Why do you think this happens?

<table>
<thead>
<tr>
<th>Country</th>
<th>Population under 18 without financial services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>57.20%</td>
</tr>
<tr>
<td>Colombia</td>
<td>58.80%</td>
</tr>
<tr>
<td>Ecuador</td>
<td>66%</td>
</tr>
<tr>
<td>Mexico</td>
<td>75%</td>
</tr>
<tr>
<td>Peru</td>
<td>80%</td>
</tr>
</tbody>
</table>
Why people lack financial services?

- Lack access to formal financial services
- Hidden costs
- Lack of trust in the financial system
- High risk
Alternate Financial Services in Latin America
Alternative Financial services in Latin America

Informal Financial Services
1. ROSCAs
2. Saving Groups
3. VSLA

Semi-formal Financial Services
1. CARE
2. Oxfam
3. Catholic Relief Services

Formal Financial Services
1. Banks – Barclays Initiative
Informal Financial Services
1. ROSCAs
2. VSLA
3. Saving Groups
Rotating Savings and Credit Associations (ROSCA)

- Informal lending groups
- Members pool in cash
- Each member gets a turn to use the cash
- Next meeting, new member received cash until every member as received the funds

Rotating Saving Group:
- 4 members
- 4 rounds
- $10 contribution
- $40 in the pot

Organic foundation of financial services
ROSCAs in Latin America

Mexico:
1. Tandas
2. Cundina
3. Mutualista

Belize:
1. Syndicatess
2. Tandas

Peru:
1. Pandero

Bolivia:
1. Pasanacu

Brazil:
1. Consorcio
2. Pandero
3. Syndicates
Self-managed communities
15–25 self-selected members
save, loan and pay monthly interest
Share out– 12 months

Function:
Secure place to save
Opportunity to borrow in small amounts
Affordable basic insurance services
Saving Groups in Latin America

Brazil:
1. Consorcio
2. Pandero
3. Syndicates

Belize:
1. Syndicates
2. Tandas

Bolivia:
1. Pasanakus

Mexico:
1. Tandas
2. Cundina
3. Rondas

Colombia:
1. Natilleras

Peru:
1. Tanomoshis
2. Juntas

Chile:
1. Pollas

Paraguay:
1. Ruedas de Ahorro

Argentina:
1. Nativos de la Montaña
SG’s promoted by International Agencies

- CARE
- Catholic Relief Services (CRS)
- Fair Trade
- Plan
- OXFAM
Limitation to Saving Groups

- Not very flexible
- Targeted only to short term expenses
- Individuals don’t have same saving capacity or opportunities for investing.
Village saving and loan associations (VSLA’s)

- Developed by CARE in Niger–1991
- Self-managed & self-capitalized microfinance
- Savings, insurance & credit services

Key facts:
- High repayment rates
- Over 90% operate after training
- Cost per member–$22.5
VSLA’s

Function:
- Cope with emergencies
- Build capital
- Self-reliant

Linked with numerous NGO’s:
1. CARE
2. PLAN International
3. Oxfam
Semi-formal Financial Services

1. CARE
2. Oxfam
3. Catholic Relief Services
Works to right the wrongs of poverty, hunger, and injustice.

Vision: A just world without poverty.

Mission: To create lasting solutions to poverty, hunger, and social injustice.

In Latin America, Oxfam provides aid to:
- Mexico
- Brazil
- Bolivia
- Peru
- Chile
**Oxfam–Community Finance**

**Objectives:**
- Supporting village groups that act as their own community banks.
- No debts from moneylenders etc.
- Providing villagers with a safe place to save and easy access to loans.

<table>
<thead>
<tr>
<th>Country</th>
<th>Groups</th>
<th>Members</th>
<th>Cumulative Savings (US $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mali</td>
<td>18,551</td>
<td>419,685</td>
<td>6,027,467</td>
</tr>
<tr>
<td>Senegal</td>
<td>2,367</td>
<td>51,017</td>
<td>626,710</td>
</tr>
<tr>
<td>Cambodia</td>
<td>5,271</td>
<td>85,387</td>
<td>4,433,454</td>
</tr>
<tr>
<td>El Salvador</td>
<td>510</td>
<td>8,348</td>
<td>152,003</td>
</tr>
<tr>
<td>Guatemala</td>
<td>309</td>
<td>5,007</td>
<td>118,358</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>27,008</strong></td>
<td><strong>569,444</strong></td>
<td><strong>11,357,992</strong></td>
</tr>
</tbody>
</table>
Catholic Relief Services

- Mission: To assist impoverished and disadvantaged people overseas, working in the spirit of Catholic social teaching to promote the sacredness of human life and the dignity of the human person.

CRS’s Micro-finance program:
- CRS microfinance programs have served 1 million people in 35 countries.
- supported savings groups have saved more than $10.7 million.
CRS’s Program in Mexico

- Bancomunidad
- Catholic Relief Services' partner Centro de Desarrollo Comunitario Centéotl provides group members with an initial loan of 1,000 pesos (about $75) to invest in a small startup business.
- To be accepted as a new member or get a bigger loan, the women must agree to a code of ethics, participate in weekly meetings and demonstrate fiscal responsibility.
- With her initial loan, Flor started a home-based business and now sells tortillas, tamales and tacos.
"I've learned how to invest my money wisely and the power of being united. I've also learned a lot from other women in my group in terms of responsibility and respect," says Flor. "This group is very different than others. It's not just about the money, it's about being part of a group that understands what you are going through and helps you move forward."
Cost to equip a savings group

- Abusive past
- Isa Dolores Gomez spent 5 days last year at a Catholic Relief Services workshop learning the ins and outs of leading a community savings group. She learned how to use a lock box, how to fill out a deposit registry and why savings groups need five officers to run smoothly.
Formal Financial Services

1. Banks
   - Barclay’s Initiative
Barclay’s Initiative – Banking on change

- Partnered with Plan and CARE
- Opportunity and skills to save and manage their money more effectively.
- SG’s and VSLA’s
Barclay’s Initiative—Banking on change

- Improves 6,000 economic security of women
- Creation on saving groups
- Aim—creating these informal services with the hope that in future they have access to formal services.

Function:
1. Increase income—20%
2. Improve links to financial institutions
3. Provide loans
Conclusion

- Informal financial Services
- Semi-formal financial Services
- Formal financial services

Future research topic:
To what extent are these alternate financial services most effective in terms of improving people’s welfare and their standard of living.