



Finally, with respect to the economic and institutional environment within which they operate, the member institutions of the GRULAC:

- Recall that the stability of the financial system is vital to promoting the mobilisation of savings and to facilitate the penetration of the formal financial system into the low- and middle-income sections of the population;
- Advocate a pluralist formal financial system within which a variety of institutions coexist, thus making it possible to serve as much of the population as possible;
- Stress the importance of the government in keeping inflation levels under control and point to the advisability of limiting external intervention in the institutions' internal investment, financial, and commercial policies;
- Are agreed that adequate mechanisms for prudential supervision and internal auditing are indispensable to guaranteeing a secure environment, free of systemic risks, for the mobilisation of the public's savings;
- Draw attention to the need to progressively adapt norms of prudential supervision and regulation to international standards, with a view to having in place modern financial institutions that are ready to face the challenges of the global economy;
- Support initiatives involving participation in deposit guarantee funds as a means of ensuring the confidence of savers in the formal financial system;
- Urge the progressive elimination of a series of legal barriers to the institutions' activities, so that they can act freely and with full competitive rights in the financial markets, and thus be able to respond effectively to the challenges of globalisation;
- Finally, as a matter of urgency, they call the attention of both the economic and financial authorities, as well as of the institutions within the financial system, to the importance of comprehensively extending and deepening the degree of bank penetration and access. In this context:
 - They support initiatives to increase the number of financial services available to people, which is relatively limited in Latin America, to include not just savings instruments but also other products and services, such as credit to individuals and companies, payment facilities, insurance, and others;
 - They propose that various means of improving the degree of bank penetration and access should be analysed and implemented. For example: that the regulatory bodies require financial institutions to provide standard information according to the customers that avail of their services (number of customers, products); encouraging the payment of salaries and benefits via the financial system.

About the WSBI (World Savings Banks Institute)

The WSBI is one of the largest international banking associations and the only global representative of savings and retail banks. Founded in 1924, it represents more than 1,100 financial intermediaries from 89 countries. At the start of 2003, assets of member banks amounted to €7,600 billion, non-bank deposits amounted to €4,750 billion and non-bank loans to just over €4,000 billion. WSBI member banks operate circa 200,000 branches and employ close to 2.3 million people. WSBI members are typically savings and retail banks with a customer-oriented, socially responsible approach and a market focus of individuals, households, SMEs and local authorities.

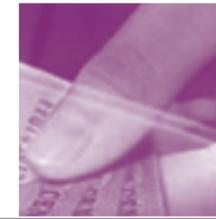
Rue Marie-Thérèse, 11 • B-1000 Brussels • Tel: + 32 2 211 11 11 • Fax: + 32 2 211 11 99
 info@savings-banks.com • www.savings-banks.com
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SAVINGS MOBILISATION RESOLUTION

Santiago de Chile, 18 April 2005

Resolution adopted by the members of the WSBI Regional Group for Latin America and the Caribbean on the Mobilisation of Savings





Resolution adopted by the members of the WSBI Regional Group for Latin America and the Caribbean on the Mobilisation of Savings¹

On the occasion of the 11th Assembly of the WSBI Regional Group for Latin America and the Caribbean (GRULAC), within the framework of the WSBI Access to Finance Resolution of October 2004 and of the International Year of Microcredit 2005, the members of the GRULAC, with the support of regional and international organisations, endorse the following resolutions:

The members of the GRULAC declare that:

- A well functioning financial sector contributes to economic growth and to social cohesion by performing five basic functions² of which, the mobilisation of savings is paramount;
- Savings are the principal source of domestic capital accumulation, which in turn, when combined with healthy economic and investment policies, allows a country to ensure sustained growth and improvements in the standard of living of its citizens;
- Domestic savings are vital to the reduction of dependence on external savings, increasing the level of financial savings and thereby the level of investment in the domestic sphere, achieving macroeconomic equilibrium and stable economic growth;
- The mobilisation of savings is crucially important for the financing of credit, making possible investment in micro-enterprises, SMEs, and other similar entities, with knock-on effects on overall economic growth through the creation of local employment and the reduction of poverty;
- A strategy for the mobilisation of universal savings plays a key role in the distribution of wealth and in the social and geographic integration of the region's countries;
- The act of saving is a necessity for every individual, whatever the level of wealth of a country and of its population. At the micro-economic level, savings are fundamental to the ability of individuals to meet basic needs such as housing and education, as well as to cope with unforeseen events and accidents and to en-

sure an income in old age. For the micro-entrepreneur, saving is vital to the ability to finance investments and to cope with periods of reduced liquidity;

- Encouraging saving by disadvantaged strata of the population begins with the discipline of voluntary saving, which facilitates subsequent access to essential services such as credit, insurance, payments, and others.

In addition, the members of the GRULAC observe that:

- In developing countries, including certain countries in Latin America, the percentage of the population excluded from the formal financial system stands at around 80%;
- In the Latin American region (and especially in Central America), the rate of financial savings, although growing, is still far too low;
- Although incomes among the population of Latin America are low, saving does take place and is several times greater than is generally recognised;
- In a number of different countries much of these savings are being channelled through informal financial circuits and a large proportion of the population uses this informal sector as an intermediary for the management of its savings;
- Traditionally, the promotion of universal savings has been carried out through financial institutions such as savings and retail banks, which have an important social commitment and a territorial coverage that reaches areas not usually served by commercial banking.

Taking the foregoing into account, from an institutional point of view the members of the GRULAC:

- Present themselves as financial institutions whose role is to contribute to the long-term economic growth and stability of their countries by mobilising domestic financial savings;
- Commit themselves to the promotion of a culture of savings and to the protection of these savings, a task that implies a civic duty towards the most vulnerable strata of the population;
- Commit themselves to the task of channelling the personal savings of the most disadvantaged strata, especially of those located in rural areas and in deprived urban areas, transforming them into formal financial savings;
- Reaffirm their role as financial educators of the population, playing a social role alongside that of financial intermediary. To this end, they will concentrate their efforts in the field of the financial education of clients on those individuals in danger of becoming heavily indebted, as well as on children and young people, in whom it is necessary to inculcate an awareness of the importance of savings as against immediate consumption;
- Affirm their commitment to dedicating a symbolic day to celebrate the importance and the benefits of savings, to be held on 31 October every year.

From the operational point of view, the member institutions of the GRULAC:

- Commit themselves to:
 - Assist the long-term accumulation of savings, in order to be in a position to effectively play their part in economic and social development

- Step up their efforts to adapt savings products, as well as distribution and communications tools, to satisfy the needs of the population with a special focus on the most vulnerable strata of society;
- More specifically, they draw attention to and promise to maintain and reinforce the following areas:
 - A policy of proximity, based on closeness to the client, both from the point of view of the location of the sales point and in terms of a personalised reception and hearing for each client;
 - Exhaustive analysis of the real needs of customers and effective segmentation of customers on the basis of their particular situations;
 - Extension and diversification of the range of products and services offered, with a view to effectively meeting the needs of the population;
 - The design of savings products that are accessible, flexible, easy to handle, liquid, profitable, attractive, and secure;
 - Implementation of decentralised internal monitoring and risk management policies in order to guarantee the security of deposits;
 - Development of a technological platform to support the expansion of the different savings services and products and of others products linked to savings;
 - Evaluation of policies and instruments that have proved successful in the promotion of savings, at the public level and in the institutions themselves, depending on the particular circumstances of each locality and of their customers;
 - The drawing up an effective communications policy, based on the dissemination of the best practices and instruments for the promotion of savings, designed to educate customers in the responsible management of their assets.

¹ Original version in Spanish. This is a translation of the original version.

² The mobilisation of savings, risk management, access to information on investment opportunities, monitoring of borrowers, and facilitating payments.