How important is Access to Finance?

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Is Access to Finance important? 
Yes!

Is Access to Loans important? 
Depends.

Is Access to Savings important? 
Yes! It is of paramount importance.
Technically, a loan is nothing more than a future saving.

(That is actually one of the most important messages related to Access to Finance.)
- Microfinance (MF) one of the biggest hypes of the last decades (and meant was access to credit)
- For commercial banks, MF is a pain
- Max. 16% to 18% of the farmers are creditworthy
Loans used for

- Cocoa Farm, 40.73%
- Other Business, 8.58%
- Buying New Land, 4.09%
- School Fees, 34.38%
- Daily Expenses, 30.94%

Source: Swisscontact’s Sustainable Cocoa Production Program in Indonesia; n=17,429 baseline surveys, multiple answers allowed
- Remember: A loan is nothing more than a future saving
- IFC study in Malawi: Farmers with savings had 20% higher productivity than farmers with loans
- Advantages of savings: No collateral needed, no repayment risk, farmer can use their own money for whatever they want, no over-indebtedness, no begging for a loan
- Fertilizer is not a loan product. It’s a saving product
- What does it take to increase savings? Discipline, willingness, capacity, a place/account, a channel
Take home messages:

- Promote savings / Raise awareness
- Facilitate the opening of saving accounts
- Build a use-case for those accounts
- Work on delivery channels like branchless banking
- Loans will come over time, when the banks know the farmers better
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