

World Savings Banks Institute (WSBI)
European Savings Banks Group (ESBG)



Microfinance and remittances

Remittances as a Development Tool in
Central America: Empowering Microfinance
MIF/IADB Conference

Antonique Koning, World Savings Banks institute
Guatemala, 3 September 2003



Concept of Remittances



- Definition of concept:

Remittances are the portion of migrant workers' earnings sent back to their country of origin during their working life or upon retirement.
- Importance for the receiving economies in development:
 - Stable and important flow of income,
 - Significant source of hard currency,
 - High relative importance compared to GDP, exports, FDI and development assistance
- Expanding market with migration flows growing



Scope for Improvement



- Increase share of the remittance amount available to the beneficiary
- Guarantee speed and certainty of payment
- Enhance impact on economy by integrating flows in financial system



Opportunities for Microfinance



- Individual: remittance seed money for loan; increasing the value of a loan
- Macroeconomic: predictability of remittances flows has a positive effect on economic factors
- Microfinance Institutions: reduce cost of refinancing portfolio



Opportunities in Microfinance ctd.



- Actors:
 - International Development Finance Institutions
 - Private sector investors
- Mechanisms:
 - Direct guarantee
 - Investment in Microfinance Institutions
 - Trading microfinance debt

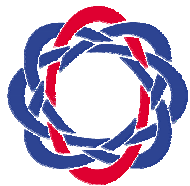


What do financial institutions have to do?



- Develop efficient, secure and affordable cross-border remittance services
- Develop financial products that add value for the remitters and receivers of the remittances
- Enhance consumer protection and transparency





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Thank you for your attention

See for more information:

www.savings-banks.com

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