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REPORT OF AN ABAC/ADVISORY GROUP WORKSHOP  
JAKARTA, JANUARY 23, 2008

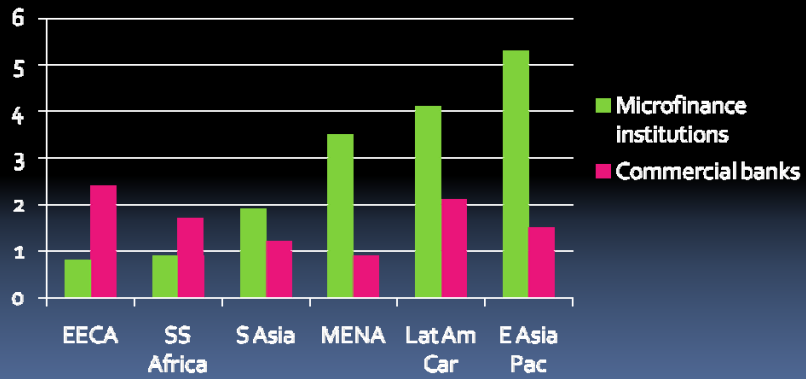
## **COMMERCIALLY SUSTAINABLE MICROFINANCE: A STRATEGY FOR PROMOTING FINANCIAL INCLUSION IN APEC**

### Microfinance: Misconceptions

- Not profitable, a social welfare measure
- Not for mainstream financial institutions
- Limited scope

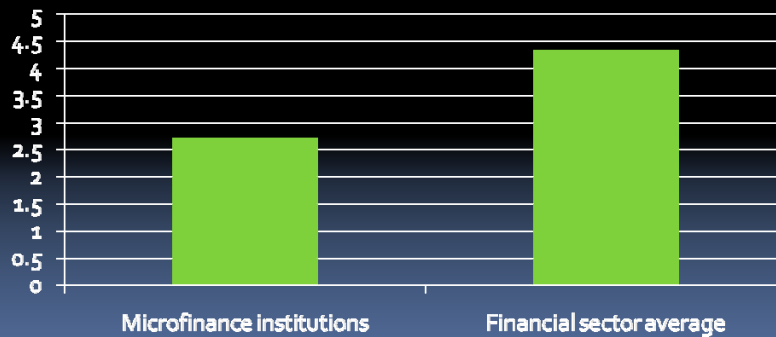
## Not profitable?

Return on assets (%), MFIs vs. Commercial Banks (Mean), 2005

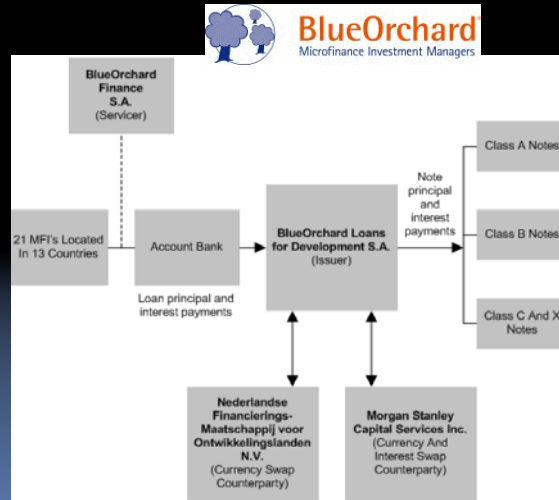


## Not profitable?

PaR-30 (Portfolio-at-risk for more than 30 days), Average for Bolivia, Colombia, El Salvador, Mexico, Nicaragua and Peru

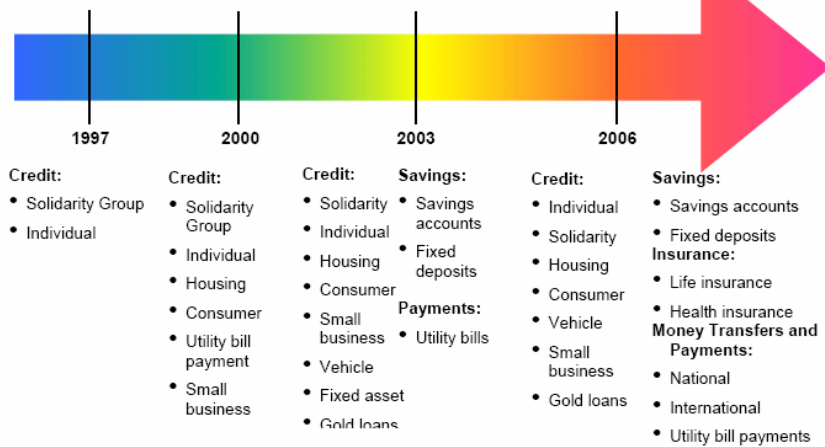


# Are financial institutions interested?



# Limited scope?

## *BancoSol (Bolivia): From Mono to Multi-product*

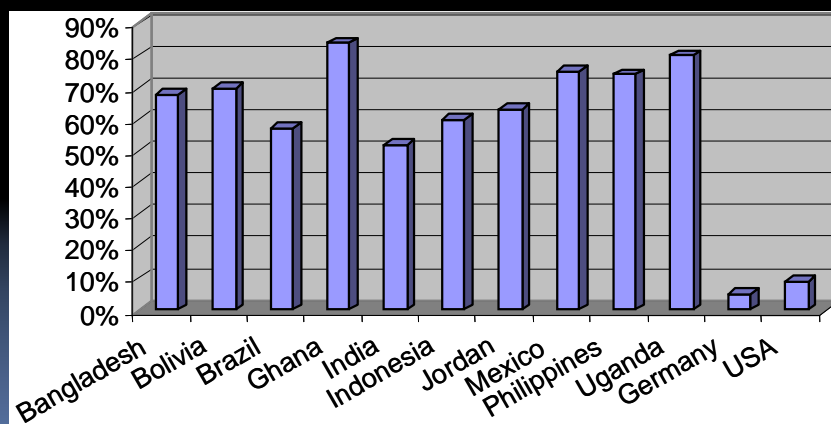


## Behind the transformation

- Technology
- Innovation
- Transformation of MFIs
- Policy reforms

## Why is microfinance important?

Percent of adult population without bank account, 2006



## What needs to be done

- Promote a favorable legal, policy and regulatory environment for commercially sustainable microfinance

## What APEC needs to do

- APEC Finance Ministers: adopt a financial inclusion agenda, with microfinance as a tool of choice
- Undertake policy initiatives
- Engage the private sector through ABAC and Advisory Group

## Next steps for ABAC/Adv Grp

- Propose to APEC finance ministers
- Lobby individual finance ministries
- Disseminate report
  - Publication
  - Policy forum