

The Banking with the Poor Network

“To achieve greater financial inclusion in Asia”

About the BWTP Network

The Banking with the Poor Network (BWTP Network) is an initiative of the Foundation for Development Cooperation and is Asia’s only regionally focused network of microfinance stakeholders. The BWTP Network undertakes a range of activities aimed at improving the quality and outreach of microfinance services. A primary goal of FDC is to firmly establish the Secretariat of the pan-Asia BWTP Network in Singapore. FDC is well known in the region as a lead organisation in microfinance. FDC plans to grow the role of the BWTP Network in Asia and increase its capacity to promote the development of the microfinance sector in Asia.

The BWTP Network consists of 47 microfinance stakeholder institutions from 11 countries across Asia. This includes the world’s largest microfinance institution, ASA in Bangladesh, and the institutions responsible for setting microfinance policy in Philippines, the Central bank of the Philippines. Other member countries include India, Sri Lanka, Vietnam, Nepal, Indonesia, Pakistan and Thailand.

The BWTP Network in Singapore

The BWTP Network believes Singapore has the potential of being at the cutting edge of microfinance technical assistance and investment services. The international development community is increasing its focus on the area of the financial inclusion of the poor as a way of stimulated economic development and underpinning poverty alleviation in developing countries. Singapore has possible strategic advantages in microfinance including in the areas of technical assistance and microfinance investment.

Singapore has some strategic advantages for serving as the base of the BWTP Network Secretariat as it offers an international airport with connections to all BWTP Network member countries and important international locations. Furthermore, Singapore offers world-class venues for the organisation of international events. The large number of educational, training and professional institutions in the country offers a range of technical resources that will enhance the existing resources of the FDC/BWTP Network Secretariat and contribute to the design and development of quality, client-responsive products and services. Most importantly, Singapore is one of the world’s



financial capitals, providing opportunities for linking the global and regional financial markets to the microfinance markets of Asia served by the BWTP network.

The growth of FDC Singapore will contribute greatly to Singapore's future role as a central location for international development assistance and social entrepreneurship, as well as for the growing network of influential microfinance stakeholders that make up the membership of the BWTP Network.

Microfinance in Asia

Currently, the microfinance sector in Asia has succeeded in reaching a very small percentage of the total demand for microfinance services. The demand-supply gap results from this. Although Asia has some of the largest microfinance practitioner institutions, including commercial banks such as BRI Indonesia and ASA Bangladesh, and a range of diverse microfinance methodologies, serving different segments of the population, the vast majority of the institutions are unable to expand outreach. The reasons are mainly due to a lack of financial resources and subsequently inability to invest in developing adequate level of systems and human resource capacity to manage significant growth. Furthermore, there is a need for new institutions and innovations in microfinance technology to reach the unreached in remote areas, marginalized populations, and to link financial services to broader human needs, going beyond livelihoods to improving quality of life such as financing education, health, housing, insurance, and asset creation. Most of the countries lack the appropriate legal structures and regulatory frameworks to accommodate sustainable microfinance initiatives that can intermediate a range of financial services, especially savings and insurance products to ensure the social security of clients. These factors result in the vast majority of poor people in communities all over Asia being dependent on available local sources of capital at exorbitant prices. They also lack the opportunity to gradually move beyond survival by building sustainable livelihoods, creating assets, and assuring the future of the next generation.

There is a need for more investment in capacity building within the sector, focusing not only on the supply of capacity building services, but also on ensuring that these services are provided in a manner that responds to the varying needs of institutions based on their institutional type, legal framework, stage of development, and environmental context. Capacity building is essential for microfinance practitioners to consolidate their portfolios and prepare for significant expansion, and eventual transformation to fit into the legal and regulatory framework of their countries. Both microfinance practitioners as well as formal financial institutions have to develop their respective capacities to cooperate with one another to forge successful partnerships for sustainable microfinance. In addition to ensuring the bottom line of profitability, both investor and client retailer of financial services for the poor have to be aware of their social responsibilities, and ensure a balance of financial, social and environmental impact.

Capacity building must be informed by the available knowledge on the ground and inspire innovation at the operational and policy levels. Practitioner led, practitioner informed research

combined with rigorous scientific methodology of data collection and analysis can inform high quality curriculum and training materials that can be tailored and adapted to meet the specific needs of users. Particular emphasis is needed on improving the efficiency and productivity of financial service providers to manage growth in a sustainable manner. Financial institutions that aim to play the role as retailers or wholesalers in microfinance will need to develop their core competence and develop specialization in microfinance intermediation, as it is distinct from commercial banking. Microfinance providers that operate outside the formal financial systems will have to manage successful transformations, in order to comply with the legal and regulatory framework of their country in order to legally provide the range of financial products and services that will ensure their sustainability, but also allow them to serve their clients.

Long-term sustainability of the sector will depend on a larger number of financial institutions that have adopted policies and practices that allow sustainable growth while balancing client impact, and policies that enable a legal and regulatory environment that stimulates sustainable growth, ethics and values that are client-centred, and are based on transparency and accountability among all stakeholders. Advocacy is key to the success of the microfinance sector to ensure that all of the above is achieved. Advocacy must be informed by informed research based on field-based and practitioner learning. Effective lobbying must involve stakeholder participation and a combination of influencing positive change through sharing experiences and cooperating to overcome a common problem or achieve a shared goal namely Poor Network (BWTP Network) from Brisbane to Singapore.

Recent activities of the BWTP Network

2005

- The Pan Asia Forum On Capacity Building For Microfinance In Crisis Situations: Policies, Strategies and Actions for Microfinance Institutions Operating in Communities Impacted by Natural Disaster, Conflict or Civil Unrest, and HIV/AIDS
- Capacity Building Program for Microfinance Institutions in Post-Tsunami Reconstruction

2006

- Asia Microfinance Forum (part of the Strengthening Microfinance in Asia project)
"Partnerships and innovation to increase the impact of microfinance in Asia
- Workshop: Strengthening Financial Linkages through Strategic Partnerships and Alliances

2007- 2009

- Strengthening Microfinance in Asia Through Information Sharing and Capacity Building

2007 -2010

- Participation in the Citi Network Strengthening Project
- Publication of the 'Capacity Building for Partnerships in Microfinance' Trainer's Manual, disseminated internationally.

2008

- Capacity Building for Partnerships in Microfinance Workshop, Dhaka, Bangladesh.
- Asia Microfinance Forum 2008 - Microfinance in the 21st Century: Future Trends and Opportunities, Hanoi, Vietnam.

2009

- Publication of Microfinance Industry Reports for Indonesia, Nepal, Sri Lanka, Vietnam and Bangladesh.
- Microfinance and Disaster Management workshop, Chengdu, China.

For more information contact:

Mr Jamie Bedson – Lead Coordinator, The Banking with the Poor Network

c/o The Foundation for Development Cooperation (Singapore) Ltd.
22 Cross St, #02 – 55, South Bridge Court, Singapore 048421

Tel and Fax: (65) 6438 4112

Mob: (65) 94553401

Email: jamiebedson@fdc.org.au

Web: www.bwtp.org