian Red Cross to launching a voucher campaign to support regional businesses, the association of savings banks in the country finds creative ways to help the country's nearly 9 million people as well as many of the more than 330,000 small- and medium-sized firms that employ some 2 million people nationwide.

Vouchers bought from various companies are donated to those in need. This is done in coordination with aid organisations. The companies where the vouchers can be redeemed include high street retailers and grocers, bakeries, restaurants, hairdressers and beauty salons, farmers and winegrowers, and taxi companies.

To support local associations committed to active work with youth, even in times of crisis, vouchers for products and services by local companies were eligible to be redeemed once government measures in place to fight the corona crisis have been lifted. The effort supports both local associations and the regional economy.

Other measures include:

- **A corona helpline** for companies, other professionals and private individuals available every day, including weekends.
- **Corona Ombudsman:** A dedicated Corona Ombudsman was introduced as a neutral point of contact for customers to help clarify and resolve issues.
- **Online payment solutions for local SMEs:** The local economy was also supported during the lockdown by making available online payment solutions to local enterprises that do not have an online shop or digital

payment solutions, which, however, were making home deliveries.

- **Emergency information platform:** An information platform was established to ensure that important information for the region reached the local population.
- **Support to people from risk groups:** As of 2 April, one hour between 9 and 10 am has been reserved for visits at physical branches from people from risk groups.
- **Facilitated loan deferrals** through simple online processing: A dedicated webpage for entrepreneurs has been developed, which provides valuable information about available funding programs and other support measures ranging from tools for liquidity planning to downloadable applications for bridging finance and instalment deferrals.

Commenting on the loan deferrals, Peter Bosek, Erste Bank der oesterreichischen Sparkassen AG Chairman of the Management Board said: "The credit moratorium is a highly sensible measure to ease the Corona crisis. Now it is a matter of quick and unbureaucratic processing of the deferral. The customer shouldn't have to come or inquire first, but simply fill it out online and take the deferral."

DEDICATED WEBSITES

The Austrian Savings Banks Association has two websites dedicated to Covid-19. Therein clients will find information about support regarding financing, deferrals, extensions of credit lines, payments, insurance, among others; safety measures in the branches as well as further information about governmental legislation and provisions.

DEFERRALS AND EXTENSIONS OF CREDIT LINES

Erste Bank and Sparkassen also provide individual support to companies through bridge financing, deferrals or extension of the credit lines even without public guarantees. The Austrian Savings Banks Foundation – Erste Foundation has created a CEE solidarity fund with the objective to help small and medium-sized NGOs in CEE to overcome the current crisis (non-repayable grants). Further support is in the planning (e.g. interest free loans for medium-sized NGOs).

ERSTE BANK, ERSTE FOUNDATION SUPPORTING AUSTRIA'S SOCIAL ECONOMY

Austrian savings bank association members like Erste Bank take extra steps on the social economy front. Erste's Social Banking facility offers cash-flow assistance for customers serving the local social economy as non-profit organisations, while the ERSTE Foundation covers all loan-interest payments for 2020. All made to help affected institutions overcome financial strains resulting from the coronavirus crisis, the service forms part of a broader social-banking initiative by the Erste Group and ERSTE Foundation, which seeks to provide some €25 million in liquid funds for non-profit organisations operating in the banking group's markets.

The Erste Bank service aims to serve registered non-profit associations and foundations operating in the fields of health, nursing and social welfare. The liquidity measures are being implemented as quickly as possible, independently of the upcoming national support scheme, using the services of the

promotional bank, the Austrian Economic Chambers and the ÖHT bank. Non-profit organisations can apply for a bridging loan up to €300,000 through their Erste Bank support service. At the same time, the ERSTE Foundation will also be supporting the borrowing social institutions by covering interest payments for the new financing measures until the end of the year.

'Providing this service to the social economy is even more important because it, like many other businesses, currently needs bridging loans to cope with their growing workload. It is precisely in these times of economic and health crises that NGOs are being required to increase and diversify their support offerings', says Günter Benischek, Head of Social Banking at Erste Bank.

That's why Erste Bank and the ERSTE Foundation are collectively seeking to recognise the local social economy and the many activities of its institutions in Austria and ensure its survival.

The Erste Bank and Sparkasse joint website contain information for companies to not only find the form for the deferral but also helpful information about the support programs and other support measures. This ranges from tools for liquidity planning to downloadable applications for bridging finance and instalment deferrals. A dedicated corona helpline for companies and the liberal professions and private available every day from 8 a.m. to 6 p.m. answers questions – even on weekends. ●

EUROPEAN PAYMENTS INITIATIVE MOVES AHEAD

A group of major European banks on 2 July announced the launch of the implementation phase of the European Payments Initiative that aims to create a pan-European payment solution leveraging notably instant SEPA credit transfers. EPI has the ambition to become the new standard of payments for European consumers and merchants in all types of payment transactions. The ESBG, joined with two other EU-banking bodies jointly said the initiative gives an important impetus for the further evolution of Europe's payments landscape and brings the potential to swiftly drive Europe's payments market forward. The EPI addresses several of the building blocks identified by the three associations in their policy paper for building an integrated EU payments market. In that, the associations observed the European payments landscape at a crossroads. Changing customer demands, the development of SEPA instruments by European banks, an intense regulatory focus and increased competition, innovation and technological change have driven an ever-advancing European payments landscape in which much looks possible, but the risk of fragmentation lurks. At the same time, European authorities have indicated that payments form an important factor for European sovereignty and an important driver for the greater international role of the euro. A timely initiative, EPI aims to respond to these challenges. For the EPI to become a success, it will be important to ensure that the envisaged payment solution can be supported by all credit institutions in Europe. In this context, the three associations encourage the EPI banks to approach the members of their respective associations for discussions joining the initiative. ●

Helping fight Covid-19 in France: Savings banks help hospitals

WSBI-ESBG MEMBER CAISSE D'EPARGNE MOBILISES, RESPONDS TO SUPPORT PUBLIC HOSPITALS

The leading private financier in the public hospital sector in France, savings banks – referred to as *Caisses d'Epargne* – mobilise to respond to new challenges linked to the health crisis brought on by Covid-19.

To do this, they are implementing a large-scale financial support plan for the public hospital sector. This €1 billion support plan includes: cash loans available within 48 hours; a medium- and long-term financing offer; and a credit solution for very long-term investment needs over periods of up to 40 years.

The health crisis faced by France during Covid-19 highlights the essential role of public health establishments and their staff. The unprecedented mobilisation of public hospitals is profoundly changing their activities and, consequently, their revenue system. Faced with such a situation, short-term financing needs have been raised to support the exceptional expenses brought on by the pandemic, and, subsequently, the heavier investments that will be necessary for hospital infrastructure.

Supporting public authorities and the public hospital sector for many years, *Caisses d'Epargne* are essential players in the life of the regions. More than 27,000 local authorities and 750 public hospitals are supported by *Caisse d'Epargne* experts on a daily basis. True to this commitment, they put in place a vast support plan structured around three axes:

- **Mobilise cash advances in 48 hours**
The system helps public hospitals that have suffered due to the health crisis from strong short-term financial impacts.

Those impacts link in particular to a drop in revenue brought on by dropping planned activity and redeployment of hospital teams as well as swelling staff costs and additional costs caused by the opening of additional intensive care beds and the acquisition of specific equipment such as ventilators, masks and disinfectant gel.

- **Medium-term credit envelope to renovate hospital infrastructure**

French savings banks offer medium- to long-term financing solutions to support the transformations and modernisation of the healthcare system.

- **Financing solution up to 40 years for long-term investment needs**

To enable public hospitals to meet the modernisation challenges that await them, the *Caisses d'Epargne* undertake to provide them with a dedicated financing and engineering offer over periods of up to 40 years.

In addition to these measures, the *Caisses d'Epargne* mobilise all their experts to support hospitals to optimise their debt management.

Caisse d'Epargne Director of Development Fabrice Gourgeonnet said: "As the leading private partner banker in the sector, it was obvious for the *Caisses d'Epargne* to mobilise to support the transformation of public hospitals in France. In the months and years to come, we will continue our commitment to public hospitals and the health sector as a whole throughout the regions."



WHY SAVINGS PRODUCTS MATTER IN FRANCE

"What are my savings for?" This simple question asked by many customers of French savings banks reveals the growing expectations of consumers. They increasingly want to put their savings at the service of a societal challenge. To meet this need, the *Caisses d'Epargne* have been distributing for more than a decade a financial savings product labelled SRI and *Finansol*, designed by *Mirova*, a subsidiary of *Natixis*, in partnership with *France Active*. *Mirova* *Emploi* France allows people to invest in companies that create jobs in France. To amplify this type of savings, *MIROVA* launched the "Recovery" platform with the aim of discussing and imagining the "next" world, a world more resilient to crises like the one that occurred from the Covid-19 pandemic.

LEARN MORE AT THE FNCE SITE OR GO TO [BIT.LY/2NIPJCV](https://bit.ly/2NIPJCV)

Covid-19 in Honduras: WSBI Grupo Financiero Atlántida acts

TOGETHER, WE MAKE IT POSSIBLE. ATLÁNTIDA IN HONDURAS GIVES EXAMPLE OF HOW WSBI MEMBERS HELP PEOPLE, COMMUNITIES AND ECONOMIES TACKLE COVID-19.

Grupo Financiero Atlántida in Honduras announced early on during the crisis job guarantees for its workforce and donations for COVID-19 relief efforts.

STAYING ON THE JOB: WORKFORCE GUARANTEES

Inversiones Atlántida President Guillermo Bueso announced earlier this month that the Honduran financial group's management guaranteed that more than 4,500 employees located in Atlántida's operations throughout Central America will not lose their jobs due to the Covid-19 crisis, while recognising worker effort and commitment.

CUSTOMER COMMITMENT: GOING FROM STRENGTH TO STRENGTH

During the Covid-19 pandemic, the bank has strengthened its commitment to customers. Atlántida has made its financial services available to them, abiding to what the local government policies allow during the national emergency. In addition, the group will provide the necessary support to serve not only their current requirements, but any additional requests clients may have when they restart their



operations, considering their needs, forecasts and the Tegucigalpa-based banking group's capacity. Requests from different economic sectors are already being resolved as possible.

As a socially responsible company, Grupo Financiero stands by the Honduran population by donating to the health sector 10 ventilators, suitable for treating the effects of Covid-19, making the greatest effort to bring them in the fastest possible time.

For the neediest segments of the population, the Group donated 5,000 basic food baskets (see photo at top), which have been distributed across Honduras. These donations constitute a contribution valued at more than 5.5 million lempiras (US\$221,000). Started 107 years ago, the group firmly believes that through joint effort, Honduras will be able to recover. ●

**SEE A RELATED VIDEO AT
[YOUTUBE.COM/CLLGS3N8DGO](https://www.youtube.com/CLLGS3N8DGO)**

**LEARN ABOUT WSBI MEMBERS COVID-19
EFFORTS AT [WSBI-ESBG.ORG/COVID-19](https://www.wsbi-esbg.org/covid-19)**



Swedish heart

ESBG SWEDISH MEMBER SAVINGS BANKS, FOUNDATIONS ACT LOCALLY TO HELP SUPPORT CUSTOMERS DURING COVID-19



Sparbanken Skaraborg, together with its owner – Sparbanksstiftelsen Skaraborg – launched in April the largest Covid-19 support to date among Sparbanks in Sweden in the wake of the pandemic. Located in the Western coast of the country near the Norwegian border, the savings bank provides through its Sparbanksstodet, or “Savings Bank Support”, a chance for moratoria relief and extra advice rolled out in the bank’s business area while giving people a chance to get support they need.

At the time of writing, 48 applications for loss of income among associations and organisations and eight applications for business promotion initiatives have been submitted to the Sparbanks Foundation Skaraborg. Of the 12 million allocated, SEK 3,250,060 (€1.34 million) has now been granted and on its way out to associations and organisations.

Liselotte J. Sterneborn, chair of the Sparbanksstiftelsen Skaraborg, said: “We knew when we launched the Savings Bank Support that we could make a difference and now we see how it is also starting to roll out. It feels fantastic to help and the best part is that we can still help more.”

“Among the 58 independent savings banks that exist in Sweden, our support is the largest that has been given so far and we are really proud of that. Just as Liselotte says, we know that this makes a difference for our business area,” continues Patrik Meijer, chief executive of Sparbanken Skaraborg, part of the Swedish Savings Banks Association, an ESG member.

The bank continues to offer moratoria relief, extra advice and liquidity support to private and corporate customers. Offers are appreciated by customers.

Meijer concluded: “Our customers’ situations are individual and that is also how we handle them. Our heart beats for our customers. And in times of the coronavirus, as well as otherwise, we are keen to find good solutions for each one.”

WHY IT’S IMPORTANT

As Covid-19 affects communities around the world, many have been hit hard. One of the tasks of the Sparbanks Foundation Skaraborg is to contribute to growth and development on our own initiative and in collaboration within our business area. Needed now more than ever, their efforts help actors in the area continue to contribute to being an attractive place to live, live and work. As associations, non-profit organisations and business-promoting organisations (not individual companies) can apply for our support, the application is made via links for two areas of support.

Savings bank support grants accept applications from the market areas served – Skara, Vara, Götene and Essunga municipalities.

SUPPORT FOR HOUSEHOLDS, SPORTS AND CULTURE, HOUSEHOLDS, AND SME

The banks continuously update customers on the Covid-19 situation on how they as bank customers are affected. Private customers can apply for an amortisation exemption – also known as a moratorium – for their loans if their financial situation has been affected by the spread of the Covid-19. The savings bank foundation also deployed support measures for sports and cultural associations that have the purpose of general social development, the foundation notes, with focus on associations and organisations where it sees a dramatic impact on them due to the current pandemic. This matters because cultural events done in the region create an attractive place for people to live, live and work. Small- and medium-sized companies served by the Sparbanks Skaraborg business area contribute to growth, jobs and contribute to creating an attractive place to live, live and work. The bank provides solutions to safeguard this by supporting business-promoting organisations.

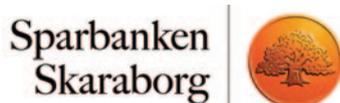
A helpful Q&A section helps guide people through the application process. ●

LATEST NEWS ON CORONAVIRUS FROM SWEDISH SAVINGS BANKS AT [SPARBANKERNA.SE/CATEGORY/COVID-19/](https://sparbankerna.se/category/covid-19/)

LEARN ABOUT WSBI MEMBERS COVID-19 EFFORTS AT [WSBI-ESBG.ORG/COVID-19](https://wsbi-esbg.org/covid-19/)

ABOUT THE SAVINGS BANK FOUNDATION SKARABORG

Formed in 2000 when Skaraborgs Läns Sparbank was converted into a public limited company and at the same time became sole owner of Sparbanken Skaraborg, the Savings Bank Foundation Skaraborg foundation aims to promote thrift by working as shareholders in Sparbanken Skaraborg AB to maintain and develop the savings bank's basic ideas and values. Preferably within the bank's business area, which are Skara, Vara, Götene and Essunga municipalities. Through a dividend from the bank, the foundation can make grants that promote the savings bank's and business area's development. ●



ABOUT THE SAVINGS BANKS' RIKSFÖRBUND: THE SAVINGS BANK ASSOCIATION IN SWEDEN

An industry association for 58 savings banks and 24 owner foundations, the association of Swedish savings banks safeguards the interests of its members. Savings banks are in market areas widely spread across Sweden. Together, the country's savings banks make up a significant part of the financial infrastructure outside big cities. Located in Stockholm, the association represents the member companies vis-à-vis the authorities and organisations and also serves as the referral body and negotiating party in matters of importance to its members. ●

Savings banks have the same basic values and work with their unique business model based on three basic principles: Focus on the local geographic market and customers; the protection of long-term and moderate risk-taking in all financial decisions; an ownership form without individual profit maximizing principal, where the surplus is returned to the community.

As the savings banks' interest organisation, the association also has the task of developing and managing Swedish savings banks' cooperation with Swedbank, which grew out of the historical Swedish savings banks movement. The collaboration, established for a long time, includes common IT solutions, development of new banking services or regulatory management, among others. ●

Covid-19 and EU policy: Europe stays resilient

BANKING FORMS PART OF SOLUTION TO HANDLE COVID-19 EFFECT. EUROPEAN UNION CAN HELP BANKS NAVIGATE CHOPPY WATERS AHEAD.

Savings and retail banks in Europe form part of an effective response to Covid-19, ESBG Managing Director Chris De Noose said on 28 May at the first of two roundtables convened by the European Commission on Covid-19 relief measures by the financial sector to help real-economy households and businesses.

ESBG members help people by providing vital banking services, he said, and support inclusive societies and sustainable economic growth. Staying by their customers' side, Europeans have received extraordinary support by some 900 savings and retail banks in more than 20 countries.

BANKS ACKNOWLEDGE SWIFT RESPONSE BY NATIONAL, EUROPEAN AUTHORITIES

Banks' efforts to provide vital banking services, support inclusive societies and sustainable economic growth have been boosted by swift actions wielded by the European Union and national authorities. Those actions provide support for locally focused, retail-minded institutions to stay on mission, nourish the real economy, and steady communities and regions no matter what shocks come their way. Those EU and Member State authorities include the European Central Bank and European Banking Authority.

Addressing the roundtable, hosted by the Commission's DG FISMA, De Noose said: "Many authorities have reacted quickly and have provided some much-needed flexibility, support and clarifications. The private sector has also been highly engaged and committed to support the 'real economy' as much as possible in

these challenging times. Banks express gratitude to governments and supervisors for the swift actions that allowed our industry to be part of the solution." Sitting with dozens of stakeholders that included financial sector associations along with consumer and business bodies, De Noose outlined the rapidly deployed measures taken immediately by savings and retail banks that serve 150 million Europeans. Those banks provide breathing space and reason for hope as Covid-19 ravages economies, supply chains and fiscal positions of governments by applying measures such as loan repayment moratoria, ensuring digital banking remains secure, and financing to keep businesses afloat. The first call of many businesses when the pandemic struck, Europe's locally rooted banks, with widespread presence – including remote areas – form a strong buffer. Granting loan deferrals, members sometimes saw need to extend the period beyond the timeline foreseen of moratoria initiated by public authorities, such as from six to 12 months. Issuing many new loans, they also help SMEs set up online payment solutions and digital platforms as people gravitate to the internet to fend off virus exposure.

Despite work done so far, the coming months will prove "difficult", during which risks will have to be managed responsibly, he noted. All stakeholders will be affected. That's why policymakers need to address banking rules so that banks can cope, and people and SMEs can remain resilient throughout the pandemic.

De Noose added: "The European Union needs to take a good look at the existing banking regulation and determine what helps the economy and what does not, which includes Basel III."

SAVINGS AND RETAIL BANKS: STANDING ON THE SIDE OF CUSTOMERS

Savings and retail banks in Europe reported to ESBG that loan deferrals and moratoria help both private and corporate clients. Member banks have issued a flood of new loans despite the economic downturn and set up online payment solutions and digital platforms for small- and medium-sized firms. On payments, savings and retail banks upgrade debit cards to execute contactless payments. People's income streams are smoothed out thanks to banks paying unemployment benefits and pensions in advance. Commissions for the use of ATMs have been eliminated. Specific examples from ESBG members include:

- **GERMANY:** Savings banks have accepted through end of June some 360,000 moratoria, roughly 50% granted for households and 50% for businesses on a total loan amount of €60 billion. The duration of the moratorium as well as the scope – principal and or interest – have been agreed with clients during 1.4 million individual contacts.
- **FRANCE:** Savings banks implemented a large-scale financial support plan for the public hospital sector. This support plan of a billion euros includes cash credits that can be mobilised in 48 hours, an offer of medium- and long-term financing as well as a credit solution for very long-term investment needs on terms of up to 40 years. More than 27,000 local authorities and 750 public hospitals are supported by French savings banks experts daily.



- **ITALY:** Italian savings banks foundations set aside – in grants – some €130 million to sustain non-profit organisations and to strengthen the much-stained national health system to tackle the Covid-19 crisis.
- **LUXEMBOURG:** Up to 18 June, BCEE – Banque et Caisse d'Épargne de l'État – received 2500 requests for a moratorium for up to six months and accepted 98% of these requests. Other, specific financing solutions for SMEs have also been put in place.
- **SPAIN:** Savings banks have agreed on an additional sectoral moratorium for vulnerable families that kicks in for six or even 12 months as soon as the legal moratorium of three months has ended. Up to mid-May, funds totalling more than €47 billion were mobilised via new loans and other forms of financing.

UNWAVERING COMMITMENT TO SOCIETY

Savings and retail banks remain socially committed, supporting the public welfare and local societies. Built within their mandate, even in challenging periods, ESBG banks go beyond, helping improve customers' income situation, such as by paying unemployment benefits and paid pensions in advance. In some cases, banks provide additional training to people to help master digital banking services where demand soared and use became more widespread during the crisis. Relatedly, they teach people in some cases digital skills and provide special services for the so-called risk group / elderly people.

De Noose concluded: "We do whatever we can to continue serving Europeans in the best possible way. However, the next weeks and months will remain extremely

challenging. For example, the amount of non-performing loans could increase. We may only be at the beginning of a longer-lasting, rough economic period. Savings and retail banks have been always open and eager to engage in dialogue with business and consumer associations as well as EU and national authorities to work out good solutions."

HOW POLICY CAN HELP: REGULATORY RELIEF, POSTPONE IMPLEMENTATION OF ALREADY-COMPLETED, PUBLISHED LAWS

Savings and retail banks see two main ways to help them during the pandemic. First, need exists for some additional regulatory relief measures – for instance in the area of prudential area – so banks have more room for manoeuvre to help coronavirus-hit companies. Second, postpone implementation of application of already-finalised and published laws not yet applicable or implemented, a situation that forms a great source of uncertainty by the banking sector.

De Noose concluded: "By granting some delays, banks would be in the position to have more staff members dedicated to assisting their customers even faster during this tough period. A clear need exists for European policymakers to acknowledge a valuable asset Europe holds: a sound retail banking infrastructure. A diverse financial landscape specific to Europe – which includes 'retail, regional, and responsible' ESBG member banks – should be taken into account when designing legislation at European level, including when Basel standards need to be implemented. If not, then retail banks and the people they serve at local level may face an untimely tougher road ahead." ●

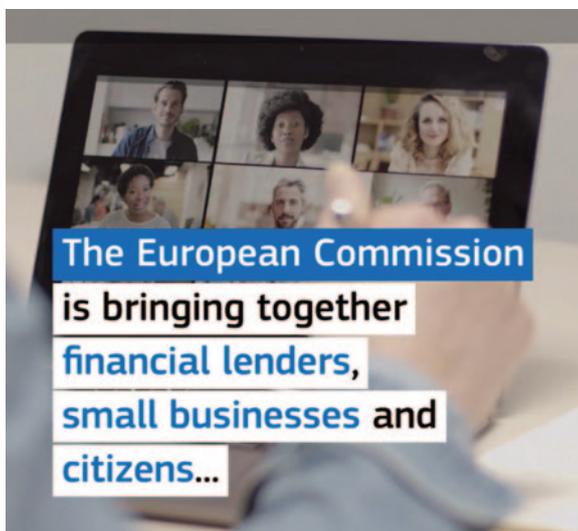
ABOUT EU COMMISSION ROUNDTABLE

The Commission roundtable aimed to kick-start a dialogue on practical relief measures taken by the financial sector to alleviate the impact of the COVID-19 crisis on consumers and businesses. The Commission invites participants to an open discussion about relief measures offered and applied at national level. According to the Commission, the roundtable should concentrate on private sector initiatives and will not discuss adaptation of the prudential framework, relief measures released by public authorities nor those involving public funding in the Member States. The roundtable did not discuss broader recovery measures for the medium- to long-term. During the meeting, the Commission sought to hear from the financial sector representatives like ESBG about the practical implementation of relief measures, their uptake, impact on their activity, and their effectiveness in providing material support to the affected groups. For attendees, it provides a useful forum to learn about challenges related to the provision of measures and what possible gaps as well as bottlenecks exist. The Commission's intention at the Roundtable will be to address identified issues and gaps by easing and encouraging the dialogue between the parties represented at the meeting. A follow up meeting took place on 29 June. The Commission subsequently released in early July a set of best practices in relation to relief measures offered to consumers and businesses in the context of COVID-19 crisis. ESBG and other stakeholders from industry and consumer bodies provided feedback of the guidelines during the drafting stage. ●

LEARN ABOUT WSBI MEMBERS COVID-19 EFFORTS AT [WSBI-ESBG.ORG/COVID-19](https://www.wsbi-esbg.org/covid-19)

Savings and retail banks already serving Europeans through best practices summarised by EU Commission

ESBG ISSUES STATEMENT, WELCOMES SUMMARY OF BEST PRACTICES



The European Savings and Retail Banking Group on 14 July joined with other EU financial industry associations and consumer and business bodies to welcome the release that day of a summary of best practices on relief measures for households and real-economy businesses related to the Covid-19 crisis.

Drafted by the European Commission in an effort to describe financial sector best practices, it acknowledges the role locally focused banking plays to help people, SMEs and other elements of the economy – and communities – weather the storm and pick up the pieces left by Covid-19. To do this, constructive cooperation occurred between stakeholders.

The good will formed among all involved helped flesh out the set of best practices. Broadly supported by those involved, the final list is non-binding and may change. ESBG agreed to make the necessary effort to inform and encourage the members to implement, whenever appropriate, on a best-efforts basis, as they navigate through the crisis with their clients.

ESBG Managing Director Chris De Noose said:

“The best practices help highlight ESBG members’ efforts done so far. They already employ the best practices outlined. Doing so brings banks even closer to the customer in part thanks to beefed up digital technology, all while service remains continuous.

“The best practices include temporary moratoria on loan repayments, which our members have employed to help households and businesses. Meantime, much-needed and swiftly granted special credit facilities provide a lifeline for the future of SMEs – often in synch with national development banks and other authorities. These measures consider the need for businesses and ESBG members to manage risk.”

DATA AND EXAMPLES OF ESBG MEMBER BANKS DURING CRISIS

Part of a wider initiative by the Commission on financial sector and Covid-19 relief measures, the best practices come alive when real-world examples demonstrate ESBG member efforts. Data and case studies from them point to swift response. In Germany, savings banks have accepted through end of June some 360,000 moratoria, roughly 50% for households and 50% for businesses concerning a total loan amount of €60 billion.

The duration of the moratorium as well as the scope – principal and or interest –

have been agreed with clients during 1.4 million individual contacts.

In Spain, savings banks have agreed on an additional sectoral moratorium for vulnerable families that kicks in for six or even 12 months as soon as the legal moratorium of three months has ended. Almost 400,000 transactions worth a total loan amount of €19 billion have been treated up to the end of June. At the end of that month, savings banks channeled €24 billion of government aid to businesses via their distribution channels and advanced €27 billion of pension and unemployment allowances.

In Luxembourg, up to 18 June, ESBG local member BCEE – Banque et Caisse d’Epargne de l’Etat – received 2500 requests for a moratorium for up to six months and accepted 98% of these requests. Other, specific financing solutions for SMEs have also been put in place.

De Noose concluded: “ESBG member banks go the extra step for customers hit from the Covid-19 crisis. They tap into foundations connected with their bank’s mission to help the most vulnerable clients and citizens on a social, cultural and environmental level. Long-standing resource commitments were redirected to a large extent to Covid-19 relief.” ●

SEE EXAMPLES OF ESBG MEMBERS EFFORTS AT WWW.WSBI-ESBG.ORG/COVID-19

SEE BEST PRACTICES SUMMARISED BY THE EUROPEAN COMMISSION AT [BIT.LY/2ZSD5DB](https://bit.ly/2ZSD5DB)

MiFID review: ESBG gives policy ‘asks’ to EU Commission consultation

Debate around MiFID II / MiFIR reform continues on the simplification of rules, an effort ESBG supports. The association recently provided their feedback on an array of ideas for reform. In its response to a recent European Commission consultation on the review of MiFID/MiFIR regulatory framework, ESBG especially spelled out needed ideas to help make the directive better for citizens and the overall financial system.

In late 2019, ESBG released a digest of its overall position, which stated that reforming MiFID II should be a key priority for the new European Commission. ESBG would encourage a well-thought review of MiFID II taking into account the issues stated below to eliminate the challenges that are counterproductive and do not increase investor protection. More specific aspects detailed below:

Inducements

ESBG opposes a ban on inducements to facilitate access to fee-based advice – “investment advice on an independent basis”. In its view, fee-based investment advice is no valid alternative to commission-based investment advice because it is only accessible to wealthy clients and therefore socially unjust. Only commission-based investment advice can guarantee that all social classes have access to securities advice – regardless of their respective income or social status. The Commission itself found in an impact assessment that, due to the tightening of inducements rules in relation to research, there has been a decline in investment research expenditures, especially with regard to SMEs.

ESBG wants to highlight that an outright ban on inducements would create the same kind of risk, such as a decline in the offer of investment advice and an advice gap for population with low income and a need for free investment advice.

Cost and charges disclosures

ESBG favours including a further category, between professional investors and retail investors, for people who are not professionals, but trade quite frequently within a certain reference period.

A separate, adjusted set of rules would definitely make sense to facilitate the trading experience while ensuring a reasonable level of investor protection. Experienced retail investors/semi-professional clients do not need dozens of pages containing the exact same information on a very regular basis (i.e. every time that they are active on the markets). Experienced investors should therefore have the opportunity to opt out for certain information. The introduction of this new client category should be optional for investment firms, so that the investment firm itself can decide whether to take the necessary implementing measures or whether it prefers to automatically provide clients with a higher level of protection. Experienced retail clients /semi-professional clients should be able to waive the recording of telephone conversations and the ex-ante cost transparency.

Telephone recordings

The requirements to inform the investor ex-ante on costs and inducements on a durable medium have created huge problems for telephone trading. Due to the greater time and administrative burden telephone orders entail, they are now also becoming less attractive for banks and investors. This is clearly demonstrated by the study by Ruhr University Bochum: 75.8% of banks now indicate that the importance of business conducted by telephone as a distribution channel is diminishing. This statement is also reflected on a quantitative level: the number of telephone orders is decreasing.

Their share in the total number of orders with investment advice declined by 9.9 percentage points due to the new provisions, the equivalent of a relative drop of approximately 50% (H1 2017 vs H1 2018).

Ex-ante information

The association throws much support behind a new Q&A 23 and 28 where ESMA has foreseen the opportunity to use standardised cost grids in some cases and to provide the ex-ante on a durable medium after the transaction, if the use of cost grids is not allowed. This is a great relief for banks and investors. In the MiFID II review, the two possibilities created in Q&A 23 and 28 should be included in the Level II legislation to create a higher legal certainty. Furthermore, recently, ESMA has proposed in its technical advice on inducements and costs and charges disclosure to introduce a provision that allows to provide the ex-ante after the order is executed. In our view, the concrete wording shall be harmonised with the current provision in the PRIIPs regulation as in most cases the distributor has to provide both the ex-ante and the PRIIPs KID.

Product governance

The product governance requirements form an effective tool to prevent that investors purchase products not targeted for them. The requirements can prevent misselling. However, ESBG thinks that the risk of mis-selling basically only exists with regard to retail investors. Therefore, the product governance requirements should not apply to transactions with professional clients and eligible counterparties. →

WHY POLICYMAKERS SHOULD ACT

ESBG members have experienced that customers feel overwhelmed and confused by the excess of information. Many investors want to decide for themselves if they wish to do without certain information – such as constantly repetitive information on costs – or receive information afterwards; following telephone orders, for instance. ESGB is not fully convinced that the current set of rules gives the right incentives for retail investors to consider investing their money in the markets – and thereby providing the real economy with financing. Quite the contrary, many clients have already – partly or complete – withdrawn from capital markets. This is a highly alarming development as the investment in financial instruments is a highly important aspect of private retirement arrangements – especially in times when interest rates are permanently low.

Moreover, ESGB Members are facing high cost of compliance to meet MiFID II and KID PRIIPs requirements. This would have a great impact on the financial advice services provided by local savings and retail banks.

BACKGROUND ON MIFID

In June 2014, the European Commission adopted new rules revising the Markets in Financial Instruments Directive (MiFID) framework. These consist of a directive (MiFID II) and a regulation (MiFIR). MiFID II aims to reinforce the rules on securities markets by ensuring that organised trading takes place on regulated platforms, introducing rules on algorithmic and high frequency trading, improving the transparency and oversight of financial markets including derivatives markets and enhancing investor protection. MiFID II and MiFIR became applicable as from 3 January 2018. The European Commission, taking into consideration ESMA's advice, is expected to present a legislative review proposal at the end of 2020 or in early 2021.

ESG DATA IN EUROPE

ESBG, together with five other financial industry associations, signs joint letter calling for a centralised register for ESG data in the European Union.

ESBG, together with five other financial industry associations, is calling for the European Commission to establish a common Environmental, Social and Governance data register in the European Union to enhance the availability of relevant and reliable ESG data, facilitate disclosure and scale-up sustainable funding. The data register should focus on ESG disclosure in line with the Non-Financial Reporting Directive and EU taxonomy, starting with climate change adaptation and mitigation objectives, as well as ESG data necessary to financial market participants to comply with the Sustainable Finance Disclosure Regulation. The register should also include relevant ESG information already collected by European and national institutions such as governments, central banks, and statistical bodies. The European Union should open up its databases that collect environmental reporting data and make those re-usable to users of non-financial information. Such data should be gathered and made available digitally to users of non-financial information, not only investors but also lenders, academia, researchers, authorities and others. To facilitate the collection, a certain level of standardisation would be necessary. Finally, data should be provided to users ideally free of charge. We are hopeful that the Commission will pick up these ideas, and we will report back to members.

SEE THE LETTER AT [BIT.LY/319L7QP](https://bit.ly/319L7QP)

EU COMMISSION CONSULTATION ON EUROPEAN CLIMATE LAW PROPOSAL



ESBG submitted recently a common response to the European Commission consultation on the proposal for European climate law regulation. The regulation would establish the framework for achieving climate neutrality by 2050 and amending regulation (EU) 2018/1999 – the current European law on climate. ESGB members view positively Commission efforts to forge a green transition to fight against climate change, making sure regulation around sustainability always takes into account a policy measure's social impact. As ESGB acknowledges the fundamental importance of the fight against climate change, it also stresses the need to build a holistic framework fostering both environmental and social goals.

The association highlights the crucial role played by savings and retail banks to facilitate the transition to climate neutrality. They form an important source of financing for energy-efficient measures for households and SMEs in Europe, guaranteeing financial access to people and unleashing the potential of local development while continuing a long-standing tradition to build social cohesion and support social initiatives. Sustainable finance continues to be a main activity stream for ESGB.

European Payments Initiative: A promising step forward for payments in Europe

The European Association of Cooperative Banks, the European Savings and Retail Banking Group and the European Banking Federation welcome the decision taken on 2 July by a group of 16 major European banks to take their European Payments Initiative (EPI) to the next phase.

A group of major European banks announced on 2 July the launch of the implementation phase of the European Payments Initiative that aims to create a pan-European payment solution leveraging notably instant SEPA credit transfers. EPI has the ambition to become the new standard of payments for European consumers and merchants in all types of payment transactions.

The European Savings and Retail Banking Group, the European Association of Cooperative Banks, and the European Banking Federation share the view that the initiative gives an important impetus for the further evolution of Europe's payments landscape and brings the potential to swiftly drive Europe's payments market forward. The EPI addresses several of the building blocks identified by the three associations in their policy paper for building an integrated EU payments market.

In that, the associations observed the European payments landscape is at a crossroad. Changing customer demands, the development of SEPA instruments by European banks, an intense regulatory focus and increased competition, innovation and technological change have driven an ever-advancing European payments landscape in which much looks possible, but the risk of fragmentation lurks. At the same time, European authorities have indicated that payments form an important factor for European sovereignty and an important driver for the greater international role of the euro.

A timely initiative, EPI aims to respond to these challenges. For the EPI to become a success, it will be important to ensure that the envisaged payment solution can be supported by all credit institutions in Europe. In this context, the three associations encourage the EPI banks to approach the members of their respective associations for discussions joining the initiative. The associations would also like to stress that initiative such as EPI can only succeed with the full and continued support of the European institutions.

Learn more on in the News & Views Payments and Innovation Corner starting on page 32.



WSBI prepares for World Savings Day in October: Guidelines now available



Preparations are underway for this year's World Savings Day 2020. Held officially on 31 October, the 2020 theme is *'When you save a bit, big things follow.'*

Participating in the World Savings Day 2020 requires a fair amount of preparation. To help partners, WSBI provides a quick-and-easy guide to navigate their work. A set of tools and event ideas available on the WorldSavingsDay.info website give WSBI members, government authorities and other trusted partners basic ideas to create and promote the benefits of thrift. It is all provided by WSBI to help make their World Savings Day a success.

LOGO AND THEME

WSBI allows approved, participating partners full use of the logo and theme *'When you save a bit, big things follow!'*. Use of the logo is allowed when highlighting World Savings Day on partners' conference websites, stationary or event signage. E-mail WSBI to receive logos.

WORLD SAVINGS DAY WEBSITE

Partners can refer to the World Savings Day website to glean ideas about projects done by WSBI members and partners during the past few years. The site also gives participants a chance to highlight their events through pictures and a short description of what they did, where, when and for whom.

STORY AND EVENT IDEAS

The best stories start with people, so WSBI provides partners ideas to connect better with their communities by bringing their stories alive. The site also provides ideas for events, including a bike ride, a jeans exchange, a "build-money-box challenge" or a reading club for kids. ●

LEARN MORE AT
WWW.WORLDSAVINGSDAY.INFO/GUIDELINES

WORLD SAVINGS DAY: EVENT IDEA

Money box

Quick Facts

Target: Individuals, All Ages
Management level: Moderate
Timeline: 2 months

Description

As social distancing now becomes the norm, a World Savings Day Bike Bash gets people outdoors. Adults and kids go on a financial fact-finding roll and promote awareness of the day. Each Bike Bash event is free and should be hosted immediately preceding or on World Savings Day on 31 October.

Why it works

World Savings Day Bike Dash requires minimal resources and time commitment for the partner yet offers a highly visible, non-traditional way to promote World Savings Day to children and adults in the community. Here are a few additional perks:

- Partner organisations must provide all financial education materials through their own financial education departments or partner with other organisations including central banks, regulators and monetary authorities who may have materials to distribute at the event free of charge. In some jurisdictions, banks get involved in SchoolBanking, where materials may already be prepared.
- The event can be customised for each community and attracts a wide range of age groups.

Africa and the Covid-19 pandemic

SAVINGS AND RETAIL BANKS PLAY A CRUCIAL ROLE IN MITIGATING THE NEGATIVE EFFECTS OF THIS CRISIS



REDOUANE NAJM-EDDINE
CHIEF EXECUTIVE OFFICER, AL BARID BANK (MOROCCO)
AND PRESIDENT, WSBI AFRICA REGIONAL GROUP

The world is going through a unique health crisis in human history without anyone being able to predict either its duration nor its magnitude.

Covid-19 has struck brutally on all continents, all populations, and all social strata; as of 8 July, there are nearly 12 million reported cases of the disease worldwide and around 509,000 confirmed cases in Africa's 52 countries, and according to experts in the field, these figures could rise considerably in a possible second wave of the pandemic.

Although the African continent seems less affected in terms of the number of victims of Covid-19, the economic and social repercussions of this global health crisis will strongly affect the response capacity and the resilience of African states. Indeed, containment measures have generated a series of negative effects such as the fall in raw material prices, the drop in production and service activities, as well as the reduction in investments, cross-border transfers and tax revenues. The consequences of Covid-19 could cause African gross domestic product to contract by around \$22.1 billion to \$88 billion, or 0.7 to 2.8 percentage points in 2020.

Nevertheless, African states are driven to take anticipatory and courageous measures to stem the spread of this pandemic and to contain its economic and social impact. They must act as soon as possible by adopting strict health instructions to preserve the health of their citizens closing borders and public places, confinement and curfews, compulsory wearing of masks, on the one hand, and social and economic measures to support the most fragile populations and vulnerable sectors on the other. Those measures include creating social safety nets, moratoria on the repayment of loans, suspension of social security contributions, establishment of credit lines.

In this respect, it is important to highlight the efforts undertaken by the governments of countries that are at more advanced stages of the epidemic and that have mobilized their populations and demonstrated initiatives and innovation in several fields.

In addition to these national efforts, there are initiatives put in place by the main international and regional donors – World Bank, IMF, African Development Bank, among others – to provide African states with rapid, cost-effective and targeted emergency budget support thanks to accelerated approval processes for interventions in priority areas.

In addition, and to limit the impact of this crisis on the banking system – namely a drastic drop in activity and income, payment defaults and deterioration of the portfolio – the intervention of central banks is more than necessary to decree the appropriate monetary and prudential measures and provisions such as revision of the key interest rate, new liquidity lines, refinancing instruments, liquidity

requirements, equity, provisioning of receivables, among others.

For their part, retail banks and savings banks are aware of the role they must play to minimise the effects of this crisis on populations, in particular the most vulnerable. They have all the assets to continue to support the real economy, to protect their customers – be it individuals, self-employed, very small businesses and SMEs – during this critical period and to confirm, if necessary, their social and inclusive commitment. That commitment is built upon: (i) knowledge of and proximity to the entire social fabric, (ii) accessibility of their products, (iii) capillarity of their networks, (iv) mobilisation of their human resources.

By continuing their efforts to educate the population in financial and digital literacy and to provide financial support to their clients in difficulty, we remain convinced of the preponderant and crucial role of retail banks and savings banks, in contributing greatly to overcoming this crisis and to the economic recovery of their country.

Finally, we remain steadfast in our belief that the way out of the crisis and economic recovery will only be possible through the solidarity and joint efforts of states as well as individuals.



Peru member wins praise on sustainable finance, green microcredits

- > **PERUVIAN MUNICIPAL SAVINGS BANKS LAUDED FOR FINANCING SOLAR ENERGY PRODUCTION AT MICRO LEVEL**
- > **FINALIST FOR LATIN AMERICA GREEN AWARD**

As the world grapples with Covid-19, the planet continues to face threats on environmental and climate change fronts. WSBI members around the world, including municipal savings banks in Peru, know this and act. They look for ways to spur the transition to a sustainable future, being agents of change towards green micro-, small- and medium-sized enterprises.

CUTTING GREENHOUSE GAS EMISSIONS THROUGH FEPCMAC “ECOAHORRO”

The Peruvian Federation of Municipal Savings and Credit Banks, FEPCMAC, deploys its network of municipal savings banks not only to take on a change agent role, but also implement public policy to slash greenhouse gas emissions by promoting use of clean technologies and renewable energy by the customers they serve.

Called “cajas municipales” in Spanish, those locally focused savings and credit banks, or CMAC, have looked locally to solve global societal problems. They launched in March 2019 the country's first-ever “green” microcredits scheme.

Called “Ecoahorro, tu crédito inteligente”, or “Eco-saving, your smart credit” in English, the project deploys two business lines. First, a line for financing photovoltaic solar panels – with and without connection to a grid. The second line lends micro-credits for light-vehicle electromobility such as fully electric cars and light trucks.

To ensure momentum from day one, the programme first forged commercial alliances with select suppliers to “generate” a green portfolio for the municipal savings banks, or CMAC, system.

FEPCMAC designed the eco-driven financial product thanks to support from GIZ – the German Agency for International Cooperation. GIZ helped through its project called Financial Mechanisms for a Low-Carbon Development (FinanCC Peru), in contribution to the NDC Partnership – a body that works directly with national governments, international groups, civil society, researchers, and the private sector to fast-track climate and development action.

ECOAHORRO IN CONTENTION FOR TOP AWARD

As the Ecoahorro project gains momentum, it also garners praise from Latin American industry experts. The project was named on 1 May as a finalist for the Latin America Green Awards in the sustainable finance category. Done in cooperation with the United Nations Development programme, the awards organisers chose Ecoahorro as one of the top three among 2540 projects from 25 countries participating. It was the only Peruvian project chosen in that category. The winner will be announced in August by a blue-ribbon jury in Guayaquil, Ecuador.

ABOUT THE LATIN AMERICA GREEN AWARDS

Granted since 2013, the award recognises each year some 500 projects in the region seeking to generate international visibility for the replicability and scalability of the projects. Aimed at energising the green economy, the awards spotlight regional initiatives in 10 categories that are aligned with the Sustainable Development Goals (SDGs). The categories are: Water, Forest and Flora, Biodiversity and Fauna, Human Development, Social Inclusion and Inequality Reduction, Energy, Sustainable Finance, Urban Management, Solid Waste Management, Oceans, and Responsible Production and Consumption.

LEARN MORE AT WWW.PREMIOSLATINOAMERICAVEERDE.COM



WSBI holds global webinar on Covid-19

WSBI hosted on 21 April a global webinar highlighted its members' initial Covid-19 responses. The webinar provided an overview on member efforts in China, the United States and Europe and challenges faced during the pandemic. Representatives from more than 25 countries tuned in.

Speakers from China included Daniel Lo, Head of Operations Support & Services Division, Bank of East Asia, Hong Kong; Ronald Ho, Acting Chief Executive, Bank of East Asia, Mainland as well as Celine Qi, Manager, Strategic Planning Department, China Guangfa Bank. Bank of East Asia (BEA)'s experience highlighted the importance of good communication, sanitary measures and coordinated emergency responses. China Guangfa Bank shared how banking business has been impacted by the epidemic and its strategy in the short, medium and long-term, outlining how banks could turn current policy measures and Covid-19 into opportunities.

Camden Fine, Former President/CEO, Independent Community Bankers of America (ICBA), touched upon the U.S. reaction to Covid-19, including federal government efforts like the US\$2 trillion paycheck protection programme, liquidity facilities for Main Street banks and rules eased to help banks support their customers such as suspending Basel III entirely.

CaixaBank Head of International Relations Joan Rosás gave an overview of EU measures done similar to other jurisdictions as well as CaixaBank efforts to support customers. CaixaBank allows pensioners to draw on their pensions. It also offers MSMEs pre-approved loans facility to alleviate the potential effects of the coronavirus outbreak on business operations and supported MSMEs clients, such as helping them migrate to e-Commerce platforms.

Closing the webinar, István Lengyel, Secretary General, Banking Association for Central and Eastern Europe (BACEE), explained how not all countries in Eastern and Central Europe are able to benefit from EU measures. Banks in Central and Eastern Europe have adopted measures similar to those in EU countries, namely enhancing digital service channels, closure of branches, and emergency plans.

WSBI-ESBG webinars flourish, helping members tackle Covid-19 crisis

The webinar forms part of a series of web-based meetings that have taken place since the Covid-19 crises. WSBI-ESBG have designed them to meet the business needs of members and increase knowledge sharing.

WATCH THE WEBINAR RECORDING ON THE WSBI-ESBG YOUTUBE PAGE AT [YOUTU.BE/T_0-MI-SKZS](https://www.youtube.com/watch?v=T_0-MI-SKZS)

LEARN ABOUT WSBI MEMBERS COVID-19 EFFORTS AT [WSBI-ESBG.ORG/COVID-19](https://www.wsbi-esbg.org/covid-19)

WSBI celebrates International Day of Family Remittances

JOINS UN-INITIATED TASK FORCE THAT DELIVERS GUIDELINES 'BLUEPRINT' FOR COORDINATED RESPONSE TOWARDS REMITTANCES



IDFR 2020
**Building resilience
 in times of crisis**
 #FamilyRemittances

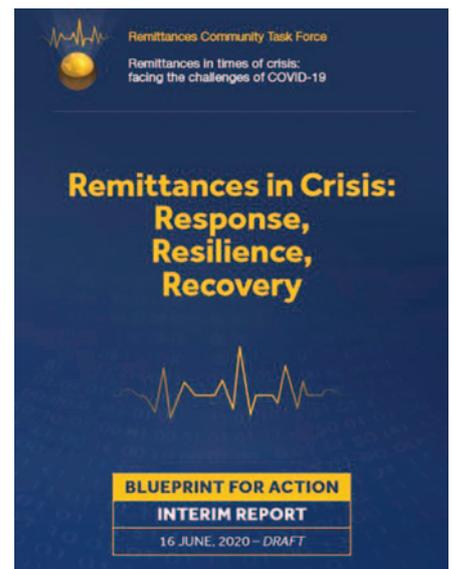


International Day
 of Family Remittances
 16 JUNE



www.familyremittances.org

Recommendations in this Blueprint for Action are presented under the framework of the 2007 General Principles for International Remittance Services, and are aimed at public authorities and service providers.



As Covid-19 drives remittances flows to their sharpest decline in recent history, WSBI joined 36 other organisations across the globe to act. Brought together as the Remittance Community Task Force (RCTF), the group initiated by a UN specialised agency released on 16 June guidelines for a coordinated response towards recovery of remittances families due to Covid-19.

Titled *Remittances in Crisis: Response, Resilience, Recovery: Blueprint for action*, the report from the task force, which was formed by Rome-based International Fund for Agriculture Development (IFAD), contains concrete and actionable recommendations to help spur the recovery and the resilience of one billion people: 200 million migrant workers – half of them women – and their 800 million family members who rely on remittances.

The report presents the reality faced by remittance senders in host countries and their families in lower-middle-income countries (LMIC). It identifies the crisis' impact on continuity of remittance flows from the lens of service providers and includes policy and regulatory issues that need to be tackled to improve

the resilience of remittance markets in the face of current and upcoming shocks. The report closes with a preliminary set of 20 immediate and short-term “Measures for Action” directed to member states, private sector and civil society to consider in their response towards maintaining the flow of fast, cheap and safe remittances during the post-Covid-19 crisis.

TASK FORCE BLUEPRINT RELEASED ON INTERNATIONAL DAY OF FAMILY REMITTANCE

Falling on the International Day of Family Remittances 2020, the report release matters because remittances have fallen by 19.7 per cent in 2020 to US\$445 billion, says a World Bank forecast. Although past remittances flows have been relatively resilient to external shocks, Covid-19 is different. It impacts senders and recipients simultaneously, depriving many migrant workers of their main source of income and causing households to lose an economic lifeline. The pandemic also highlights the key role played by policy and regulatory frameworks to enable a functioning remittance market in times of crisis.

ROLE OF PUBLIC AUTHORITIES: FUNDAMENTAL, POLICY MUST BUILD RESILIENCE WITHIN REMITTANCE MARKETS

Public authorities play a fundamental part in spurring sustainable progress towards lower transaction costs, improved access and ability to reach the “last mile”, and ultimately linking remittances to the development benefits of financial inclusion and local development. Although both public authorities and remittance service providers (RSPs) have implemented temporary measures to help mitigate crisis impacts, these policy actions are just that – temporary – often piecemeal and uncoordinated.

Several long-standing policy and regulatory issues, as well as business practices, need to be addressed to improve the resilience of remittance markets in the face of current and upcoming shocks.

TASK FORCE ORIGINS: A CALL FROM UN SECRETARY-GENERAL GUTERRES

UN Secretary-General António Guterres on 19 March called for an urgent and coordinated response from the international community to address the Covid-19 pandemic. Five days later the RCTF was formed with international organisations, inter-governmental bodies, industry and private sector groups, WSBI diaspora networks and international experts on remittances. The task force includes a reference group of government representatives and national development agencies.

ABOUT INTERNATIONAL DAY OF FAMILY REMITTANCES

Held every year on 16 June, The International Day of Family Remittances (IDFR) is a universally recognized observance adopted by the United Nations General Assembly (A/RES/72/281). The day recognizes the contribution of more than 200 million migrant workers to improve the lives of their 800 million family members back home, and to create a future of hope for their children.

Through this observance, the United Nations aim at bringing greater awareness on the impact that these contributions have on millions of households, but also on communities, countries, and entire regions.

The day also calls upon governments, private sector entities, and the civil society to find ways that can maximise the impact of remittances through individual, and/or collective actions.

The IDFR is fully recognised at global level, and included as one of the key initiatives to implement the newly adopted Global Compact for Safe, Orderly and Regular Migration (Objective 20), also calling for the reduction of remittance transfer costs, and greater financial inclusion through remittances. The day is also functional to the pursuit of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).

REMITTANCES AND WSBI: THE JOURNEY TO LOWER COSTS FOR BANKS, PEOPLE

WSBI always promotes the day because its members in many parts of the world provide remittances. Unfortunately, they get charged a lot by the big moneywire networks. WSBI works with members and the UN to try to knock down prices that banks pay the likes of Western Union and MoneyGram, among others.

WSBI has been actively involved in the global policy debate on setting a “fair value” framework for international remittances. The association’s work on fair remittances practices dates back to 2003 when it crafted a “Fair Value Remittances” value proposition that promotes end-to-end transparency and accountability in migrating from cash to account-based remittances. It served as input to the 2007 BIS / World Bank International Guiding Principles.

The outgrowth of that work was the WSBI Fair Value Remittance Framework, which responded to the needs from WSBI member banks and non-member financial institutions seeking to set standardised contractual terms and conditions governing their bilateral relationships. These financial institutions aimed at raising overall market efficiency, notably through greater choice and service quality for customers. These banks also look to offer customers a more ethical value proposition while boosting overall economic impact.



By doing this, they put in practice the World Bank/BIS General Principles for International Remittance Services and work towards reaching the relevant United Nations' Sustainable Development Goal number 10 that specifies that by 2030, the transaction costs of migrant remittances should be reduced to less than three per cent and remittance corridors with costs higher than five per cent should be eliminated.

VISIT WWW.FAMILYREMITTANCES.ORG FOR MORE 2020 CAMPAIGN DETAILS, ACCESS TO TASK FORCE REPORT.

Delay TARGET2, T2S project as banks address Covid-19

ESBG JOINS THREE EU BANKING ASSOCIATIONS ASKING TO PUSH OUT CONSOLIDATION PROJECT BY ONE YEAR

ESBG joined three other European banking associations to request the European Central Bank delay by one year the ongoing TARGET2 and the TARGET2 Securities (T2-T2S) consolidation project.

Jointly signed by ESBG, along with the European Banking Federation, the European Association of Cooperative Banks, and the European Association of Public Banks, a letter signed on 7 May calls for postponement of the project, which weaves together the European real-time gross settlement mechanism and securities settlement platform, due to two recent events – the COVID-19 crisis and the decision by SWIFT to delay migration of cross-border payments to ISO20022 to November 2022. Both have “impacted banks’ ability to achieve completion of their consolidation projects by the current deadline of November 2021,” they note, adding: “In light of recent developments, we urge the ECB to consider a delay of one year in the consolidation project and to bring the deadline to November 2022.”

BANKS HAMPERED BY COVID-19

All four banking bodies remain strongly committed to the consolidation project and its full implementation that they expect to bring benefits to all parties involved, the letter notes. Members within the associations have been working extensively in the past years to ensure a successful migration within the set dates. Covid-19 changed things.

According to a FinExtra story published in May that reports on the letter, the T2-T2S consolidation project faces a major roadblock caused by the ongoing Covid-19 pandemic. The project was initially posited in 2015 with the ECB’s Vison20/20 project

for the harmonisation and integration of European cash and securities settlement services marking a major upheaval for European banks. The Eurosystem has launched a review of its RTGS services with the aim to consolidate the technical and functional aspects of TARGET2 and TARGET2-Securities, or T2S, with the aim of improving efficiency and reducing operating costs.

The joint banking association letter lists in bullet form how national authorities have requested banks to focus on maintaining their core activities. Those include financing the economy, including SMEs and households as well as maintaining the stability and smooth functioning of their payment systems and payment services. Furthermore, the lockdown situation, also happening globally, impacts the availability of resources for IT projects and our members observe that the remote working has already had a negative impact on software development projects.

DECISION NEEDED QUICKLY

“Given the advanced T2-T2S consolidation project status, the decision has to be made as soon as possible in order to allow the market to take time to conduct a proper analysis of the different options available rather than rush into individualised solutions leading to possible unexpected effects on clients and the wider community,” the letter states.

“Since the implementation is to be by means of a ‘big bang’, failure is not an option, which means that the project is dependent on the weakest link in the chain being ready notwithstanding any unexpected and unforeseen events for which adequate contingency is considered to be essential,” the letter notes.

RESULT: ECB GOVERNING COUNCIL DECISION ON EXTENSION COMING

Following requests by ESBG and the other ECSAs as well as the wider European financial community, the Market Infrastructure Board reviewed the timeline of the T2-T2S consolidation project and concluded that postponing its go-live by one year, from November 2021 to November 2022, would best accommodate the industry’s preferences. The board took into account challenges posed by the COVID-19 pandemic and the rescheduling of SWIFT’s global migration of cross border payments to ISO 20022. The decision on a possible timeline extension will be taken by the European Central Bank Governing Council, expected by the end of July 2020.

ABOUT TARGET2

TARGET2 is real-time gross settlement processed and (RTGS) system owned and operated by the Eurosystem. Target 2 allows central banks and commercial banks to submit to the settlement system payment orders in euro, where they are settled in central bank money – money held in an account with a central bank. TARGET2 settles payments related to the Eurosystem’s monetary policy operations, as well as bank-to-bank and commercial transactions.

Source: European Central Bank

SEE THE LETTER AT THE WSBI-ESBG WEBSITE OR GO TO [BIT.LY/37QPNDN](https://bit.ly/37QPNDN)

Banking industry puts forward its vision for future-driven EU payments market

While the Covid-19 crisis rages on, payments provide a lifeline for people, authorities and businesses alike. To ensure payments flow, Europe's banking industry plays a much-needed role. Beyond the crisis and the immediate challenges, the European banking industry offers its view on how to build the next phase of the EU single market for payments.

The European Credit Sector associations – European Banking Federation, European Association of Co-operative Banks and the European Savings and Retail Banking Group – issued in April a new publication that provides a vision of how the EU retail payments framework can move forward. Working with their members during the past months to write the comprehensive 14-page paper notes that the European payments market has undergone fundamental changes over the past years, sparked by a mix of changing customer needs, regulatory action, technology and

innovation, and more intense competition. This change will continue, and the European banking industry is essential in the future development of the EU retail payments market. To reach the next level, instant payments will play heavily.

The paper highlights the three associations' member commitment to a strong, innovative and competitive EU retail payments market. A starting point by the trio to kick-start the policy debate to create a well-thought, sensible EU strategy for retail payments, it comes at a crucial time. Over the past year, European decision-makers have placed more geopolitical weight on payments. A political push within Europe can help raise the euro's international role and strengthen European sovereignty vis-à-vis global competitors. The three associations see the strategic value the payments market presents and the urgent need for action it requires.

This effort needs a coherent strategy on an integrated and competitive EU payments market as the industry faces considerable challenges on the road to superior, world-class European payment solutions.

The COVID-19 crisis has brought once more to the fore the importance of well-functioning of payment services with European supervisors asking banks to pay specific attention to this during the containment period. Fully aware of the responsibility placed on their members in ensuring the functioning of payment services, the EBF, EACB and ESBG consider that this responsibility does not only apply in these extraordinary circumstances. It always has and will continue to be important to support Europe's companies when conducting business and people in running their lives, including when the current situation normalises.



European payments regulation: State of play at the start of the new decade

A new article by ESBG payments expert Diederik Bruggink in the *Journal of Payments Strategy and Systems* addresses at high level a set of regulatory topics bubbling up on the payments front. Below is an abstract of his paper in the upcoming edition of the subscription-based publication.

ABSTRACT

The economy cannot function without payments. Payments are the oil in the economy and the first barrier to the creation of the internal market if not organised properly. Given the important role that payments perform for the economy, payments have been and always will be under scrutiny of regulators. Regulatory initiatives can help regulators to drive their geopolitical agenda, can foster innovation and or competition, can have effects on end-user protection, end-user pricing and transparency and can also be used in fights against fraud. Payment service providers will have to stay abreast of these developments and have to make sure to be flexible enough to cope with future regulatory initiatives as well. If the mix of objectives as mentioned is applied in the right doses it can certainly assist in making European payments great again.

The paper addresses at high level, a selection of regulatory developments and expectations that will drive the agenda for payment service providers at the start of the new decade. More specific the paper will cover European sovereignty in payments, instant payments, the interchange fee regulation, the cross-border payments regulation and VAT reporting requirements whilst it will also spend some words on the topic of cash.

With respect to instant payments, the question is not if the European payments industry will move to instant payments, but more by when it must be achieved. On the short term the industry will have to work on increasing adherence levels and reachability rates – and the latter can best be achieved by ensuring interoperability between clearing and settlement mechanisms. In parallel, the industry will have to develop end-user solutions based on instant payments that are attractive for all involved.



ABOUT DIEDERIK BRUGGINK

Diederik Bruggink is head of innovation and payments at ESBG and WSBI. He holds responsibility at the two savings and retail banking associations for all payments topics from a worldwide perspective. In that role, he analyses the multiple dimensions of the payments market, proposing and assisting in agreeing member positions with respect to their payments' and related businesses. He also advocates the associations' positions on payments with policymakers, regulators, standardisation bodies, industry associations, and enabling a constant member dialogue on developments, with a particular focus on innovation.

TO READ THE FULL ARTICLE, VISIT THE JOURNAL OF PAYMENTS STRATEGY AND SYSTEMS AT WWW.HENRYSTEWARTPUBLICATIONS.COM/JPSS/FORTHCOMING



Cybersecurity matters

NEW WSBI-ESBG INNOVATION & PAYMENTS POLICY ADVISOR MATTEO MANNINO SHARES HIS THOUGHTS



Cyber-attacks and incidents pose a substantial risk to the stability of the overall financial sector. They are increasing both in number and complexity, particularly since the start of the Covid-19 pandemic, as the financial sector is more and more dependent on digital technologies.

Identifying cyber threats properly and protecting from them is a commitment shared by every financial institution. A key success factor is a sound ICT and risk security management framework. However, there are many specific risks that require mitigation solutions, and a well-organized response and recovery plan.

Cybersecurity needs to be coordinated at international level. The number of incident reporting requirements varies from country to country. For an organisation with common business infrastructure supporting operations in several countries, this means that a single incident triggers several incident reports to multiple authorities in many different countries.

ESBG members have expressed their recommendation to policymakers on how to strengthen digital resilience of the financial sector in a number of occasions. They have recently responded to the European Commission consultations on digital resilience, and on a European digital finance strategy, and they are working on a Financial Stability Board consultation on effective practices for cyber incident response and recovery.

ESBG highlights the negative effects of the current overlapping of reporting obligations regarding cyber incidents. Supervisors have reacted to the cybersecurity threat landscape with a proliferation of cybersecurity frameworks and regulations of reporting. This has created significant inefficiencies and conflicting direction to financial institutions.

The burden should not be on the financial institution to provide differentiated reports to regulators; it should be the burden of regulators to harmonise the report requirements.



The burden should not be on the financial institution to provide differentiated reports to regulators; it should be the burden of regulators to harmonise the report requirements.

Furthermore, WSBI-ESBG is engaged in organising a number of initiatives aimed at raising awareness on cybersecurity topics. On 18 June WSBI and ESBG members gathered with PwC experts to discuss the Impact of Covid-19 on how organization manage remote workforce, VPN, multi-factor authentication. They exchanged on tactical and strategic answers to cyber attacks. An ESBG Spotlight webinar on 7 July tackled cyber resilience and systemic risk from a financial infrastructure-focused approach. It featured a discussion with Mr. Wiebe Ruttenberg from the European Central Bank.

A key take away from those initiatives is that, for cybersecurity matters, banks should not rely on tools only, but rather use people's knowledge. That is, the particular training of cybersecurity experts, to learn from them how to best defend from cyber attacks and shape the corporate security approach that is needed. ●

Innovation: This time is different

WSBI-ESBG MANAGING DIRECTOR CHRIS DE NOOSE EXPLAINS SAVINGS & RETAIL BANKS HELP BUILD THE FUTURE FOR EUROPEANS

Five hundred years ago, German financier Johann Fust placed a bet on a business idea of a fellow Mainzer and goldsmith Johannes Gutenberg. He used movable, metallic type to compose texts applied to paper using farming presses. A breakthrough to say the least, books ran off the press at an incomparably quicker pace than by then-used copying by hand. That money sparked a printing revolution in Europe – and eventually transformed the world.

It's perhaps the best example of why real economy lending helps drive innovation. Savings and retail banks value both. They support SMEs clients during coronacrisis, keeping the credit tap open, by allowing payment holidays and other measures. Like Fust and Gutenberg in Mainz, Germany, those banks maintain ever-closer client proximity by investing vast sums in technological innovation: big data, artificial intelligence and other developments. But bankers no longer play the role as indispensable catalysts for innovation in financial services. New entrants with deep pockets also take part.

The "Triple As" – Apple, Amazon, Alipay – and others handle large volumes of payments via their platforms, gobbling up a substantial chunk of revenues for banks. With hundreds of millions of users and offering electronic wallets, they bring competition in the payments market not seen in decades. They use data gathered on their clients to establish a credit score, a pre-cursor to lending to consumers and SMEs, bypassing banks as traditional lenders.

So, will banks disappear and only banking remain, as Bill Gates famously said?

Only time will tell. Banks will surely face total transformation. As digital innovation sweeps over banking, bank branches take a more high-touch role as transactions are just a tap or click away. People visit their bank to receive advice or to solve a problem that cannot be sorted via smartphone or computer. And even advice gets given more and more via screens and apps because clients expect an answer at 6 am or at 10 pm, or later. Client expectations towards office hours shift to 24/7, as the likes of Amazon never sleep. Neither should locally focused banks.

As critics point to the end of Main Street banking, they miss the fundamental reason people seek savings and retail banks: trust. That trust deepens when they meet with bankers on the ground, not only via automatically generated emails and anonymous call centres. That deep-rooted relationship often spans generations. As ESBG members head off to work, they keep in mind the trust of clients and nurture it, deploy innovations that change the banking experience and workplace as never before.

People know that their money remains safe with us, whatever happens. The services and products offered, tailored to the client's life and needs, come from an active approach to banking. That translates to meeting the client when it is convenient for them, not waiting until the client comes to the bank branch. But it can also mean refusing to sell the client a product not fitted to their profile because a long-term client relationship should not be sacrificed to short-term profit.



ESBG member banks are not just any banks. Our retail banks are characterised by what we call the three Rs: *Retail* – because our main business is targeted towards households, small- and medium-sized enterprises and local authorities; *Regional* – because we are close to our customers via physical or digital networks; and *Responsible* – because we give something back to the communities that help our institutions thrive. In all these three elements, the human factor proves essential. It's what makes community banking so effective, communities so strong.

Fust and Gutenberg belong to history and soon the printing machines they invented and financed will follow the same way as digital screens sweep over. But we can take inspiration from their flexibility, inventive spirit and practical thinking. If Europe and EU policymakers want to spur the spirit of invention, to better adapt to what the world around them, then they should choose a less beaten path: Trust in locally focused, strong banks. Centuries of innovative examples explain why. ●

**READ THE ESBG HANDBOOK SECTION:
21ST CENTURY BANKING: DIGITAL
CONNECTION AT [BIT.LY/3HTZ0UP](https://bit.ly/3HTZ0UP)**

Agency banking: Learning papers explore pricing, technology preparedness

Two new Scale2Save research papers explore pricing around agency banking.

WSBI's Scale2Save programme programme released on 14 May two new learning papers that explore pricing around agency banking. Written by Scale2Save Local Technical Specialist Kimathi Githachuri, the papers cover two specific areas of agent banking: pricing and technology costs.

AGENCY BANKING PRICING: DECISIONS ALONG EVOLUTION

The first paper, titled *Agency Banking Pricing: Decisions along evolution* focuses on how pricing strategies have been applied by banks in trying to create viable agency banking services in West Africa, and to what extent distribution management plays a core value proposition for customers. The analysis contained in this paper helps frame some of the debate swirling on social media during past year on digital financial services (DFS) channels in Kenya – the birthplace of the hugely popular M-PESA mobile money service.

The paper includes a case study on FCMB Nigeria, a top-tier retail bank. The study delves into FCMB's 'EasyClub' for farmers in the north of the country. The paper also explores EasyClub pricing strategies to motivate deeper agent network distribution, which remains crucial to greater access and use by farmers.

Across the different geographies, from the east to the west of Africa, it is evident some common pricing strategies could potentially be employed, with of course variations to suit the local conditions.

A set of learnings provided, if applied, may help shape strategic design, particularly at the beginning of the agency banking network roll out. One finding explains that customers would rather pay for trustworthy services readily available and reliable to them. They will shun cheaper service with lower distribution footprint or less reliability.

AGENCY BANKING PRICING: BOON OR BUMMER

The second paper, titled *Agency Banking Technology: Boon or bummer*, looks at how technology application has proven to be the challenge that has served both as a boost and a bummer, in equal measure, during the financial inclusion journey of the last 10 years.

To explain both, the paper provides a case study on microfinance institution Advans in Ivory Coast to argue that it may be possible, and in fact quite common, not to find a technology solution that fits a local situation. An institution's existing technology service providers, which have already acquired client knowledge, may have know-how on agency and/or digital banking solutions. That said, the author advises banks to look first at the greater service provider market to find out if a workable solution exists that can potentially be tailored to an institution's situation, meanwhile avoiding being a "guinea pig" for a service provider.

Another finding shows cost of acquiring technology solutions invariably affects throughput price of service to customers, as the institution may want to recover whole or parts of the associated costs of the technology.

That means ensuring the pricing structure agreed upon factors this in. Githachuri also notes the value in seriously considering shared agency banking solutions instead of cost duplications on a solution. Easily shared bilaterally or between multiple financial institutions to not only share initial costs, but also distributing future development costs.



PAPER 1: AGENCY BANKING PRICING: DECISIONS ALONG EVOLUTION. DOWNLOAD AT [BIT.LY/2YM9OTU](https://bit.ly/2YM9OTU)

PAPER 2: AGENCY BANKING TECHNOLOGY: BOON OR BUMMER. DOWNLOAD AT: [BIT.LY/2NXANL7](https://bit.ly/2NXANL7)

VISIT SCALE2SAVE AT WWW.WSBI-ESBG.ORG/KNOWLEDGESHARING/SCALE2SAVE

Financial inclusion widens: WSBI members reach new UFA2020 levels

WSBI announced on 18 May that its members' financial inclusion efforts in 2019 reached an all-time high by number of transaction accounts and people served.

The association's more than 100 members in some 80 countries now serve 1.773 billion customers, 421 million more customers since signing on in 2015 to the World Bank Group Universal Financial Access 2020 pledge. Collected through 31 December 2019, the data also show 556 million more transaction accounts since committing, as a Coalition Partner supporting the UFA 2020 goal, to reach 1.7 billion customers and add 400 million new transaction accounts in 2020. Collected through 31 December 2019, the data show that WSBI members went well beyond the commitments, which were already attained by year-end 2018.

WSBI Managing Director said: "Since reaching UFA2020 goals in 2018, members have pressed on. They further widened financial inclusion, especially towards swaths of people previously excluded from the banking system. People improve their lives through access to financial services."

WSBI AND FINANCIAL INCLUSION: AN ACCOUNT FOR EVERYONE

Always a core aspect of WSBI strategy, financial inclusion commitments became part of the association's public outreach during the past decade. This pledge reinforced WSBI's continued engagement with its 'Account for Everyone' goal launched by the trade body in 2012 and re-endorsed in 2015 at the World Bank spring meetings.

The UFA commitment also forms an integral part of the Washington Declaration issued during the 2015 WSBI World Congress.

LESSONS LEARNED, SUCCESS FACTORS, OBSTACLES

Achieving ambitious UFA goals by 2020 required collective effort that addressed obstacles. Members tapped into innovation, navigated a fluid regulatory landscape all while finding new ways to model their business to better deploy assets and re-align cost structures. They employed a customer-centric approach to banking offers, which entails detecting changing cultural trends and attitudes while investing in new ways to raise customer service levels and improve people's experience with their locally focused savings bank or retail bank.

As work continues to bring more people out of the financial wilderness, banks struggle to deliver their message to certain low-income groups on how to use widely available products. Those product offerings require careful design to serve the needs of people with oftentimes patchy income streams.

Well-crafted pricing structures and easy-to-grasp terms keep in mind charges and other costs that might repel people from using an account. Relatedly, backend IT and processes need to avoid upward cost pressures, which can compound overhead costs and service offer. Delivery of service depends greatly on staff training to better deliver an effective low-cost service.

De Noose added: "Customer centricity and digitalisation both played a crucial role to achieve the goals."

"Banks constantly seek ways to help people, especially in remote and rural areas, to gain access to banking services."

CHALLENGES: AGING POPULATIONS, DIGITISATION, SOCIETAL SHIFTS

Banks face challenges when it comes to financial inclusion. Some examples include finding new ways to serve aging populations in many regions as well as migration flight by young people to cities. Banks want people to open accounts and use them, so banks try to keep all accounts active by strengthening digital payments. Digital access remains a challenge too. WSBI members see a need for digital financial education placed on the agenda and remind people that building up savings is still a useful way to weather the storms that life brings.

Related to societal shifts, banks tackle account dormancy and uneven geographical coverage. By taking a customer-centric tack, banks apply traditional and alternative outlets such as agent banking, which work in tandem with banks so that people can have usable, accessible, affordable, and secure banking services.

The retail banking sector can help reinforce the link between people and communities. Since their inception, savings banks' have had as part of their mission to provide a return to society. They do this by offering a wide range of products accessible to a maximum of people – a highly efficient form of financial inclusion – and also by giving back an often-substantial part of their profits to their communities – directly or via foundations.



IMPROVING DIGITAL FINANCIAL SERVICES IN RESPONSE TO COVID-19

Members took part on 9 July for a WSBI webinar featuring presentations by AXIS and CaixaBank on improving digital financial services during Covid-19. The morning session featured a talk by Axis Directors Carlos Ferrer and Enrique Lara who shared ways to improve digital financial services in response to the pandemic. They explored how to redefine the distribution and servicing model for clients by developing digital and remote channels. Participants will also look at how to define and/or enhance a corporate digital vision and strategy, supported by a consistent roadmap that integrates all required levers such as clients, operative excellence, technology upgrade, employee experience and global change management. Held in English, the 45-minute webinar also featured a case study of CaixaBank's response to Covid-19 and the new digital approaches they deployed to meet customers' expectations. A Q&A session followed.

Retail banks, big or small, with various legal structures, work with people from all parts of society, who before then simply had no access to banks. Savings and retail banks focus on profitability as a basic requirement for a sustainable, long-term action but have an aim that goes beyond return on equity.

De Noose added: "WSBI members also serve marginal neighbourhoods in urban areas, from younger people to those who, due to their advanced age, lack access to basic banking services. When financial inclusion improves, it empowers more people, creates more jobs and expands the economy."

BEYOND 2020: DIGITAL 'NEW NORMAL'

As the digital 'New Normal' sweeps over retail banking, WSBI members see new opportunities to use innovation to connect better with people who seek basic financial services, especially early on during the banking journey. WSBI members assess and manage risks posed by technological progress too, such as beefed up cybersecurity, more efficient payments and better join up between bank branches, online and mobile channels. Their work is especially important as Covid-19 ravages economies and puts strain on households, SMEs and society as a whole.

Banking in Africa: Business model re-think

LOW-INCOME SEGMENT DEMANDS IT, SCALE2SAVE REPORT SAYS



An analysis by Weselina Angelow, WSBI programme director for the Scale2Save.

People always look for the best deal. That's certainly the case when it comes to Africa's low-income population. They search for customer-centric banking services that work for them. Financial service providers understand this and try to keep pace. Oftentimes it seems banks struggle to connect right product with right person. The question is "why?"

In findings from the new research from WSBI's Scale2Save programme, FSPs have taken different paths to meet market need. In fact, their service offerings differ considerably across countries, especially for low-income people, a segment increasingly viable for their operations. Despite their best efforts and growing appetite to serve them, customer-centric product design remains a challenge.

Customers warm up to customer centric products and services designed by banks. In fact, 37 FSPs in Africa surveyed in a research commissioned by Scale2Save – a partnership initiative between the World Savings and Retail Banking Institute (WSBI) and the Mastercard Foundation,

are responding with new accounts, products and different fee structures. Surveyed FSPs are hosting about 12% of Africa's retail bank accounts and 26% of accounts in countries covered by the survey. Their efforts to win new customers, however, too often fail to appeal, and accounts lapse into inactivity.

Getting customer centricity working depends on a lot of factors. For example, some surveyed FSPs think that cost is as important as convenience or is becoming so, others highlight product design as something they think is important to meet customer needs. They also emphasise flexibility of deposits (convenience), and appreciation of market needs. Markets face different ground rules to enable financial services for low-income people. There are diverse ways to coordinate approaches and enable environments.

Despite the differences, financial inclusion in Africa overall is on the rise with mobile money driving it but access gaps remain and that is no different for the African markets surveyed. At the same time, uptake and productive use of financial services still have a long way to go. Low levels of income and economic activity at the bottom of the pyramid remain constraining factors. It is difficult to determine the positive impact of increased financial inclusion, but we hope to believe that financial services improve resilience of low-income households and that WSBI members in Africa substantially contribute to it.

SHARPENED FOCUS ON CUSTOMERS WHO SEE MOBILE BANKING UPSIDE

The latest data show that FSPs have sharpened their focus on customers.

The number of accounts offered by the 21 WSBI members surveyed surged by 24% from 2017 to 2018. Meantime, the savings products tally jumped 27%. Despite this double-digit growth, disappointingly low account activity persists. Only 43% of transaction accounts are active.

Respondents – both WSBI member and non-WSBI member banks – see many advantages to mobile banking. Non-members appear sanguine on deploying roving agents, the channel of choice to reach the unbanked, drive account growth, and put downward pressure on fees that cost-conscious customers shun.

As banks stay bullish on digital, bankers who responded to our survey see activity rates persistently low as only 17% of mobile banking accounts remain active. Digital payments use keeps expanding, but still hasn't swept away cash-based transactions and payments. Cash is still king with African member banks. But as digital is on the rise, a marked fall occurs in new bank branches and ATMs deployment. This is expected considering the emphasis placed on alternative distribution channels.

MOBILE MONEY: MISMATCH FOR LESS DIGITALLY, FINANCIALLY LITERATE

Mobile money offerings, despite their convenience, seem a mismatch for customers with limited digital and /or financial literacy levels. FSPs reported to us how relatively low levels of client financial literacy result in low product usage, typically lower than transactional bank accounts. That surprised us.

Many experts in the financial inclusion field have witnessed first-hand the problems that emerge with design and fit. But Africa always seems to come up with creative ways to remedy it. Take countries like Kenya: there, digital and mobile thrives while agent banking focus intensifies. But it goes beyond there, as we observed banks across the continent setting up and broadening banking agent networks. Our research concluded that FSPs without suitable agent networks plan to acquire, expand or share such networks. Doing so allows them to better compete in the market and drive down costs.

As programmes like WSBI's Scale2Save aspire to help make small-scale savings work, experts critical of pricing schemes for low-income people have a point. Banks are only partly listening. In fact, we see a discernible shift away from account opening fees, with a view to boost usage that derive revenue from transactional activity, but also more ledger fees that derive revenue from account acquisition.

Evidence emerging within the sector supports the validity of the first approach, although greater use of ledger fees still hampers account up-take.

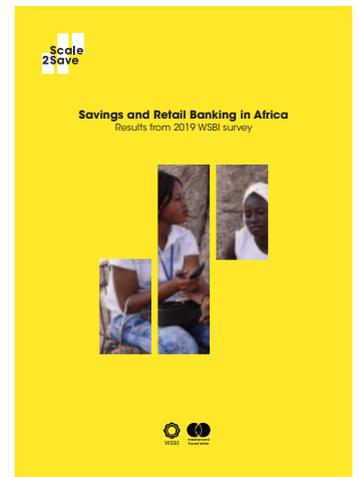
AFRICAN BANKS MUST RE-THINK BUSINESS MODELS TO COMPETE IN THE LOW-INCOME MARKET

There's a saying that successful companies "change their best". That means change that improves performance. Financial service providers in Africa need to do it too. They see value in serving low-income people, to be sure, but need to overhaul their business models in an increasingly cost-competitive environment.

To reach low-income people better, FSPs must research markets, taking pains to find opportunities while grasping better what different market segments need and tailor products accordingly. FSPs need to optimise processes and boost digitisation, sometimes via partnerships which can help pare down operating costs.

When banks transform themselves, a true opportunity takes hold as customers enjoy lower costs and enjoy a product that fits their needs, and in the best case, contribute to people's resilience and improve their wellbeing. That's a good deal. It forms part of the "double bottom line" approach that WSBI members always strive for.

VISIT SCALE2SAVE AT WWW.WSBI-ESBG.ORG/KNOWLEDGESHARING/SCALE2SAVE



SEE THE RESEARCH REPORT AT BIT.LY/32DSMAO



There's a saying that successful companies "change their best". That means change that improves performance.



Scale2Save, Barid Cash sign MoU

FOR MARKET STUDY ON DIGITAL GROUPS SAVINGS PROJECT

Latest project looks at informal savings groups in Morocco

WSBI and payment institution Barid Cash recently signed a memorandum of understanding to conduct research to better meet the needs of Moroccan informal savings groups.

The two-part study will include quantitative and qualitative research to understand the concept of “Daret” – a traditional way for people in Morocco to organise and form an informal savings groups, also called “tontine” in other parts of French-speaking Africa. Data collected assess Daret's potential within the country's population size, based on gender and age segments, as well as appetite for a digital version of Daret proposed by a financial service provider.

Barid Cash Managing Director M. Benanane said: “We need to understand better and analyse more carefully the people who use traditional Daret. We want to find out what drives them, detect specific preferences and behaviours among socio-professional categories.”

TRACKING AWARENESS LEVELS, ATTITUDES

Researchers will seek to learn about the awareness levels and attitudes of Moroccans, especially towards savings as well as how people use savings for moments in their lives, such as daily needs like food, medicine and school fees.

Barid Cash will conduct qualitative fieldwork via focus groups and interviews, sampling from a population that ranges in age from 18 to 70 with monthly revenue of DH 2000 to 20,000 (~US\$200 to 2,000).



More specifically, five main groups will form the sample group, including those living in both large cities and rural areas and places. They include: Informal savings groups, low-income and irregular income, banked and unbanked populations, including women; students; small-scale traders and craftsmen, small shop owners and self-employed entrepreneurs.

A report detailing the study results expected in 2020 will feed into strategic and operational decision making by Barid Cash in its quest to launch a “Daret” digitalisation project.

DIGITISING DARET

Digitising Daret processes means tapping into the existing mobile payment ecosystem and creating a new offering for an unexplored market at national level. Women and young people could gain much from digitising this traditional, community-based form of savings.

Opening a basic account to access a digital tontine platform will thereby provide a gateway to a whole array of financial services beyond savings.

Weselina Angelow, programme director for WSBI's Scale2Save, concluded: “Customer-oriented market research efforts like this help us understand better aspects of Daret. Digitising it could bring new life into the tradition-rich savings group format and allows us to drive further use of this saving method to get more people to save, and beyond.”

ABOUT BARID CASH

Barid Cash is a subsidiary of Al Barid Bank, Barid al-Maghrib group, a WSBI member. Created in 2014 to offer Moroccans a new local service, it has become a benchmark in terms of national and international money transfer and cash services. Its status later progressed towards financial activity thanks to obtaining in 2018 the licence of Bank Al Maghrib for a Payment Institution. Barid Cash then embarked, like its parent company, on a dynamic of financial inclusion, by joining the national mobile payment project "PMN". Barid Cash is now riding the technology wave and offers an alternative account opening offer to the traditional offer based on fundamentals which makes it more accessible and flexible as well as new means of payment (mobile payment via M- Wallet Barid Pay, Fissa3 electronic payment card) with the novelty of merchant payment allowing the latter to diversify its means of payment acceptance thus creating an ecosystem of M-payment. ●

LEARN MORE ABOUT BARID CASH
AT WWW.BARIDCASH.MA



Scale2Save case studies: Advans Côte d'Ivoire

DIGITAL SCHOOL LOANS FOR RURAL FARMERS

Advans Côte d'Ivoire, a microfinance institution, serves 100,000 clients with a range of financial services, of which 30,000 are cocoa farmers.

This is a specific target market for Advans, one of the nine subsidiaries of Advans Group, as cocoa farmers remain largely financially excluded because they are often seen as too risky and costly to serve given the unforeseeable seasonal and macroeconomic effects on farming activities. Cooperatives therefore often pay farmers in cash, creating security problems with a high number of violent robberies and a lack of transparency. In addition, farmers are very vulnerable to unforeseen events and have difficulties in managing their household finances.

Advans Côte d'Ivoire approaches all product development taking into consideration the specific needs and challenges of their rural customers, especially their cash flows. In 2015, it launched the first tailored digital mobile solution for cocoa farmers in Côte d'Ivoire. The solution enables farmers to access a specific digital savings package, offering them a dedicated savings account as well as a wallet to bank and bank to wallet transfer service in partnership with MTN. Farmers in remote areas can access the service directly from their mobile phones.

During its customer research with cocoa farmers, Advans discovered that 40% of its cocoa farmer clients had to send their children to school an average of two months late because they do not have the funds to pay school fees at the beginning of the year. Many borrow from money lenders but have to reimburse 200% of the amount three months later. This prompted Advans to design a digital school fee loan.

Farmers apply for the loans on their mobile menu during August and September, with repayments being made in October to January following the cocoa harvest. Farmers receive an automatic reply and if the amount they request is eligible, the loan is disbursed immediately. During the pilot, 242 producers benefitted from digital school credit for a total amount of EUR 32,000, which they all paid back on time. In 2018 it had disbursed 1,118 digital school loans with more expected in 2019, (2,250 have been disbursed at the time of writing).

Farmers benefit of the digital school loan during their hardest time of the year, right before harvest. This time period is called the hunger gap – when cash is at its lowest but large, important expenses, such as school fees, are imminent. These loans improve farmers' ability to cope during this difficult time and therefore build their resilience.

Advans uses a range of strategies to understand its customers and meet their needs. These include market research, in-person meetings with cooperatives and farmers, strong partnerships with cooperatives, experts and agribusinesses to leverage local capacity and knowledge. The digital school fee loan is just one example of how Advans responds to the evolving wants and needs of its target clients so as to accelerate financial inclusion.



Giving and Receiving: The financial flows between young people and their parents



GUY STUART, EXECUTIVE DIRECTOR, MICROFINANCE OPPORTUNITIES

The following piece appears in the NextBillion blogsite. Based at the William Davidson Institute at the University of Michigan, NextBillion is an open forum for the development through enterprise sector. Visit the site at nextbillion.net.

Last year I was part of a team that conducted a Financial Diaries study of young people in Morocco, Nigeria, and Senegal as part of a comprehensive research on ‘Young People in Africa’ that was conducted on behalf of the Scale2Save Programme – a partnership initiative between the World Savings and Retail Banking Institute (WSBI) and the Mastercard Foundation. The team has produced a comprehensive report on our findings, but we also wanted to share some of what we learned in more accessible blogs and draw out the implications for the time of Covid-19. This is the first of three blogs coming out of that study.

Young people in Morocco, Nigeria, and Senegal tend to live in their parents’ home until around 25 years of age. Young people maintain a strong connection to their parents when still living at home, and that bond doesn’t go away when living away from home.

In this context, parents often provide financial and other support to their children. But is this always the case? What can financial service providers and financial inclusion promoters learn from the Scale2Save-commissioned diaries studies conducted in Morocco, Nigeria, and Senegal?

In this study we asked participants to tell us about any support they had given or received from various members of their family, as well as friends and neighbours. The answers suggest a complex, dynamic interplay between parents and their children that extend beyond a one-way dependency of young people on their parents, especially among the Morocco sample of young people.

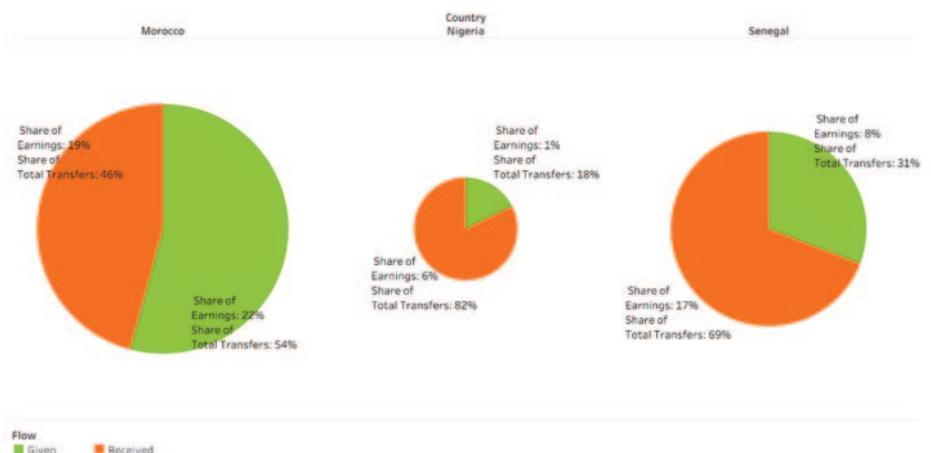
In the face of the Covid-19 pandemic and the lockdowns it entails, opportunities for young people to earn money have been hit hard. At the same time their parents are facing similar challenges. We do not know the ultimate impact of the pandemic on families, but the diaries data suggest that it

will play out not only through the effect of the pandemic on the economic activities of individual family members but also through its effect on the economic relationships among family members.

There was considerable variation in the amount of money young people gave to or received from their parents during the study. This variation may not be generalizable to the young people in the country as a whole because of the small sample size, but it is indicative of how different parent-child financial relationships can be. In Morocco, young people gave more to their parents than they received, while in Senegal young people gave less than half what they received from their parents. In Nigeria, it was less than a quarter.

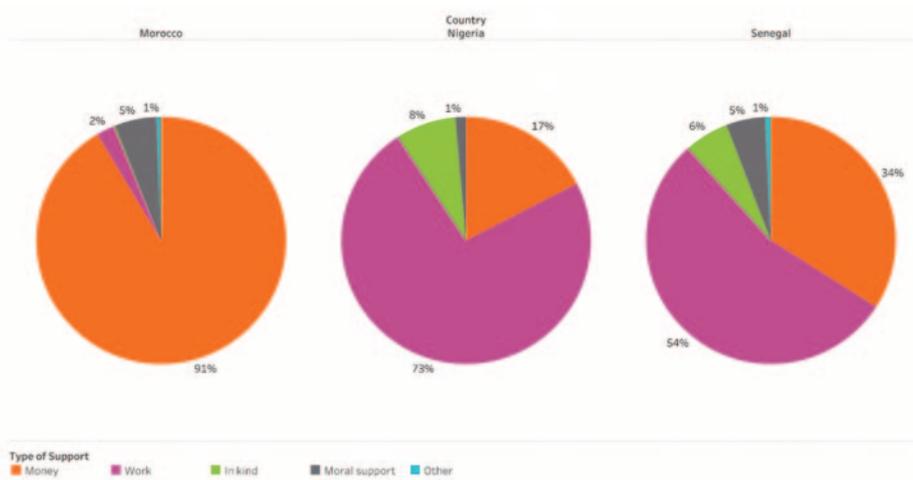
Furthermore, in Morocco transfers were far greater as a share of the total earnings of participants in the diaries studies: transfers in that country were 41 percent of the participants’ earnings, while in Senegal they were 25 percent, and in Nigeria only seven percent (Figure 1).

Figure 1: Money given to and received from parents



IN FIGURE 1, THE SIZE OF EACH PIE SHOWS THE TOTAL AMOUNT OF TRANSFERS AS A SHARE OF EARNINGS – THE BIGGER THE PIE THE BIGGER THE AMOUNT OF TRANSFERS RELATIVE TO THE RESPONDENTS’ EARNINGS, WHILE THE SLICES OF THE PIE SHOW THE SHARE OF TRANSFERS RECEIVED BY THE DIARIES PARTICIPANTS AND THE SHARE OF TRANSFERS THEY GAVE.

Figure 2: Type of support given by young people to their parents



The financial support pattern should be seen in the light of overall support that young people receive and give. The Moroccan young people overwhelmingly reported giving their parents financial support as opposed to in-kind or work support. In contrast, in Nigeria, young people only gave financial support in less than 20 percent of all instances when they gave their parents support. In most instances, they supported their parents with work. In Senegal, 34 percent of instances were in terms of money and 54 percent in terms of work (Figure 2).

MOTHERS MATTER

Generally, young people in each country worked or participated in a business activity about half the time or less: 46 percent of the time in Morocco, 52 percent of the time in Nigeria, and 34 percent of the time in Senegal. But when they did work, they gave money to their parents, especially their mothers and especially in Morocco—in almost every week that they worked young Moroccans gave money to their mothers.

In contrast, they only gave money to their fathers in less than a quarter of the weeks when they worked. Young Senegalese and Nigerians were generally less likely than young Moroccans to give money to their parents in weeks when they earned, but, as in Morocco, mothers were still their priority (Figure 3) when they did give money to their parents.

Finally, we are able to use the diaries data to see how much of their income young people gave to their parents in weeks when they did give them money. We calculated the amount they gave as a share of their reported earnings during the week when they gave money. As shown in Figure 4, the data suggest that in Morocco, when young people gave money to their mothers, it constituted about one-third of their income for that week and the same was true when they gave money to their fathers—but note that they gave to their fathers far less often, hence the total they gave to their fathers was less. In Senegal, when young people gave money to either their mother or father, they gave around half of their earnings. In Nigeria, they gave about half of their earnings to their mothers, when they did give money, but little of their weekly earnings to their fathers. But, again, it is important to remember that these calculations are just for weeks when a young person gave money (Figure 4).

Figure 3: Share of weeks when money given to parents, by week type

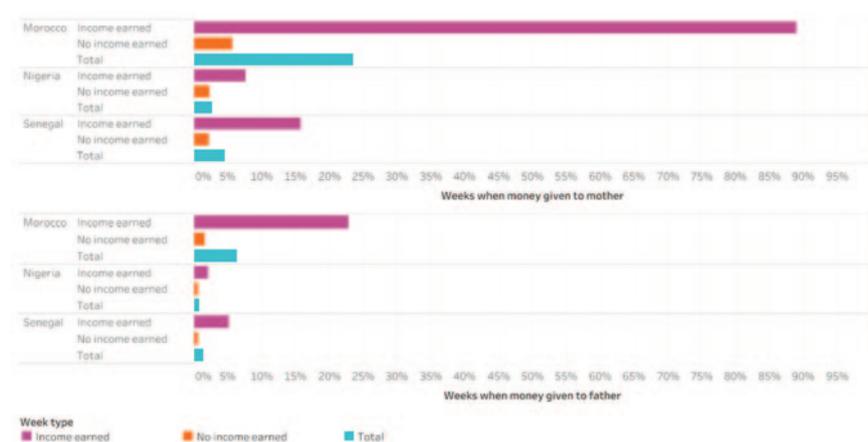
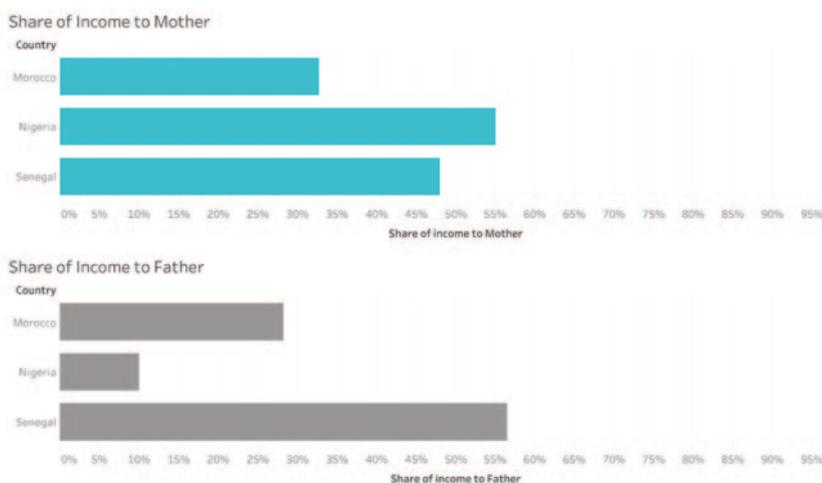


Figure 4: Share of weekly income given to parents during weeks when young people were working



WHAT WE LEARNED

- Context matters**
The data on the behaviours of the groups of young people in the three countries covered by the diaries study suggest a wide variety of relationships between young people and their parents. This may have something to do with the differences in the cultures of the three countries, but it may also be something to do with differences in sampling across the countries.
- Giving: A two-way street between parent and child**
In a nutshell, the data show how young people support their parents, both financially and through work and in-kind gifts, as well as receiving support from their parents. In the case of young people in Morocco, the amount given exceeded the amount received, and their giving was common and frequent and constituted a third of their earnings when they did earn. In Nigeria and Senegal, young people were more likely to support their parents by working for them.

In the time of Covid-19, economic resiliency is more important than ever. Depending on which generation in a family is most adversely affected, we expect the other generation to increase their support. In many families we expect young people to have a critical role to play in strengthening family resiliency through the support they give to their parents. In reverse, in cases where young people have been disproportionately hit, we expect parents to step up their support for their children, whether still living at home or not.

- Mothers matter**
What this suggests for financial service providers and others interested in promoting financial inclusion among young people is that a close look at the young person-parent relationship, and especially their relationship with their mother, will pay dividends in terms of working out how to connect young people to financial institutions.

This raises the question: Could mothers become an ally in promoting the accumulation of savings in a young person’s bank account or in the purchase of health insurance or in the use of some other type of financial service? Finally, as Anne-Marie Swinderen of L-IFT discusses in the third blog in the series, FSPs can offer financial services that strengthen the resilience of a family in the context of the Covid-19 pandemic by making it easier for money to flow among family members in mutual support of each other.



SEE SCALE2SAVE YOUTH RESEARCH REPORT AT [BIT.LY/3GY1SP9](https://bit.ly/3GY1SP9)

SCALE2SAVE RESEARCHER EXPLORES HOW BANKS SURVIVE LIQUIDITY CRUNCH DURING COVID-19

The Scale2Save programme commissioned a study to evaluate the impact of the Covid-19 crisis on the financial soundness of its partner institutions. A digest of the data analysis appears in an article by Scale2Save consultant Rob Kaanen, who looks at how the Covid-19 pandemic hits financial service providers in Africa when it comes to liquidity management. He looks at how cash and cash-like assets help to ensure survival of financial services providers in a liquidity crisis situation.

BLOG POST AT [COVID-FINCLUSION.ORG](https://www.covid-finclusion.org) OR AT [BIT.LY/2WUZGAR](https://bit.ly/2WUZGAR)

COVID-19 & microfinance sector

WSBI JOINS NEW GLOBAL COALITION TO ADDRESS PANDEMIC EFFECTS ON BASE-OF-THE-PYRAMID LIVES, LIVELIHOODS AND THE INSTITUTIONS THAT SERVE THEM

WSBI announced recently that it joined a new coalition with other industry actors during the wake of Covid-19 to support the bottom-of-the-pyramid people and the institutions that serve them.

Designed to raise the profile of microfinance organisations as critical players in the response to the unfolding crisis, the coalition led by FINCA Impact Finance began under the umbrella of the Partnership for Responsible Financial Inclusion (PRFI), housed at the Center for Financial Inclusion. Quickly extended far beyond PRFI membership, members of the coalition include Scale2Save partner microfinance institutions Advans, BRAC and FINCA at group level. The trio join organisations such as AccessHolding, Accion, VisionFund International and Women's World Banking in the coalition.

WSBI's ScaleSave Programme Director Weselina Angelow commented: "Joining the coalition helps raise our voice jointly with other industry stakeholders. By supporting coalition aims outlined in the calls for action to support the microfinance industry, the group can help further progress policy debate around the sector with policymakers, investors and interested organisations like funders. The coalition gives a boost to more-tailored support to Scale2Save MFI partners as well as WSBI MFI members."

COALITION LINES UP WITH WSBI, SCALE2SAVE SCOPE, REACH, AIMS

Collectively, these coalition partners serve more than 80 million active customers, 69 percent of whom women.

Like other partners, WSBI microfinance members deliver financial services and strengthen their infrastructure through digital innovation to broaden financial inclusion, especially for the poor. WSBI members operate in some 80 countries, including in hard-to-reach rural and low-population areas.

WSBI, SCALE2SAVE AND MFIS : JOINED UP TO HELP PEOPLE AT BOTTOM OF PYRAMID

WSBI places much emphasis on building capabilities and strengthening institutions that are best placed to serve the underserved and unbanked. It's Scale2Save programme – a partnership between WSBI and Mastercard Foundation – looks to help establish the viability of small-scale savings, building resilience among people and communities, and focusing on people and their financial and life-skills journey. Like other coalition partners, WSBI's Scale2Save programme places emphasis on helping especially vulnerable women, young people and farmers to make best use of digital innovations. Those advances help people gain safe and secure access to loans, government relief, more affordable money transfers but also better savings and in some instances micro-insurance products – a gateway to a broader set of financial services for poorer segments of the population.

INNOVATION INDISPENSABLE TO PROVIDE LAST-MILE FINANCIAL SERVICES

As millions of people and their livelihoods hit by Covid-19 struggle, they seek critical access to credit, savings and other financial tools – increasingly through digital means,

oftentimes serving those without formal employment prospects. Financial services provided by MFIs help people to operate small businesses frequently more resilient than the formal sector in the face of severe economic shocks like coronavirus, and which will be even more needed in a post-pandemic world where the economic hit slashes employment levels. Microfinance plays a critical role in not only mitigating the economic impact of the crisis, but also to accelerate recovery from it.

She concluded: "WSBI joins the coalition to focus on what is needed to support and protect those who use MFIs both now and tomorrow. By joining the coalition WSBI and its members join with high-impact coalition partners to make our voice heard. The coalition has therefore invited policymakers, donors and investors, who have received respective calls to action, which state a case for why each should support MFIs and their clients during the Covid-19 pandemic."

LEARN MORE ABOUT THE COALITION AT FINDEV GATWAY AND CENTER FOR FINANCIAL INCLUSION WEBSITE.



Financial education with an Italian touch

“Financial education remains a main driver for WSBI and ESG member efforts around the globe. Money – and topics around money – form an essential part of people’s lives. Or, as ESG Vice-President Giuseppe “Beppe” Ghisolfi puts it: “Even if you don’t care about finance, finance does care about you.” A dyed-in-the-wool savings banker from the northern Italian town of Fossano, where he served as administrator of its local savings bank, he has been an active promoter of financial education for decades. Mr. Ghisolfi took some time to reply to a few questions from News & Views.”

First, an obvious question: why do you think financial education is so important and why do you spend so much time working in this field, such as publishing books, among other efforts?

Indeed, over the last 30 years I have dedicated a lot of time to financial education. I gave hundreds of lectures in secondary schools and at many universities. I am firmly convinced that a good knowledge of the basic concepts of finance is essential to understand the reality that surrounds us and to be aware of the economic choices that we all have to make, whatever our concrete situation is. And the two books I wrote on financial education, *Il Manuale di educazione finanziaria* (“The Financial Education Manual”) for students and *Lessico finanziario* (“Financial Lexicon”) have achieved extraordinary success. This has confirmed me in my beliefs that there is a genuine need for more information on financial products and services.

If you could improve an aspect of daily life thanks to financial education, what would it be?

I would certainly improve the relationship between customers and banks.

About 10 years ago, when the “subordinated” bonds crisis broke out, I realised that most of the people who sometimes carelessly had purchased these products did not really know these financial instruments. At the time, I was vice president of ABI – the Italian Bankers Association – and I had to explain, again and again, during many meetings and during national television broadcasts that there are no risk-free products and that before proceeding with the purchase, one absolutely needs to be informed of the risk, so that the client does not put his savings in danger.

Is financial education a way to teach people how to become rich?

No. This is not the purpose of financial education at all. People need to familiarise themselves with financial products and concepts because, as I always say to the students I meet, even if you don’t care about economics, you are a part of it, you are influenced by it. So, it is better to be informed.

What should EU policymakers do to stimulate financial education in Europe?

I think that the first thing to do is to make financial education a compulsory subject in schools. I know that this is already the case in some countries, but not yet in all. In Italy, it is still not the case. I also think that official TV-stations, which have a role to play as public service, should dedicate more time to financial education.

The Covid-19 crisis will have a profound impact on the financial and economic situation of many Italian and European citizens. Do you think that they are sufficiently well prepared for the difficulties ahead?

Unfortunately, I do not think that we are sufficiently prepared. Italy will still face serious difficulties.

Concepts such as the European Stability Mechanism and recovery plans appear in newspaper articles and on television. And here I would like to point out that not only ordinary citizens, but also many politicians, don’t really know these tools and often talk about them without knowledge of the facts. I often hear speeches from politicians who confuse for example the concepts of “deficit” and “public debt”. Even on the for Italy so important concept of “spread” and its consequences, the ideas are confused. In situations as serious as this one, a high degree of competence is needed. And unfortunately, this is missing in Italy today.

You have written a lot of articles on financial education, as well as a highly successful book. What explains this success? Is there an “Italian touch” to financial education?

Indeed, my books have been quite popular. The last two, *Banchieri e Le Fondazioni bancarie - Manuale di navigazione* (*Bankers and Banking Foundations - Navigation Manual*) are also climbing the rankings. It shows that there is a great desire for people to know and that one needs to provide the right books, the right material to satisfy this hunger to know.

And you know, we Italians are a people of poets, saints and navigators and even in this emergency that has hit us hard, we have been able to react with great courage and determination. ●



GIUSEPPE GHISOLFI

Belarusbank: Financial education marches on

WSBI member holds 300 events with 34,000 participants, mostly through remote, video-based channels.

WSBI member Belarusbank took added steps this spring to help children and youths in Belarus take the right approach to money. The country's largest bank, Belarusbank once again celebrated Global Money Week from 23-29 March, but this time harnessing digital platforms like webinars and video-based lessons to boost its financial literacy campaign that raises awareness of children and young people on the power of personal finance.

2020: A DIGITAL TACK TO GLOBAL MONEY WEEK

Originally postponed by organisers at global level due to coronavirus concerns, Belarusbank marched on, celebrating within the republic of 9.5 million by taking a distinctly digital tack. This year's topic, titled "Digital security of personal finances", provided focus on a pressing issue for people within the land-locked Eastern European country. It suffers from the highest number of financial malware attacks in the world, at 2.9%, compared with 0.1% for table leader Denmark. Belarus is the sixth worst country for cybersecurity on the planet, according to Comparitech tech industry research and information website.



YOUNG PEOPLE IN BELARUS
CELEBRATE GLOBAL MONEY WEEK

Taking into account the Covid-19 pandemic sweeping over the globe, they used IT tools to hold more than 300 events, mostly in digital format. The bank deployed webinars, video lessons, among other channels to educate the young people. Some 34,000 pre-schoolers, schoolchildren and secondary students took part. Data show one quarter of Belarus' population fall under the age of 25.

Bank staff play a big role in outreach efforts, with specialists of the bank's divisions situated throughout Belarus sharing with young people tips on behaviours like how to spend and save money wisely.



RAISING 'MONEY SMART' KIDS MATTERS

Belarusbank sees that children need to form the right attitude towards money, just like learning how to function and behave in family and society settings. Young people matter, shown by efforts of the bank's staff to focus on helping the age group to realise their strengths, unlocking their ability to make financial plans and set goals to be reached. Employee efforts also place importance on overall financial literacy and to building trust in the banking sector and raising the overall level of financial education in the country.

GLOBAL MONEY WEEK: HALF-WAY POINT TO WORLD SAVINGS DAY

Global Money Week (GMW), a CYFI initiative, is now organised by the OECD International Network on Financial Education (OECD/INFE). The weeklong event marks the half-year point before World Savings Day, which people fete on 31 October. The OECD and its International Network on Financial Education (INFE) support policymakers and public authorities to design and implement national strategies for financial education, individual financial education programmes, while also proposing innovative methods for enhancing financial literacy among the populations of partner countries.

'Learn.Save.Earn.' is the official slogan of the Global Money Week (GMW). Initially used as the theme of GMW2017 and transformed into the Campaign's slogan to convey GMW Campaign messages and support the goal of the week by empowering children and youth to not only learn to manage their money wisely, but to help them transfer their knowledge to their families and to entire communities. In addition, the slogan 'Learn.Save.Earn.' helps everyone to create a variety of events and activities around these topics that help children and youth to learn to manage money wisely, save for their futures, and earn for themselves and their families.



Centenary Bank in Uganda launches paperless account opening technology



WSBI member and Scale2Save partner's digital-based CenteXpress Savings account extends financial services to millions of unbanked Ugandans through social networks to increase financial inclusion.

Scale2Save project partner Centenary Bank, the largest Commercial Microfinance Bank in Uganda, recently launched a paperless bank account opening service – dubbed CenteXpress – intended to serve the unbanked Ugandan population during COVID-19 and beyond.

Launched at the head office in Kampala, CenteXpress comes as Uganda faces the Covid-19 pandemic. Deploying and using appropriate solutions like a CenteXpress account puts people in the right direction to propel personal savings and business continuity. The CenteXpress account will build on initiatives already in place by the bank to extend financial services to people at all levels.

Commenting on the launch, Centenary Bank, Managing Director, Fabian Kasi said, “It comes at a time when all sectors of the economy including banking and financial services are undergoing a new wave of change, which has warranted further investment in digitally driven solutions to our current gaps and challenges as a country.”

“According to the *2018 Financial Sector Deepening Uganda*

report on Banking the number of Ugandans without bank accounts or some form of structured and legal financial services currently stands at 89% or 16.5 million of the 18.6 million adult population of Uganda, an indication that there’s need to continuously develop banking services that meet customer’s needs across all age groups.”

HOW IT WORKS: PROVIDING A DIGITAL ACCOUNT... INSTANTLY

The rising demand for the banking industry to adopt solutions that offer suitable banking experiences anytime and anywhere has inspired the integration of technology to respond with appropriate solutions. Centenary Bank does this through CenteXpress by issuing an instant bank account opened for people by any one of its customers. The offer aims to extend banking services to a customer’s family, friends, relatives, colleagues, and

acquaintances, among others that are unbanked and yet need to use banking services. Again, it gives an opportunity to employ people to open accounts for others while earning a commission on each account.

General Manager Corporate Communications and Marketing Beatrice Lugalambi said: “A potential customer does not need to visit a bank branch to get a CenteXpress account opened for them, because any existing customer can open the account for anyone in short simple steps and in less than five minutes. No paper work is required during the account opening process for CenteXpress.” This mobile savings account is intended to build the momentum of savings among our people especially now that COVID has challenged us with the need to survive such challenges.



“For the existing customer to open a CenteXpress for another person, all they need to do is confirm that the person’s phone number is registered. The digital link then uses the CenteMobile App to capture all the necessary new customer information on the digital form provided, takes a photo of their National ID, then enters the phone number and address of the new customer. →

The Digital Link then deposits the minimum opening balance of Ushs 3,000 on the new account while the bank system credits the Digital Link's account with Ushs. 2,000 as commission for opening the account. The new client will receive SMS notifications with new pin and account details to confirm completion of the process and activation of the account."



The account presents access to numerous benefits and banking services including, 24/7 access to one's account using CenteMobile, Free balance inquiry, Withdrawals of up to 2 million shilling per day from all the bank's digitally driven channels including CenteMobile, CenteAgent and the account is purely phone based.

SCALE2SAVE AND CENTENARY BANK

WSBI and Centenary Bank signed in late 2019 a memorandum of understanding for a new Scale2Save project to help small-scale savings work in Uganda. Signed during a ceremony on 18 October in Washington, D.C., the memorandum outlined two projects, one being CenteXpress, introduces financial incentives for existing customers to on-board new ones into the no-frills account. The project taps into and measures the influence and impact made by friends and family to boost uptake and active use of banks and their services within the retail and mass market. A related project also contained in the memorandum was to introduce and test a 'No-Frills' basic mobile-phone-operated savings account specifically designed for the low-income people. Centenary looks to launch and test the offer via CenteMobile – the bank's digital channel.

Centenary Bank Managing Director Fabian Kasi said at the time of the memorandum signing that: "The mobile account will be scaled up to 187,500 customers by its Cente banking agent network, sales representatives and staff during the pilot phase."

The no-frills account pilot aims in the medium- to long-term to establish a "gateway-to-banking" product for low-income Ugandans. People who start with the account, set for a pilot phase in Central and Western regions of the country, can graduate to a regular savings account. From there, they can eventually gain access to the full suite of banking products, including credit. The project is especially important for rural communities to flourish.

Commenting at the time on the initiative and support from WSBI under the Scale2Save programme, MoU signatory and WSBI Managing Director Chris De Noose added: "Centenary Bank is taking an innovative, multi-pronged approach to address the need for viable small-scale savings. They also look to test shared agency infrastructure with Finca Uganda, another Scale2Save partner." ●



ABOUT CENTENARY BANK

Centenary Bank is Uganda's leading commercial microfinance bank, serving more than 1.8 million consumers, a quarter of the country's total banking population. It also has a growing network of 186 ATMs, 74 branches, and over 400 Cente Agents across the country. Centenary Bank started in 1985 with two main purposes: serve the rural poor and make a meaningful contribution to the socio-economic development of Uganda. In 1993, it transitioned to Centenary Rural Development Bank Limited and licensed as a full-service commercial bank. The bank aims to be Uganda's best provider of financial services, especially microfinance. Centenary Bank began in 1983 as a credit trust of the Uganda National Lay Apostolate. Its mission is "To provide appropriate financial services, especially microfinance to all people, in a sustainable manner and in accordance with the law." ●



CSR Case Study: Bank of East Asia

THE BANK OF EAST ASIA CHARITABLE FOUNDATION LIMITED

Since 2009, The Bank of East Asia established The Bank of East Asia Charitable Foundation (“BEA Foundation”) to reaffirm its commitment to the community. Since its establishment, the BEA Foundation has partnered with major non-governmental organisations in Hong Kong to develop programmes that address important social needs including end-of-life care for the elderly, the strengthening of parent-child bonds, and educational support for children from under-resourced families.



BEA FOUNDATION CELEBRATES A DECADE OF DEDICATION TO OUR COMMUNITY

BEA Foundation’s goals are aiding with personal development through the acquisition of skills, supporting mental health, empowering youths through education, and alleviating the hardships of Hong Kong’s most vulnerable. Their flag-ship community programmes include:

- The Palliative Care in Residential Care Homes for the Elderly Programme
- BEA Parent-Child Reading Programme
- BEA “High Five” Club
- BEA Inspiring Student Scholarship
- BEA Youth Makerspace Programme
- BEA Teen Café Youth Mental Health Promotion Project

As BEA Foundation enters its second decade, they will strive to touch the lives of even more people from different walks of life; relieving their burdens and helping them reach their full potential.

PALLIATIVE CARE PROGRAMME

In 2010, The BEA Foundation together with “la Caixa” Banking Foundation and The Salvation Army Hong Kong and Macau Command (“The Salvation Army”) established the “Palliative Care in Residential Care Homes for the Elderly” Programme. The aim of the programme has been to introduce a new model of care for the terminally ill in Hong Kong, to provide direct palliative and holistic care for patients and their families, and to promote collaboration and dialogue between residential homes, public hospitals, and the government.

In October 2015, The Salvation Army announced the publication of “The Palliative Care and End-of-life Care in Residential Care Homes Practice Manual”, a breakthrough in the development of palliative care in Hong Kong.

BEA PARENT-CHILD READING PROGRAMME

Since 2013, the BEA Foundation has supported the BEA Parent-Child Reading Programme (“the Parent-Child Programme”), which is run in partnership with Hong Kong Sheung Kung Hui’s Religious Education Resource Centre. Designed primarily for families receiving Comprehensive Security Assistance, the Parent-Child Programme aims to foster an interest in reading among children,



and to strengthen parent-child bonds. Over 360 schools have participated in the programme, which has provided subsidies to more than 12,400 under-privileged students and training to more than 350 librarians, teachers, and parents.

BEA “HIGH FIVE” CLUB

Run in partnership with St James’ Settlement (“SJS”) since 2014, the BEA “High Five” Club provides after-school care to children whose parents work long hours to support their families. Participating children enjoy the companionship of SJS staff members who provide assistance on homework, organise activities to develop social skills, and arrange hot nutritious meals. In addition, BEA staff volunteers regularly visit the Club as “big brothers” and “big sisters”, serving as mentors, and organising various activities and field trips to scenic locales around Hong Kong.

TO LEARN MORE ABOUT THE BEA FOUNDATION OR ITS PROGRAMMES, PLEASE CONTACT THE BANK VIA EMAIL AT CSR@HKBEA.COM

VISIT THEIR WEBSITE AT: WWW.HKBEA.COM, CLICK ON ABOUT, THEN CORPORATE SOCIAL RESPONSIBILITY

COVID-19: WORLDWIDE POLICY RESPONSES AND INITIATIVES

MULTILATERAL ORGANISATIONS AND REGIONAL DEVELOPMENT BANKS FOCUSING EXCLUSIVELY ON THE COVID-19 CRISIS

African Development Bank

A highly complete overview of what the African Development Bank does to mitigate the economic consequences of the crisis on the continent. Includes measures to prevent the spread of the disease. In French and in English languages.

Asian Development Bank

The ADB is supporting its developing members in responding to the COVID-19 outbreak through finance, knowledge, and partnerships.

Association of Supervisors of Banks of the Americas

The Association of Supervisors of Banks of the Americas homepage offers an overview of recommended Covid-19 readings.

Basel Committee on Banking Supervision

The Basel Committee on Banking Supervision publishes a document on extraordinary measures governments and banks have taken to alleviate the financial and economic impact of Covid-19. It gives guidance on the treatment of expected credit losses.

Central American Bank for Economic Integration

The Central American Bank for Economic Integration allocates US\$1.91 billion to a Covid-19 Regional Contingency Plan.

Development Bank of Latin America

CAF, the Development Bank of Latin America, makes US\$2.5 billion available for countries to protect their populations and economies.

European Commission

The European Commission coordinates the common European Response to the outbreak of Covid-19. A complete overview of all the actions of European institutions and agencies taken in the fields of health, education, economy, finance, and more.

Financial Stability Board

FSB published report on international cooperation to address the financial stability implications of COVID-19. This report to the G20 sets out actions taken by financial authorities to respond to COVID-19 and FSB work to support international cooperation and coordination.

Inter-American Development Bank

A complete overview of the response of the Inter-American Development Bank plus advice to prevent the spread of the disease. A few links also to seminars to learn from the successes of other countries. In English and in Spanish.

International Monetary Fund

The IMF has published pieces including: Economic Policies for the COVID-19 war; Protecting the Health of Africa's People and their Economies; Europe's COVID-19 Crisis and the Fund's Response; World Pandemic Uncertainty Index for 143 countries. A global policy tracker that covers 193 economies.

OECD - Organisation for Economic Cooperation and Development

Explores the impacts and consequences of the coronavirus pandemic on our lives and our societies – and asks what are some of the solutions we can find to boost our healthcare systems, secure our businesses, maintain our jobs and education, and stabilise financial markets and economies.

World Bank Group

The World Bank Group launched emergency coronavirus support for developing countries as they face a wide range of consequences.

Covid-19: Customer proximity in practice

WSBI-ESBG Members do their utmost to help their private and professional clients weather these difficult times. Go to the WSBI-ESBG web to see how some 30 members put customer proximity into practice.

www.wsbi-esbg.org/covid-19



Micro savings, maximum impact.

Objective

1 million more people banked

Investment

\$16 million

Geographic Scope

6 countries in Africa

Projects

11 innovative models

Timeframe

6 years

Sep 2016 to Feb 2022



Stay up-to-date with the latest news on WSBI and the Scale2Save programme.

WSBI and Mastercard Foundation collaborate to establish the viability of small-balance savings in six African countries.

Learn more about Scale2Save at
www.wsbi-esbg.org/KnowledgeSharing/scale2save

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