



PROGRAM BRIEF COLOMBIA

Expanding Financial Inclusion through Microfinance and Mobile Technology



PROGRAM OBJECTIVES

With funding from the Colombian government's Banca de las Oportunidades program, World Council of Credit Unions is developing microcredit and microsavings products and using mobile technology to bring them to low-income populations in rural, peri-urban and urban areas. World Council is also replicating its *Semilla Cooperativa* [cooperative seed] rural outreach model to expand financial inclusion. World Council's US\$2.5 million program (2011-15) aims to bring financial services to 100,000 previously unbanked people in rural and low-income communities throughout the country.

World Council is working in partnership with Colombian credit unions to:

- Implement a savings-based outreach approach using mobile technology
- Increase credit union membership in rural and low-income communities
- Develop new demand-driven microcredit and microsavings products using mobile technology to expand the credit union network
- Introduce financial literacy outreach.

Follow the program at <http://financialinclusion.woccu.org/Colombia>.

BACKGROUND

World Council helped establish the first credit unions in Colombia 50 years ago in response to a need for financial access in areas other financial institutions did not serve. Today the sector has grown to nearly 200 credit unions that serve more than 2 million people across the country.

World Council's current initiative in Colombia builds on the achievements of its previous program funded by Banca de las Oportunidades (2008–10), which streamlined the operations of nine credit unions and their 48 points of service. The program ultimately doubled the credit unions' institutional capital and increased their membership. World Council is now working with 12 credit unions and their points of service to further expand services to unbanked and underserved communities in Colombia.

KEY INDICATORS

Credit Union Outreach	6/2011	3/2013
No. of Credit Unions	12	12
Total Points of Service*	178	213
No. of Members	826,909	956,928

* Includes branch offices, smartphones, POS devices and agent locations

Program Targets	9/2012	% Goal
No. of Previously Unbanked Members	61,607	62%
No. of Members Trained on Financial Literacy	2,836	140%
No. of Microfinance Products Developed and Implemented	35	146%

PROGRAM HIGHLIGHTS

Creating Microfinance Products for the Unbanked

Credit unions are implementing the *Semilla Cooperativa* methodology to bring financial services to 100,000 unbanked people in rural and underserved areas. The model was developed by a World Council program in Mexico, which helped bring financial services to more than 250,000 marginalized people in three years.

Semilla Cooperativa is an outreach methodology that emphasizes savings mobilization through the deployment of credit union field officers to people where they live and work. The field officers form small groups and regularly meet with them in their community to collect deposits, small loan applications, payments and new member applications. *Semilla Cooperativa* participants have individual credit union membership, may obtain individual loans, hold the same shares as other members and can access their accounts at any time.

Microsavings. Credit unions are using mobile technology through the *Semilla Cooperativa* approach to deliver savings and other financial services to members and the unbanked. The microsavings products, including program savings for a particular purpose, regular (withdrawable) savings, youth savings, agricultural savings for basic family needs, as well as savings for microbusiness and investment, give people the opportunity to begin saving in small amounts.

Microcredit. The credit unions' microcredit methodology involves training credit union staff to provide financial analyses of informal businesses in a faster and more effi-

cient way, which reduces transactional costs for members. This includes developing new microcredit products; reviewing and adjusting policies and processes for microcredit promotion, marketing, analysis and underwriting; applying lines of microcredit to finance activities beyond working capital or fixed assets, such as education or other family expenses.

Financial Education. Credit unions are organizing financial education workshops to help members make the best use of formal financial services when managing their household income. Credit union staff lead the workshops, which include topics related to savings, family budgeting, cooperative credit union principles, debt and insurance.

Youth Savings. Colombia's traditional financial institutions do not have products or business models that allow minors to enter the financial system. Consequently, there have been few opportunities for youth to learn about the importance of saving and to open their own accounts. Through World Council's program, credit unions in Colombia are expanding their youth savings options to help children understand and acquire savings habits to meet their goals.

Using Mobile Technology to Reach the Rural Poor

Mobile technology allows local credit unions to penetrate markets with no previous access to financial services and in places where it is too costly to build a branch office. World Council is helping credit unions develop credit, savings and other financial products catered to the needs of these new markets and is giving them the means to expand their reach and membership in highly underserved areas through personal digital assistants (PDAs), or smartphones.

Using the *Semilla Cooperativa* methodology, credit union field officers travel regularly to surrounding communities to quickly, efficiently and securely provide services to individuals for whom the time and travel costs to reach a credit union are too prohibitive. Field officers use smartphones and handheld printers to record transactions and sign up new members.

In World Council's experience, smartphones have increased the efficiency and accuracy of delivering financial services outside brick-and-mortar institutions. The approach also improves the credit union's overall image and has prompted many in these communities to join a credit union, move their money into savings accounts and take out progressively larger loans to manage their evolving financial needs.

FINANCIAL & EDUCATIONAL OPPORTUNITY



Rosmira Mambuscay, 40, belongs to one of two *Semilla Cooperativa* groups in a remote village of about 70 families near La Plata, Huila. Before joining COOFISAM credit union, she saved money in her house but said she tended to spend it before accumulating much. Each member of Rosmira's group pledged to save at least 10,000 pesos (US\$5) per month when the credit union field officer visits the community. She is consistently saving more and is hoping to provide a university education for each of her three children

Rosmira left school in the fifth grade and is proud of the courses and certification COOFISAM provides the group. She received a certificate of completion for a course in cooperativism in April 2013 (pictured above). The community of coffee growers has put the training to use, branding their coffee with credit union sponsorship and selling it directly from their cooperative. Coffee production increased more than 10-fold in 18 months with greater opportunity for distribution..

ABOUT CREDIT UNIONS

Credit unions, called by various names around the world, are financial cooperatives that provide savings, credit and other financial services to their members. Credit union membership is based on a common bond, a linkage shared by savers and borrowers who belong to a specific community, organization, religion or place of employment.

ABOUT WORLD COUNCIL OF CREDIT UNIONS

World Council of Credit Unions is the global trade association and development agency for credit unions. It has implemented more than 275 technical assistance programs in 71 countries. Learn more at www.woccu.org.

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