5 Lessons for Growing Financial Co-ops

Dave Grace
Managing Partner
DAVE GRACE AND ASSOCIATES

Key Message

1. Need strong capacity in managers of financial co-ops.

2. Prudential and effective regulatory system that protects deposits.

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- 45 years combined as regulators, central bankers, research and board members of financial co-ops.
- World Bank, IMF, US, UK, Barbados, Australian credit union associations and Center for Financial Inclusion
- 65 countries of experience
- Helped bring about IYC.

2012 International Year of Cooperatives

Defining Financial Access

1. Access to a full suite of financial services
2. Provided with quality
3. To everyone who can use financial service
4. In a diverse and competitive marketplace
5. Financial capability

Financial Co-ops & Access Facts

- Serve over 857 million people globally (Source: DG & Associates 2012)

- Serve 78 million people making less than US$2/day. (Source: Boulder Institute 2008)

- Have 23% of all banking branches.

(Source: World Bank: *Financial Access 2010)*

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National-Level Data on Inclusion

- **Rwanda:** 47% 2008 to 72% in 2012
  - SACCO program from 0 to 26% of population in 3½ years.

- **Ireland:**
  - Credit unions serve 70% of adults

- **Barbados:**
  - Credit unions serve 72% of adults

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Why Financial Inclusion?

- IMF: Countries with smaller income gaps = more long-run growth & fewer financial crisis. (Berg & Ostry 4/2011)
- Financial co-ops do exceptionally well at *building* a middle class.
- Results in G20 initiative on inclusion where financial co-ops were part of the discussion.

Getting to Financial Inclusion

1. Financial capability
2. Product range & understanding client needs
3. Technology-enhanced delivery channels
4. Credit reporting and client info analytics
5. Client protection
6. Institutional capacity building
7. A sound regulatory framework

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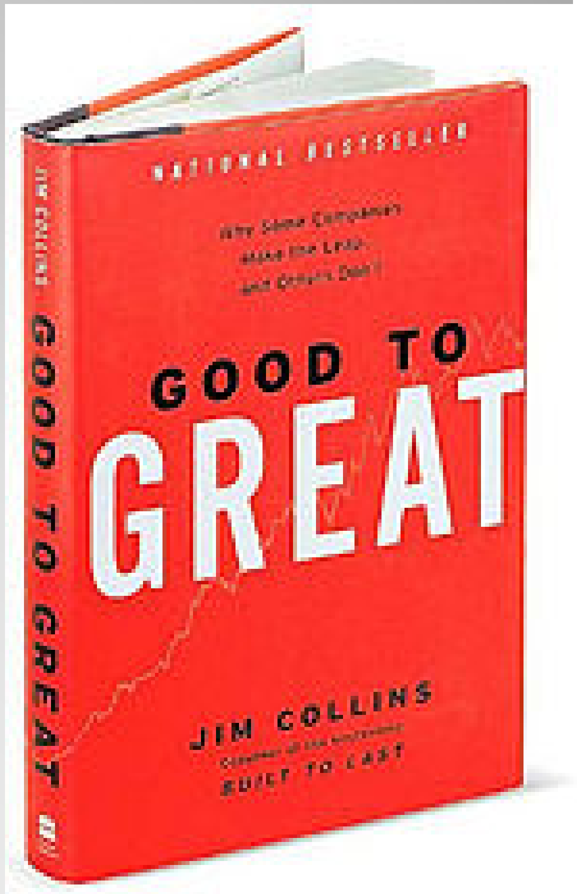
Jim Collins on Co-ops



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Growing Financial Co-ops

1. Having boards that *require* aggressive growth
2. Having management which has the capacity and incentives to grow
3. Prudential & effective regulation
4. Government support with the right incentives
5. Capital to pursue growth


Sanjana

Thank you

dgracehome@gmail.com

www.DaveGraceAssociates.com

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