

## Reaching Displaced Communities in Colombia

*World Council project improves financial inclusion.*

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For decades, rural populations have been caught in the middle of conflicts in Colombia. Activities of military and paramilitary groups, narcotics traffickers, natural disasters, and turmoil with neighboring Venezuela have all contributed to people in rural areas becoming “desplazados”—the displaced ones.

Since 2008, the World Council has been working with credit unions in Colombia to serve the underserved, harness the power of technology, and provide a means for the displaced ones to provide for their families.

Like many others, Henry Valencia was displaced. He fled to the municipality of Curumani, which had no services, utilities, or houses. As a refugee, he lived in a “cam-buche” (tent) with 200 other people.

He had no opportunity to easily access a loan to improve his conditions—no land, house, or fixed assets. High transactional costs presented another barrier to access financial services.

The cost to travel to the nearest city is 40,000 Colombian pesos (U.S. \$14). Considering his monthly average capacity to save was 50,000 pesos (approximately U.S. \$18), he had no incentive to save.

World Council is working with Banca de las Oportunidades on the “Inclusión Financiera en zonas de frontera con Venezuela” (financial inclusion at the border with Venezuela), which aims to:

► **Implement** financial methodologies and products for credit unions, banks, microfinance institutions, and insurance companies to connect the adult population with financial institutions based on market research.

► **Increase** delivery mechanisms for financial services using mobile banking, field agents, and other methods.

► **Support** financial literacy activities to improve savings mobilization and financial services knowledge.

► **Link** small businesses, entrepreneurs, and farmers with local groups that can train them on income-generation activities and connect them with financial institutions.

The main project goals are to:

► **Reach** 210,000 people, 100,000 of whom are not currently participating in the formal financial system.

► **Educate** 70% of the population about basic financial literacy.

► **Deliver** training to 12,200 individuals in rural areas.

Changing traditional paradigms, credit union agents move through rural areas—often zones of conflict—on motorcycles or pickup trucks to provide financial services in person and on-site where rural residents live and work.

This approach, first piloted in Mexico in 2002 and now being implemented in Colombia and Haiti, organizes groups in each community to meet with credit union agents at a set time each week. Credit unions reduce transactional costs for rural and vulnerable populations by allowing them to open financial accounts and access loans or manage their savings without leaving their villages.

Field agents with mobile devices (cell phones and portable printers) complement correspondent agents (usually a store owner) to bring the credit union to members.

Through the work of a field agent and an affordable loan, Valencia turned his family’s life around. As he continues to grow with his credit union, so does the opportunity to improve his life with the financial products and services designed to meet his specific needs.



Semilla Rural Group receives financial literacy and financial services assistance in Amanaven, a village near Venezuela.



Semilla field agent Liliana Coronado (center) works with the credit union coordinator, Haider Nobles (near right), and member Henry Valencia (back right).