



Fonkoze: Providing Rural Remittances Services in Haiti

Presented by:

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Who We Are

- Haiti's largest MFI
 - 24 branches, in all sections of the country
 - 26,000 borrowers - 99% women
 - Loan portfolio of \$4.4 million
 - \$3.9 million in micro-loans
 - \$0.5 million in individual, small business loans - also rural
 - PAR of 3%; Loan Loss rate of <1%
 - 64,000 savers - \$4.9 million in savings
 - Foreign Exchange: \$25 million in 2004
 - Remittances: \$7.3 million transferred in 2004
 - Literacy & Education Services
 - Basic literacy
 - Business skills
 - Sexual & reproductive health

A Leader with a Vision

Observations

Democracy won't survive without economic development

The poor can't depend on outside help

Women are the backbone of the economy

We can't just give a woman a loan and send her on her way

The only thing keeping Haiti afloat is the diaspora

The Vision

The poor must have a bank they can call their own

The bank must be self-financed and sustainable

Women must be the target market so we reach the whole family

We must accompany her as she struggles to make her way out of poverty

We must provide services to the diaspora

A Suite of Services

Credit
Savings
Currency Exchange
Remittances
Basic Literacy
Business Skills

The Importance of Remittances in Haiti

- Haiti is the poorest country in the Western Hemisphere
 - GDP per capita in 2003 of \$361
 - Majority of population of 8 million lives in abject poverty
 - At least 70% of the population has no access to clean drinking water.
 - 56% of the population is malnourished.
 - Infant mortality rate: 76 deaths per 1,000 live births.
 - Life expectancy at birth: less than 50 years.
 - The illiteracy rate is greater than 50%, the highest in the Americas.







How Remittances Help

- Remittances are important because
 - Act as a safety net
 - Contribute to local development
 - Can add to macroeconomic development -
add to savings rates, consumption,
investment

Remittance Market In Haiti

- 2002: >\$800 million
 - 24% of GDP
 - 150% of exports
- Now more than \$1 billion
- Dominated by large, private companies
 - Western Union, Bobby Express, CAM
 - High fees, often not transparent
 - Poor rural network

In 2004, Fonkoze transferred \$7.3 million

How is Fonkoze's Transfer Service Different?

- Mission driven
- Offer services in rural Haiti
- Direct deposit - introduces receivers to financial system
- Allows senders to attach special rules
- Allows receivers to access funds in US\$ or local currency
- Low fees
- Special rates for NGOs/non-profits doing development work in Haiti

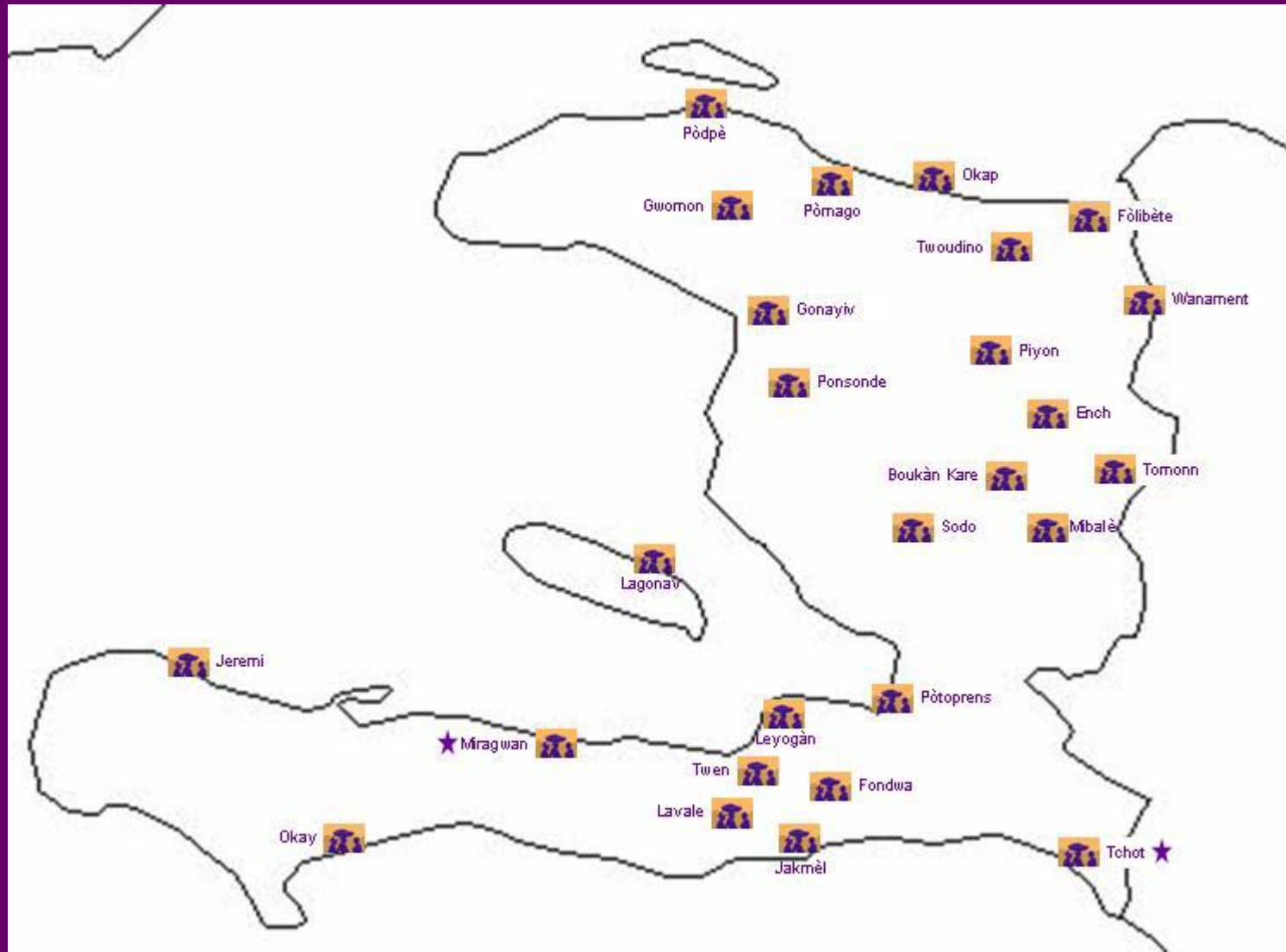
Historical Performance

Year	Amount Transferred	# transfers
1999	\$ 580,000	327
2000	\$ 803,000	508
2001	\$ 1,700,000	1,054
2002	\$ 2,600,000	1,556
2003	\$ 5,400,000	2,020
2004	\$ 7,300,000	2,747

Why Remittances? The Opportunities

- Social Goals
 - Decrease the exorbitant fees
 - Increase the US dollars available to families
 - Garner the support of the Diaspora
- Financial Goals
 - Expand savings base
 - Access to new clients
 - Improves our value to our clients
 - Source of revenue

Fonkoze's Branch Network



The Challenges Along The Way

- The search for new strategic alliances
- To use agents or not
- Educating unbanked Haitians to use the service
- The "public education" campaign
- The technology challenge
- Regulatory challenges

The Future

- New alliances with competitive services
- Maximizing the value of our branch network
- Maximizing volume



www.fonkoze.org