

Providing essential services for consumers, including the vulnerable; alternative business models

After the Crisis: making financial services work for consumers

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Access of vulnerable consumers to basic financial services

Financial inclusion = the right for each citizen to access/use financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong
(European commission, financial services provision and prevention of financial exclusion, March 2008)



Access of vulnerable consumers to basic financial services

Alternative business models can serve as a pragmatic solution for providing essential financial services to consumers, including the vulnerable, but the risk of stigmatization of vulnerable consumers exist if there are not served by the mainstream market



Responsibility of credit providers

- To be informed about financially excluded people profiles and needs and adapt their products in order to meet them;
- To develop new credit risk analysis criteria adapted to the demand of excluded people;
- To implement partnerships involving other types of credit providers active on the national market (commercial mainstream, commercial social-oriented, credit unions and not-for-profit) in order to develop best practices and pilot projects of appropriate lending;
- To provide effective information and advertising on the services provided



What can public authorities do?

They can make sure financial institutions have a Corporate Social Responsibility (CSR) policy with a real impact. They can:

- Encourage financial institutions to consider the importance of financial inclusion in their CSR policies
- Implement indicators leading to the evaluation of financial providers practices in terms of CSR
- Proceed to regular assessments of the sector and of each individual provider
- Ensure that the assessment of each provider, based on specific indicators, is made public



What can public authorities do?

They can regulate to ensure rights to all citizens and implement fair rules among all financial services providers. They can:

- Acknowledge the right for all citizens to access and use appropriate financial services
- Make this right known to everyone and to financial institutions in particular
- Create a compensatory financing system to cancel out enhanced social responsibility assumed by some operators and avoid distorting competition.



The role of other social partners

- Increase and format available data & develop the use of indicators to monitor financial exclusion. This should be done:
 - × to provide regular assessment of financial inclusion based on available indicators;
 - × to identify and evaluate policy measures with a positive impact on financial inclusion and
 - × to highlight the impact of financial inclusion policies on the wider topic of social inclusion.



The role of other social partners

- Increase mutual learning on financial inclusion policies, strengthen the participation of all key actors in that process, stimulate debate on specific issues which improve the general understanding of the context and the constraints of each stakeholders;
- Increase policy-makers awareness and information on policy measures to promote financial inclusion and to develop and promote European, national, regional and local strategies.



EFIN

European Financial Inclusion Network

Coalition of European stakeholders (institutions and individuals) involved in financial inclusion, including:

- European networks active in a more specific area of financial inclusion (e.g.: consumer debt, microfinance, responsible credit,...),
- Public institutions,
- Trade Unions, NGOs,
- Universities and Research institutes,
- Consumer protection organisations,
- Financial education practitioners,
- Debt counselling organisations representatives and
- Financial Institutions & Bank Associations.



EFIN

European Financial Inclusion Network

EFIN promotes financial inclusion through research, debate, exchange and dissemination.

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