



FINMARK NEWS

Issue 58 September 2007

www.finmarktrust.org.za

Millions want banking

On a continent of more than 50 countries and nearly 900 million people, financial markets come in many shapes and sizes, both formal and informal. FinScope™ surveys, which look at the use of, and access to, financial services, have been conducted in seven African countries: Botswana, Kenya, Namibia, South Africa, Tanzania, Uganda and Zambia.

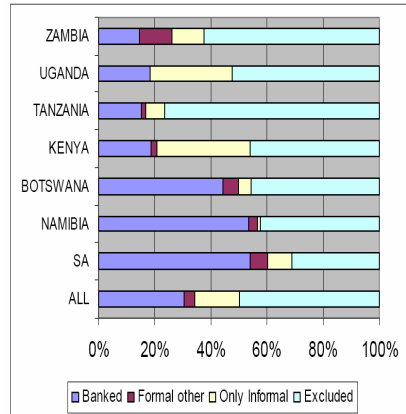
The results are illuminating, indicating that around 25-million people in these countries who are unbanked at present do not choose this, and are not too poor to be banked. For an analysis of the similarities and differences across these countries by David Porteous of Bankable Frontier Associates see *Financial service access and usage in Southern and East Africa: What do FinScope™ surveys tell us?* available at <http://www.finmarktrust.org.za/documents/2007/August/CrossCountryreport.pdf>

Can aid leave a lasting legacy?

Can Africa move beyond being aid dependent? At a recent conference on *Africa beyond Aid*, FinMark Trust CEO Mark Napier presented a paper that looked at the barriers holding back the development of Africa's financial systems and suggested where donor involvement should be concentrated for long-term sustainability. For a copy of *Africa's Financial Sector — Barriers to Access and Recommendations for Donors*, see http://www.finmarktrust.org.za/documents/2007/August/AfricaFS_paper.pdf.

Different strokes

An outsourced dedicated bank (ODB) providing core services to MFIs could mitigate some of the growth constraints that MFIs face. While the idea of an ODB has been positively received, practical realities would have to be dealt with. A new report looks at some ODB models and how MFIs view the concept. See <http://www.finmarktrust.org.za/documents/2007/September/OutsourcedDB.pdf>.



Financial access in Africa (see left)

Lessons from Latin America

As in Africa, access to financial services in Latin America is low, and many of the forces behind this are common to both continents. *The Provision of Banking Services in Latin America: Obstacles and Recommendations* by the Center for Global Development looks at some of the reasons access is low, with recommendations on how to overcome these. The obstacles are grouped in four categories: socio-economic; problems in the operations of the banking sector; institutional deficiencies; and regulations that distort the provision of services. See <http://www.cgdev.org/content/publications/detail/13932>.

The knowledge gap

People in Uganda are aware of insurance companies and the products they offer. They mainly pick up information through adverts in the media, word of mouth, at school, at work and also through marketing.

This awareness, however, does not translate into use or even knowledge about how insurance actually works. This is one of the findings of a survey of the Uganda insurance market by the Nairobi-based The Steadman Group. For a copy of the *Uganda Insurance Market Survey Report*, go to http://www.finmarktrust.org.za/documents/2007/September/Uganda_IMSR.pdf.

Getting to market

Distribution is one of the biggest hurdles to extending microinsurance to poor people. To date, the focus within the international microinsurance market has mainly been on MFI-linked models, which link a formal insurer and a microfinance institution. More recently, insurers have started to use other distribution models. For a review of some of these emerging models, see *Intermediation — the key challenge at* http://www.finmarktrust.org.za/documents/2007/AUGUST/microinsurance_brief.pdf

More than a home

Housing finance can be for housing or secured by housing and used for other purposes. This duality separates housing from other assets in that it is both a shelter and a way to increase access to credit. *Access to Housing Finance in the Financial Sector target market* by Illana Melzer of Eighty20 Consulting looks at the housing finance access frontier for low-income households and how bank business has changed towards this target market, as defined by the South African Financial Sector Charter (a monthly income of R1 600 to R8 200). For a copy, see http://www.finmarktrust.org.za/documents/2007/AUGUST/FPres_HF_FSC.pdf. A copy of the presentation Illana Melzer made at the last FinMark Forum, on the same topic, is available at http://www.finmarktrust.org.za/documents/2007/AUGUST/FPres_HF_FSC.pdf

Next FinMark Forum

The next FinMark Forum in Johannesburg will be on October 24. Join us for a presentation by Andrew Cartwright on *Old Mutual — Leading innovation in the low income market*.

Time: 17:30–18:45 (drinks afterwards)

Venue: Old Mutual, Old Mutual Square, Isibaya Building, 93 Grayston Drive, Sandton

RSVP: Tamara at (011) 315 9197 or tamarab@finmark.org.za

Ref 6314