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Within Reach: Opportunities in emerging economies to grow profitable and inclusive financial services

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Accenture Development Partnerships

Conversations That COUNT

Within Reach: Opportunities in emerging economies to grow profitable and inclusive financial services

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIPS

On behalf of Accenture and CARE, I'd like to welcome you here today for this discussion on financial inclusion. I'm Louise James and I'm Managing Director in Accenture Strategy where I co-lead Accenture Development Partnerships. And I'm very pleased to be joined by Wolfgang Jamann, the CEO of CARE International, the very well-known and respected NGO and Stephen van Coller, CEO of Investment and Corporate Bank in Barclay's Africa. So you're going to hear from Stephen and Wolfgang in a minute on the topic, but before doing so, I just want to give a bit of context as to why we decided to run the ADP session this year on Financial Inclusion. So Accenture Development Partnerships (ADP) as many of you know, works with the leading international development sector organizations around the world on complex social issues. And for many years, we've talked about the convergence of interests between the sectors.

The public sector, private sector and civil society. And a great example of a partnership that we've worked on in ADP has been with Barclay's plan and care on a partnership called Banking on Change. And Banking on Change has been focused on trying to plug the gap of the two billion people around the world who still don't have access to formal financial services. And this partnership has had a fantastic impact over the six years that it's run for. One of the legacies that the partnership wanted to achieve, was a more sustained impact in the financial services sector. And so as a result, a charter was launched, which looked at how you link responsibly savers into the banking system. Accenture signed up to that charter and as part of our commitment, we did this piece of research, with CARE which looked at the current state of the banking market with respect to the unbanked. You know, where are all banks in this financial inclusion journey and more importantly, what capabilities do the actually need to address that market? So I'm just going to share a couple of the insights because we saw a couple of key enablers, but first of all we saw a big opportunity. Some analysis that Accenture did showed that there's actually a $380 billion dollar revenue opportunity if you banked on banked adults in the micro enterprise sector. So the opportunity is there for the financial institutions, but actually many of the banks are being left behind, because new operators are coming in, the teleco's are coming in, and actually they're not adapting their business models fast enough to tap into that market. So the opportunity is there, but they're not moving to seize it. But there are two key enablers that I will mention. The first being digital. Digital has enabled access to new customer segments, the creation of new business models, that we haven't seen before. So many of you will know some of the successes around the mobile money, but actually in India in 2014, the penetration was only 0.3% compared to Kenya where we all know that's a much, much higher penetration. So it's still not, the potential is still not being used and there's still a lot of opportunity there. And it's not just for access. We think about digital for access, but it's also about how you use data to be able to help with problems such as credit scoring. How do you credit score customers who have no financial history or no proof of their income. But you can actually use data and analytics for things like mobile top ups and that's what (name) doing in Kenya to give a kind of proxy for okay, what are they spending? Are they regularly topping up their phone?

Can we use that as a kind of proxy for how they, you know, whether they would be able to be somebody who could borrow money? And then the second aspect is partnerships. We firmly believe that the financial services institutions need to look at partnering with others, in the public and non-profit sector to access this customer base. NGO's who understand these consumers, because again, we've seen banks fail, where they haven't really taken that time to understand who is the customer base? And even within that customer base in itself there are many different segments within that. So how do you actually segment the consumers? How do you look at different groups within that and adapt your products? So those were some of the insights that I wanted to highlight so now, Wolfgang, we've talked about partnership. You've been a key partner in Banking on Change, so over to you.

Dr WOLFGANG JAMANN, Secretary-General and CEO, CARE INTERNATIONAL:
We, as CARE, fighting poverty and fighting exclusion, social exclusion, particular and we do that by working mostly with women. We focus on women and that is partly because women in many places that we work in are heavily marginalized and disadvantaged, but at the same time, I mean for us, women show the greatest potential for the communities that we work with to get out of poverty. This is what CARE is about. We also got to acknowledge that our work happens in environments that are characterized by a high degree of complexity, very often by conflict, very often by unstable environments, bad governance, lack of reliability. I mean all the stuff that financial institutions really don't like and of course, the people that we work with don't like either. At the same time, we're trying in these complex environments, to develop opportunities for people to get out that situation. And CARE, together with a number of others you mentioned, our partnership with Plan, and a number of other colleagues out there with other NGO's, are trying to develop almost ingredients for success. And one of the ingredients that we, as CARE, have kind of co-pioneered 20 years ago, is the Village Savings & Loans Groups. The VSLA. So the groups that we work with on a community base-level, on the grass roots level, and are group is between 15 and 30, mostly women, 75% of those groups are composed of women and we helped them actually organize themselves. We helped them to save a little bit of what they have and then you know, use the savings, but also the fact that they are able to organize as a group to get out of the disadvantaged situation that they're in. We have been working with this mechanism for over 20 years. At the

moment CARE is supporting about 5 million people through this VSLA groups and it's something that we actually want to double over the next five years, so also we're having our own little development goals and this is definitely something that we want to invest heavily in. I think it's important that there are these success ingredients out there. We need to showcase those because the world, as we all know, brings so many challenges out there, it's very easy to get discouraged from all kinds of points of view and we see that even in very difficult, unstable environments, this is a mechanism that works.

That has the potential to bring out of misery. And this is the context where we portray these within reach report that Louise has mentioned. It is, of course, a very theoretical figure, the $380 billion dollar opportunity, from our point it's that 2 billion people opportunity that we have. That's what World Bank Research has stated recently. These are the number of people that are underbanked. We want to work with a significant portion of these people and we want to help them develop a real perspective for life and dignity. This dignified life depends very much on economic success. It depends on jobs and income and financial inclusion is the key. We work on economic empowerment of women and when you think about, you know, all these people that are being born currently, or have been born in the recent couple of years, you know, with the population development particularly on the continent of Africa, this is, this is a potential both customer segment and market that is, to a certain extent of course, needs to be graduated and developed into a reliable and low risk opportunity. But there's 500 million young people will have to have income.

They will have to have jobs and they will have to have some kind of access to the formal economy. These are, of course, much more than customers. And much more than people in need. For us, you know, the young people and the women that we're working with, these are the engines that drive economic and social progress at a community level. And they also provide some kind of stability. We have also experienced that these groups that we work with provide actually quite a potential to address social norms that sustain gender inequality which is again one of the biggest stumbling blocks and obstacles to social and economic progress. So the report that we have presenting today provides us with a number of insights Let me just add to the fact that these savings and loans groups from our point of view is actually an excellent entry point, for linking banks and poor people. We have learned that these women can make small savings even on a $1-$2 per day basis and that those groups actually are elevated and are able to save thousands and sometimes $2000 which you know, sometimes are just locked away in a little box with a padlock. And of course, the need to link those groups to the formal financial sector are obvious. Let me just close with, you know, there's also been some discussions of the dangers of micro credits and the need to lend responsibly, so that is definitely a key part of our approach. The savings approach and our savings first avoids many of those dangers. Why? Because it starts with the capacities of the people and not with the needs. The insight for and the report shows the advantages of those savings groups. Low transactions costs financial literacy, the building of savings & loans history and of course, you know, that portrays those groups as potentially become high quality customers. Let me close with a reminder that we're here in Davos, we're committed to improving the state of the world, it's a great ambition. We know those great ambitions have to include very practical steps that work for people and we're very glad to provide some of those practical steps. Thanks, thanks a lot.

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIPS
Thanks, Wolfgang. Just reflecting that just as we link the groups to Barclays, now we're linking over to you Stephan. You're the person who has actually implemented this in practice in terms of looking at this new market. So it would be great to hear, you know, what Barclay's experience has been on this journey and the use of technology and how you see that going forward.

STEPHAN van COLLER, CEO Corporate & Investment Banking, BARCLAYS AFRICA:
Thanks Louise. And just want to say thank you to my partner in CARE whose actually started the journey for us and we've taken great learnings out of that. And I think now with technology coming, we're able to take some of those learnings, so what started as a sort of CSR feel good project, is now actually moving and to become more, something that's going to be hopefully in 10 years, will be a big part of our business. And so that's really what we're looking at. Barclay's Africa, where we're involved, we operate in 14 countries in Africa. We employ about 42,000 people and we have about 12 million customers and in 12 of those markets because two of the countries are branches, we actually are local banks. So we're actually systemic to the economies. And so it puts quite a bit of responsibility on us to actually make a difference. If you believe that payments will be free at some stage, which seems to be the discussion that's been going on in the fourth industrial revolution, you then need scale. And so you need to move further down the pyramid. Because that's where the messes are and you need to start working out how you can be relevant to them. The second thing that I think has also been very important is social media means that it's no longer good enough to advertise and tell people how good you are. You actually have to be good. They have to experience you're good. Otherwise that brand is no longer credible. And so what we've decided to do out of our learnings is that we're actually going to move money away from traditional sponsorships advertising and actually put it into really making a difference in terms of how people access us. And so, if you have a look at really what the issues are today, the reason why banks don't go further down the pyramid is sort of twofold.

One is, regulation makes it very expensive around know your client, anti-money laundering. And the old traditional legacy systems make it very expensive to actually perform those tasks prior to being able to onboard a client. And what's interesting if you have been to some of the financial inclusion sessions, some of the governments in developing countries are actually now creating a tiered anti-money laundering, know your client legislation. So that they're actually starting to take those cost and burdens out. The second thing that's happening, is that technology which is threefold. One is access to information. Going Google you know, on your iPhone today or smart phone, you got more information than the President of the United States had 20 years ago. And that's there and we're starting to use that to credit school people. I call it my gardener effect. My gardener works for me 10 years, he come every day for work. I make a decision that he's good at his job and I pay him and I've paid him for 10 years, but if he goes to get a loan from a bank, we want to charge him 30-40% because he doesn't have a fixed abode or an address and he doesn't have education certificate. But actually if they knew I was paying him and I was making the decision that he was a good gardener, the only decision that the bank really has to make is give him the right amount of money relative to how much he earns. And that's not a very difficult calculation. And so theoretically, he should be getting the same interest rate as I do. And yet we don't do that today and that's because the technology doesn't allow it. We're using old scoring systems. We're using old technologies. The second thing is just mobility. The fact that you put so much information about yourself sitting on your phone.

Even a feature phone has got lots of information about you. How many calls you make. How many calls you receive? How instant messages you make? How many instant messages you receive? Bank balances if you've got it on -- there's a lot of information there. You can use that. And you connected. The third thing is just this ability to use cloud computing to actually process transactions and if you think about a bank, we have to have this massive system because it has to cater for payday and it has to cater before Thanksgiving or Christmas, because those days you can't let the banks fall over, so you run this huge infrastructure for a few days a month. Cloud computing means you can borrow even better computing power whenever you want to and then you pay for use. That takes a lot of cost out of the banking system. So that's very exciting and you can think about this onboarding cost of $50 to $100 and go down to a lot less with technology and regulation. So very exciting times I think. Where have we experimented? In five countries, mainly many with CARE and in Uganda with a Grameen(sp?) Foundation, really having a look at how you use savings groups to fundamentally change the risk profile of people and also to educate them into savings. And we find that education and responsible financial services go hand in hand. Because you can't confuse lack of education with intelligence.

They're absolutely two separate things and you find in these schemes, that people are actually, highly intelligent when it comes to their futures and if you give them the opportunity and you give them a steer, they can actually get themselves out. So that isn't about creating the next Bill Gates. It's just about creating inclusion and actually giving people a chance. And so we've learned a lot out of that and now starting to use that to actually do the savings schemes on mobile banking. We've got products in both Kenya and in Tanzania and in Uganda where, it allows people to bank mobility rather than to have to walk to wherever the branch is, which in some of the countries is quite difficult. So we focused on three things now. We call it our shared growth initiative.

The first one is around employability mainly youth employability, because that's the largest part of the population. It's really about upscaling and go on the website, it's called Ready to Work and it's really trying to connect people from school into college, choose a job, choose a career, how you start a business and really try to create some education around that. That links into our enterprise development. About 85% of African economy is small businesses. And as you know, banks are very poor at servicing that sector, so once again, linking the corporate sort of giving out the contracts because that takes payment risk out of it.

With education and obviously lending around how much product they're buying and selling over a period of time. And the third thing is the financial inclusion but because that's goes into the individuals. The most difficult bit at the moment because of regulations around cloud computing, around data privacy, around anti money laundering, but it's very encouraging to see here with how many countries are starting to attack those things and actually create national IDs that are biometric. If you're still putting those things together, you can see very quickly how this becomes a real bankable opportunity on a scale basis. So, very excited.

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIPS
Thanks Stephan. So I want to open up the discussion. The idea was this was a participative session and I know that there's a couple of you that are happy to sort of kick the debate off. So Franz, we're going to start with you first. Franz is from PayPal. You're obviously a leader in payments and payments is often seen as a great entry point into the finance inclusion market. So be great to hear what you're doing around financial health.

FROM THE AUDIENCE: FRANZ PAASCHE, VP Corporate Affairs, PAYPAL
Hi thanks for this discussion. We've been thinking about financial inclusion in the broadest sense, and in some ways as part of a spectrum that extends from access to participation to what we call financial citizenship, where people are able to fully interact with the economy, the global economy and able ultimately to start to improve their financial health so from inclusion to health, across that spectrum. And we think that that's a way we think about it and the way that our sector should be thinking about it because ultimately that's why people need to have access and why they want to feel like the system works for them. So we've been looking at ways that we can make it easier for people to move and manage money and that we can also serve the underserved who may have access but don't feel well served and we know from the studies that you do and the studies that you know Edelman has done and the studies we've done. Lots and lots of people have access but don't feel that the system works for them and don't feel that they have the ability to really participate. We've looked at this in our core business and what can we do in ways that are sustainable and are really a part of who we are as a company that has the largest digital payments platform? We have a product for your gardener.

Where we think about we agree that we can do better than a FICO score and we have a lot of data of the people who are PayPal customers and we have a working capital product that if we know you, we'll provide you with a working capital loan and make it possible for you to pay for it out of the way your business succeeds. So we're thinking about that and we're thinking that more products and services like that to enable people to really fully engage because ultimately, regardless of what--we all want the same thing. So people want to be able to start a business or they want to be able to take care of their family. They need to find credit. They need to be able to improve their financial health, have something in case of an emergency and so we think that in a world where software is making things more and more affordable and is providing us with a huge amount of flexibility, and mobile phones are everywhere, and I'm sure you've heard our CEO Dan Schulman speak about this this week, when in a world of mobile and software, we should be able to partner together and get this done. And we know that it's not a one company solution. It's not a one sector solution. That our view is, it has to be a partnership across the three sectors of the public, the private and the non-profit. And we also think some of the non-profits are doing a great job on this and we've been partnering with some who are going at this issue, like Kiva or Village Capital, who we think are showing a lot of promise in how they're going at this.

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIPS
Great. Thanks Franz, and if you could just pass the mike just across actually here to Hubert from Mondelez. So you know, we think obviously for financial services institutions, it's very important but actually finance unlocks everything right? So when we think about and agriculture sector and Mondelez has done a lot of work looking at access to finance to sustain agriculture.

FROM THE AUDIENCE: HUBERT WEBER, Executive VP and President, MONDELEZ EUROPE
I want to build on what you said about partnerships. Which, which in our experience is usually important and with Mondelez International we are the market leader in chocolate and the biggest buyer of cocoa in the world. And we are working with origin countries where cocoa is grown for two reasons. One, is poverty. Those are countries, a few countries in the Equatorial Belt where farmers don't have a sustainable livelihood. They are leaving the country when they're staying in the country they are cutting constantly down forests, which also for us our biggest impact on our carbon footprint. On the other hand, chocolate consumption is increasing so there is a deficit of cocoa in the world. So also we have business interests on securing cocoa supply in the future and we have a 10 year program which is called Cocoa Life where we are supporting 200,000 farmers to get to a sustainable livelihood and that would also secure us access to cocoa supply. And what we found, it's only motivating for farmers beyond the education, we offer on good agricultural practices, and general education, how to be entrepreneur as a farmer. If we can partner with others to help them structure their business. And we as

allies has been mutually successful together with these partners. We have implemented 350 of those in Ghana and Cộte d'lvoire and that has been yet another good step to not only get farmers on the program, but also commit to a longer term development and stay in the countryside, because they see a the financial future for themselves and their children as education component helps them as well.

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIPS

And finally, Kevin, I'll call on you in the back. So we're hearing from the private sector that they want to partner. You run one of the largest NGOs in the world, World Vision and World Vision's been very active around financial inclusion, by World Vision and also through Vision Fund. So can you do it alone or are you bought into the partnership agenda?

FROM THE AUDIENCE: KEVIN JENKINS, CEO, WORLD VISION INTERNATIONAL

We are definitely bought into the partnership agenda. I think Wolfgang talked about you know, I'll talk a little bit about World Vision's story, but Save The Children, CARE, many of us are well down this road. And when I think of financial inclusion, pretty much everyone has touched on it this way, I also think of mobile money. So basically talking about digital as being the accelerator across all of this. We're engaged with this in every part of our operations. So humanitarian emergencies, going around visiting families in an emergency, identifying how many children, what are your needs? Putting on a card, $20 a day, here's the food that's eligible. Go to the store, all on the card, you know, water, rice, whatever it is. So that's a whole area. Obviously with our Vision Fund, our microfinance arm increasingly digital and just taken much smarter and much quicker, much lighter. And then just in our development work. Just people living in community who we're walking with for 10, 15 years. I would say to our corporate partners though, it really is important that you view this as an extension of your core business. And by that I don't mean somebody is doing ROI. You're trying to persuade your CEO, we'll get a return on this in whatever, five years or 10 years, but more we've got a bunch of fixed costs. We got a bunch of thinking and learning around this area, and this is a natural way for us to contribute to financial inclusion, making the world a better place. And so what we find is that it's quite easy for us to get pilots, but often the passionate senior folks who have the say on green lights to some degree, have trouble getting the CEO engaged in a meaningful way or to really see this as the way to participate in the sustainable development goals and so scale matters, and we're not at scale with much yet. So I would say collaboration and scale are essential and we've got some great starts in World Vision and across the sector but it's all moving very quickly. So that's the situation in. And I'll hand the mike to the end?

FROM THE AUDIENCE: JANTI SOERIPTO, CEO, SAVE THE CHILDREN

Hi I'm Janti Soeripto with Save the Children and I totally agree with my esteemed colleague and partner. It would be interesting to hear from you as well, Louise, to your

380 billion opportunity because ultimately I totally agree. I think we also struggle to get beyond the pilot stage and I always think sometimes our development sector makes the mistake to jump too soon to pilots, because it's nice to have something on the books without saying we design with the end in mind. And the end in mind is 2 billion people being served. Right? And that means so many hundred million bank accounts being used over time. So that's the big thing. Now you can still start small, but the problem is that we sometimes jump too soon to let's do this one village and then we reach you know, a 100 people etc., and then the grant runs out and then it's difficult to get the corps to agree, because it's not a five year payback and all the rest. So it would be interesting to hear from you, your 380 billion and Accenture is great at this, we know that. How would you, how could you help us, us and the corporates, to unlock that value stream? To make it a bit more tangible? Because I think we're stuck with old measurements and old NPV calculations and all the rest of it and it can't match with what we're trying to achieve and there's something around yes social impact, and empowerment of women and therefore, education, outcomes go up, improve, maternal health improves, fertility rate I mean it's all linked but we can't get it out of the spreadsheets that are currently used to make the business case.

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIP

I knew the 380 billion would come up (laughing). But no, I mean you're right, Janti, I think it comes a little bit back to what Kevin was saying about how far in advance the banks look one of the things that we've been saying is that the institutions need to think about this in a fundamentally different way. And often they're just allocating their costs across all the different customer bases and allocating the same costs over to this unbanked group and expecting to see the kind of margins that they have with other customers and actually that's just not going to happen. So how can banks think about it differently, but also how can the broader ecosystem engage? How can governments engage to make sure that the regulatory environment is quite friendly to this customer segment? How can it actually take a more catalytic role? How can donors such as CEDAR and the IFC and others, again play that catalytic role to really help that initial investment? Because I know it's difficult for sometimes for the companies to make that business case initially. But you know they've got to think longer term. That's part of - we want to put the opportunity out there to say, hey this opportunity is there. You got to move now because others are coming in and if you don't, to put a bit of a fire there right? The carrot and the stick to engage. So that's part of what we want to try and do and part of getting the message out. You wanted to make a point?

FROM THE AUDIENCE: ALEX MANSON, Global Head, Transaction Banking, STANDARD CHARTERED BANK

Hi, your observations have prompted a bit of a reaction. I'm Alex Manson and I work with Standard Chartered Bank. We I guess we do tons of CSR stuff, but I think of it as a misnomer. That's really not the point, the way I'd like to think of our role is, we facilitate world trade in commerce. And by facilitating world trade and commerce, we participate in advanced financial inclusion, generally speaking, and that's what we stand for as a bank, that's what people buy into and that's an integral part of our business is doing that very valuable thing is an integral part of our business and it's sort of self-fulfilling. And that's the starting point. I'd endorse the comments about collaboration, we collaborate obviously with the IFC, obviously with people in this room. And don't do these things alone. And the good news is we have a few tools that I'm going to get to boundaries your remarks have inspired. We have a few tools that we can bring to bear. Mobile money is one of them. We can make payments, collections in eleven markets across Africa, South Asia, and in Asia, and places where it's not that we have bricks and mortars, nobody has bricks and mortars. So there is no branches. And this is the way we pay 8 workers.

This is the way we can collect insurance premium and pay insurance claims. This is a way to get rid of cash in the economy which is defrauded, can get lost, is not a very efficient way to do things, etc., etc. And I can get integrated in a pretty sophisticated way with a modern treasury. So an example of a tool that is a genuine financial inclusion driver but we can apply in the context of modern banking, and not because it's a sort of CSR, sort of charitable action, because it's just a very very sound thing for business and as we advance a lot and this is good for everyone involved, and we committed to doing this for the long term. A very, very major obstacles, yes, government have a role to play. Yes, regulations play a role. Yes it is incredibly hard to onboard individual customers or corporate customers in high risk markets. And the cost of doing this has gone up. Which is obviously a challenge. Doing, you know, running a banking infrastructure has become a little riskier than it used to be and it's one of the tradeoffs that we have to think about all the time. And that business case is at times challenging. And that implies again, collaboration and it implies technology, it implies a lot of things and we take a very long term view on this, but it's, it's a healthy debate I can tell you that.

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIP
Sevi?

FROM THE AUDIENCE: SEVI SIMAVI, CEO, CHERI BLAIR FOUNDATION
So first of all, I'd like to congratulate Accenture for putting out this report. Obviously, from the World Bank Report we know approximately how many billion of unbanked people are there in the world. But we didn't actually know about the opportunity out there. So I think it's really great to see that, to kind of match those numbers, 2 billion people and $380 billion dollar opportunity out there. So I just would like to share some perspective on you know, what we're doing as Cheri Blair Foundation and some of

the lessons learned. And so among those 2 billion unbanked people, 55% of them are women. And in the previous World Bank Report, they have from the previous one to this one, they were able to actually show that the gap, unbanked gap among men has closed. But the gender gap has widened. So women are actually falling behind. So it's a critical issue for us obviously as a charity who's supporting women entrepreneurs and you know, women's economic empowerment. Financial inclusion is really a top priority for us. It's, you know, a key to unleash anything that they're doing in terms of from their physical securities to their ability to do business to be able to really have full ownership over their assets. It's just a critical part of everything that we do and what we realize in our work is that and I think this is shared by even others, who are working on health education related issues on women, is that without financial inclusion, you cannot actually do other things, because that's really the kind of critical driver.

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIP
Sure. Take the mic.

FROM THE AUDIENCE: ALEX MANSON, Global Head, Transaction Banking, STANDARD CHARTERED BANK
I'd like to build on your point and hopefully find it helpful.   We find that yes, there's a disproportionate amount of financial exclusion as it relates to women. So that's not good. The less intuitive point, but also true is the disproportionate impact of including women. In other words if you're going to financially include somebody, you're better off financially including women because that is driving a lot of good things in small villages and others. This is the target population really if you want to move the needle.

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIP
So Jane I want to come to you. Is that alright or did you want to close out your point?

FROM THE AUDIENCE: SEVI SIMAVI, CEO, CHERI BLAIR FOUNDATION
Me? Okay. So just wanted to kind of share a couple of you know, points from some of the early lessons learned from the project that we're doing actually with CARE and Accenture in Rwanda. So just, I think it's a really great example of not necessarily changing a lot of things but really building on something that already exists. So we've been really able to build on the excellent model of the SLA's, you know, CARE has put together having that expertise over 20 years of you know, how that model works. But that model is very much kind of built on the community. People are physically investing in our wooden box, with three locks with the community leader, so that's how they're kind of doing their savings and saving enough to be able to generate a loan out of that. So we partnered with Kenya Commercial Bank in Rwanda who has done mobile money related work in Kenya so they know about the opportunity. They know about the market and how transformational that can be. And really kind of taking the integrity of the group structure, you know, looking at the product and how things are working, and just carrying that over to the mobile side of things is really something that I think is really

going to transform the way that, both women in all these communities are going to invest. So due to transaction costs, they're expecting, they've developed a lone product that is going to be about 20% interest rate whereas in the local market if you go to a brick and mortar bank it starts at about 25% and goes up to 40%. Women are already asking. Some of them are actually having through our training programs have become also financially included. They have accounts but they're dying to find out the mobile element of it. Because they're so far away from an actual bank. So even at the very rural level, they see the opportunity of being able to save in a mobile wallet being able to do transacting in a mobile wallet and so it's just you know, even at the bottom of the pyramid, this is the way to go. So I don't think there's going to be any other way of doing business, not to take on this opportunity.

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIP
Great. Now Jane, because I know Jane said to me, I have to go.

FROM THE AUDIENCE: JANE NELSON, Director of Corporate Social Responsibility Initiative, HARVARD:
This is fantastic so thank you for hosting this. And I've actually got a question for Stephan and Alex and maybe sort of Hubert on this great potential of business NGO partnerships, but sort of business to business partnerships. And why is it that Barclays and (name) and you may be doing this, but you know, are not working more with say the apparel sector companies and the toy companies, you know, employing you know, 5 million, 10 million women in their factories in China or Indonesia and Vietnam, or working the agri business companies? I think you're starting to work with the agri business companies on the small holders in their value chain but it seems to me that they're your commercial banking customers and is there potential to really scale up? You're using sort of agricultural supply chains and manufacturing work places as a way to access. They're not the poorest of the poor but you know, that sort of, mostly young women who aren't women farmers who also are unbanked?

STEPHAN van COLLER, CEO Corporate & Investment Banking, BARCLAYS AFRICA:
Yeah I think you've hit on the key point here. Our sort of shared growth strategy, it sounds all nice and citizenshipy and I agree with my colleague there that it's actually more than that. The only reason why you get into now is because big corporates and you know, use a client of ours and I don't know how much money we make, but so we make $10 million dollars a year, doing FX, lending money, doing payments, and they come to you and say, "Listen, we need to help farmers. And banks you got the infrastructure." So in this world where people can port their accounts and everything, a lot easier, you've got to create a much closer partnership. So I mean we've done partnerships with DiAsia, with SIV, with Unilever, because they're all saying to us, "If you want my business, I have to pay it to some bank anyway, why don't you use some of that money to help me sort out my problems?" Because what's happening in the past is they're going to lend money into the supply chain. But you know because their customer becomes an equity

investment, from a loan. And they never get the money back and they have to look after property and they don't have credit scoring and they can't manage it and it's a whole new cost in their business. And so we see more and more of this partnerships down the supply chain where you're going after a suite of products. Some of them make money and some of them don't. But as long as the overall relationship relative to the capital you've lent beats your cost of capital you actually don't mind that some are losses and some are positives and you see in the supermarkets you know, why is the bread and milk right at the back? Because they want you to walk all the way through the shop and buy things on the way and see the sweets at the counter. Because the bread and milk, they don't make money out of and that's really coming to banking now and that's really putting some of the drive for I innovation and being more plan centric, so that's what's driving some of this behavior at the moment. Capital scarcity, plus you can deal with some of the stuff because of digital technology.

FROM THE AUDIENCE: ROB MELOCHE, Senior Director, Global Financial Inclusion, VISA:
Yeah, just a response to Wolfgang what said, great ambitions need practical next steps. So I'm Rob Meloche from Visa and I work on our financial inclusion programs globally. And so may I offer a couple of practical next steps that we've been doing with CARE. So one was mentioned around credit scoring. And so we actually have an interesting pilot underway with them to try to use the historic VSLA data that we've all seen people gathering in little notebooks and scraps of paper. That's a credit history in there. Hidden on these little notebooks and how can we unlock that? So capturing that data using tablets and apps and putting them in the cloud so that you can process some sort of credit profile or credit history for that individual borrower, who often is invisible and always invisible to the bank lender who is lending to the group, right as Stephan is doing but he can't see the individual behavior. And so we're working with them to do that and then of course the borrower being able to control that information and history and share that, that's one practical step to get at that problem of credit scoring. Another was the tiered KYC that Stephan talked about and we tackled that in Ghana. The Central Bank gave us tiered KYC through instant issuance on accounts with Fidelity Bank, again with CARE and the VSLA's in northern Ghana. That required multiple partnerships, the MNO involved in that as well. So people were doing the transacting digitally via mobile money as well as in the traditional VSLA training unit. And the last one was SEVI, a very practical, our research with the GSMA showed the problem, that gap is women are more likely to uptake mobile money if there is a woman agent involved. But there's a shocking lack of women agents as well. So rather than trying to invest just in women's access, we actually started investing in women's agents. So we're working with First Bank Nigeria and the Blair Foundation to bring more women into their agent network knowing that that will then cause a ripple effect and more women taking up mobile money services for that same impact that Standard Charter mentioned that goes on. And then last, I would say, you know, Kevin mentioned about how and also from Save the Children about how can we get out of this pilot stage and grow this?

Kevin and I were sort of talking about this earlier today. But I think part of it is also there's a lot of work on the corporate side for us to do and to get that executive buy-in and have that through and that consistency but it also NGO's, and I came out of the non-profit micro finance sector so before VISA I was at Opportune International. Some of you may have run into that MFI. I would say the NGO's and the non-profits need to start thinking about themselves differently as well. And as co-development partners and as social impact organizations and instead of sitting down for us talking about how can we craft a grant, how can we co-create a proposal, you know, again, maybe creating more competition for Accenture, but thinking about yourselves as development consultants candidly, right? Really thinking about yourself as a development consultant to the corporation as opposed to a grantee. That way when we sit down we co-develop and then it's an investment we're making, right? Together through our business and I have often tell NGOs look at the grant making are much more interested in working as a business partner and hiring you candidly for your expertise than issuing a grant in the Plan 300. So that would be sort of my reaction or my practical next step to Kevin's remark.

FROM THE AUDIENCE: MARK KNICKREHM, CEO, ACCENTURE STRATEGY

Thank you Louise and I'm Mark Knickrehm and I lead Accenture Strategy and I think it's a sign of a very engaged group when you open it up for questions and you get lots of informed comments coming back as opposed to questions. It's I think this is a good and passionate place of very engaged people and I guess a couple of observations and then one question. One, as we pointed out the 380 million often times like in the commercial sector, those who have to invest to get the money aren't those that get the money back. That's the fundamental challenge in all of these things. I worked in healthcare personally, the opportunity in health are trillions, the problem is, the provider sector has to put the money in and insurance companies and national health systems get the money out, and so you have market failure of why these things never work typically and what I would say in our experience in industries in the private sector, I'll caveat it, by I've done very little work in this area, this partnerships are great for pilots, they never scale up. They almost never scale because that economic barrier cannot be overcome and it changes over time. So the partnership constantly has to form and reform. So it doesn't happen. But one of the things that for our commercial clients that we're excited about is this promise of digital. Which really is the cost of computing is already zero. It's zero for our corporate clients, they don't even think of the cost of computing anymore, the cost of storage is zero. And I would say the cost of networks is coming towards zero. Not quite zero and perhaps not in the developing world but in the developed world for all intents and purposes, it will be zero. And that's opening up whole new opportunities. Cross industry opportunities, a very different economic based place. That doesn't really require the kind of partnerships that you were talking about, the gentleman from World Vision. And for instance, I think in this space, my comment slash question is you saw in the last 10 days, a big French telecom company, Orange, bought a bank. That's a very interesting new step when a phone company is buying a bank or a bank perhaps buying a phone company. You're seeing, in my view, these things coming together, they're going to create whole new digital opportunities. I didn't know that the payments world is going to zero too for payments. This is, I think these sorts of corporate coming together industries, merging are going to create these new opportunities and I'm wondering if you see any of that for instance in these developing markets of Africa becoming a phone company or phone companies interested in buying your banking or PayPal transaction capabilities?

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIP
I think Stephan, I'm going to come to you maybe just sort of closing comment and then Wolfgang--

STEPHAN van COLLER, CEO Corporate & Investment Banking, BARCLAYS AFRICA:
I think there's some really interesting comments here. My personal view and I'll be controversial here, is I think a bank buying a phone company or a phone company buying a bank is exactly the wrong thing because you're just going to become a conglomerate again and you're just trying to do things that's not just your core skill. I think the world is moving into this distributed business where you get a lot of partners who do different things and bring the skills together and then you're allowed to plug N play. So you can get the best of the best. As soon as you buy something, then you're beholden to that and if that doesn't work, you just get left behind. So I think it's totally the wrong way. I actually think banks should be doing less of what they're doing like running back end processing systems, as other people how do it far better than we do. So why hold onto to it partner and take that cost out and move on. And that's what the mentality has to be. I love your point around NGO's and please don't take this as a criticism because the banks are far from perfect. We got our own problems, but I actually think NGO's underestimate how much power they're getting as businesses in the new world. There's more and more pressure because of social media and transparency and speed of information in terms of how you're perceived in the communities. And NGO's are perfectly positioned to actually help corporates with that I would appeal to NGO's that in time you're going to have to become not donor funded, you have to become at least break even. You've seen this in governments who used to be cash flow funded and they now have far more business model. And so I would say, I wouldn't, try not to accept anything that's not a sustainable project. Cause if it's sustainable, then you'll come out the other side and if it's just a pilot and doesn't move on. You can actually start creating this almost "social consulting model" if I can call it, that then you become a really important partner to various people and I would push really hard on that so that you don't end up doing the sort of work that then just falls away and then someone else does it over there and you know you don't make ____. Businesses have to be far more responsible about their money. They spent a lot just a feel good factor but we need to get far more being part of our business and I would say it's not in CEO KPRs in their strategy don't accept the task cause it will just become a project.

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIP
The final word to you

Dr WOLFGANG JAMANN, Secretary-General and CEO, CARE INTERNATIONAL:
That's an easy one to pick up. Frankly you definitely have the point that sustainability is for us, i mean just a built in kind of principle that we're working upon but in practice? In practice it means basically we work ourselves out of our job. Whether or not we assume a different role like a consultant or knowledge broker or not that's a secondary question. The success for us means basically in the construct that we're describing, vsla, you know your gardener principle you know, us being their, if you wish custodian, or the one who talks about their credibility, that role needs to vanish. And if vanished in the moment where both technology kicks in and the relationship is established, and that's what success means for us and completely take that as a positive challenge. Maybe the last bit we've been talking about over the last couple of days and you've been doing that for years seeing davos about ppps, i mean how does the private and social sector work together better? This is an area where we see real progress and you know all the good stuff that happens around such partnerships you can now showpiece some of the other sectors that might not be as advanced. So very encouraged. Thanks a lot -

MOD: LOUISE JAMES, Managing Director, ACCENTURE DEVELOPMENT PARTNERSHIP
Well a big thank you to both of you, (applause) for your thoughts today so please do pick up a copy of within reach which you'll see on the way out. Thank you all very much.
(End)