
The Linking for Change Savings Charter

Sign the **Linking for Change Savings Charter** and join the Alliance

It starts with savings

Today, 2.5 billion people lack access to formal financial services. This represents a pool of customers with the potential to save US\$145bn a year. This global challenge requires global solutions. Financial inclusion, starting with supporting people to save, can enable poverty reduction, social equality and the economic growth of the next generation.

The aims of this Charter

- To set out international principles that enable organisations to effectively and responsibly link informal groups of savers to formal banking products and services
- To build a powerful global Alliance of 100 leading organisations, by 2015, who share the vision of this Charter and agree with its principles
- To receive commitment from corporate leaders to develop and roll out new savings products for poor communities in the developing world
- To call for universal financial inclusion to be included in any post-2015 UN development framework.

Our vision

We aim to break the barriers to financial inclusion by developing solutions to link informal savings to formal banking. Extending formal banking services to the world's poorest communities will improve their quality of life through increases in household income, investments in micro-enterprises, and spending on healthcare and education, while at the same time growing a new customer base.

Why the Charter is needed

Following principles that effectively and responsibly link informal groups of savers to formal banking products and services works in transforming the lives of vulnerable and disadvantaged individuals. It can increase their economic security and resilience, and open up opportunities for them to fulfil their potential. Initial results of linking savings groups to banks suggest that:

- Savings per member increase by between 40% and 100% after a group has been linked
- On average, the profit per member doubles once a group is linked
- People save more and therefore can take bigger loans to invest in new types of activity, or can take loans to cover school fees AND invest in business (not one or the other)
- Individuals graduate to the formal financial system. About 13% of group members are willing and able to open individual accounts once they have been linked as a group.

“This is the sort of thing that banking should be doing – it’s about real people, taking out real loans, to do real things.”

President Bill Clinton, September 2013

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Our Principles

1. It's a win-win investment that brings social and economic rewards

Global financial exclusion can be reduced by responsibly linking poor savings groups to formal financial services. This will bring both social and business benefits.

2. Banking the poorest is possible

People living on US\$1-2 a day are bankable. New products and services can be designed to reach them – particularly women and young people who are generally the most excluded, but can also enable the greatest social change.

3. It starts with savings

Savings are a springboard to responsible financial inclusion and there are nine million savings group members who can be linked to formal financial institutions. This can provide greater security and more sustainable services for the user, as well as business benefits for the provider.

4. People come first

Consumer protection and transparency must be front and centre of efforts to link informal savers to formal institutions and, crucially, must be demand-driven not supply-driven.

5. Financial education matters

Greater investment must be made in expanding access to financial education. This is particularly true for young people. Practical involvement in financial activities facilitates economic growth and supports sustainable small enterprise development and job creation.

6. No one can do it alone

Collaboration between banks, NGOs, governments and technology providers is key, and offers an exciting new business model for taking financial inclusion to scale. By working together we can create the right environment for change post-2015.

Sign the Linking for Change Savings Charter and join the Alliance

- Option 1:** Sign the Charter and join the Alliance by being a strong 'Supporter'. This means you share this vision and agree to support the principles.
- Option 2:** Sign the Charter and join the Alliance by being an active 'Implementer'. This means that, as well as supporting the vision and the principles, you will directly or indirectly facilitate linking poor savers to formal institutions.

Signed:

Organisation:

Supporting the **Linking for Change Savings Charter** and joining the Alliance

Since 2009, Banking on Change, the partnership between Barclays and the charities Plan and CARE International, has been using a savings-led approach to financial inclusion that has already opened up access to financial services, and given the skills to save, to over half a million people. It has developed a model for linking informal savings groups to formal banking services.

But we need your support to do more

We are now calling on the support and expertise of the world's top leaders to spread our reach and capabilities. This is an opportunity for you to join our Alliance and really make an impact. You and your organisation could play an important role in fulfilling our vision to bank those without access to formal financial services.

You have two options for your level of involvement by signing the Linking for Change Savings Charter:

Option 1: A strong 'Supporter'

You share our vision and agree with our principles to link informal savers to formal financial institutions.

Option 2: An active 'Implementer'

You share our vision and agree with the principles and you will directly or indirectly link poor savers to formal institutions.

Direct: You might be a formal financial institution that will scale up or develop new models of banking with the poor, or a technology company that is providing new products (mobile or otherwise).

Indirect: You might fund financial literacy, be a government or a donor that promotes savings-led approaches, or be an NGO that facilitates savings groups, or calls for strong consumer protection.

By signing the Linking for Change Savings Charter, you commit to:

- 1. Follow the Charter principles**
We are not formally monitoring commitments but will carry out informal reviews of activity against the principles.
- 2. Choose partners who follow the Charter's principles if you decide to develop new products or services**
You are welcome to discuss these with CARE, Plan or Barclays.
- 3. Enable a savings culture**
Appropriate and suitable products and services should be developed according to the needs of groups and individuals to help enable a savings culture.
- 4. Share your experience and best practice examples wherever possible**
From time to time, we will invite you to join us at events and collaborate as a collective Alliance.
- 5. Encourage relevant stakeholders to approach us to sign the Charter**
We are happy to provide advice and support. However we do reserve the right to refuse signatories if there is a risk the principles will be compromised.

Benefits of becoming a 'Supporter' or an 'Implementer':

1. Collaboration with other leaders

As one of only 100 signatories of the Charter, you will be among the leaders in an innovative field working together towards solutions on this global issue.

2. You will be at the forefront of financial inclusion development and benefit from insights

You will receive updates and insights about savings-led approaches to financial inclusion and learn how to develop new products and services to meet an emerging market at the base of the pyramid.

3. Support significant social impact

Banking on Change adopts a savings-led approach to microfinance and is not credit-led. Savings-led financial inclusion has been shown to be positively correlated with escaping poverty. Between 2010 and 2012, in Uganda, savings groups' monthly household income rose from US\$60 to US\$95, while in Zambia there has been a 35% increase in the number of women holding leadership positions at the community level.

4. A significant return on the time you invest

If you choose to sign the Charter and join the Alliance, you will benefit from a significant return on the time you invest as well as learning from your peers and their networks.

Additional benefits of becoming an 'Implementer':

5. Better business outcomes

We will build the case for viable long-term business models that can change poor people's lives, and thereby generate a new business stream/customer base for your organisation.

6. Evidence of responsible action

By following the principles in the Charter, you can actively demonstrate your commitment to developing responsible solutions to meet the needs of both the communities and customers you serve.

7. Risk management

By signing the Charter and following the principles, you can engage with those at the base of the pyramid in the right way, reducing potential risks and delivering more successful and sustainable results.

More reasons to sign the Charter

- The 2.5 billion people who are un-banked represent a huge pool of potential customers, who are not depositing in savings accounts or passing through other formal financial channels. In sub-Saharan Africa, financial exclusion is as high as 76%.
- Yet, there is a savings revolution taking place around the world with nine million informal savings group members, who are largely keeping their money under their mattresses.
- Demand exists. Poor people are already linking to the formal financial sector, but the products and services they are offered are not the most suitable ones.
- Irresponsible lending by the semi-formal sector has called micro-credit into question.
- Responsible linkage between the untapped potential of informal savings groups and formal financial institutions could begin to sustainably close the gap that exists between rapid economic growth in poor countries and unacceptable levels of poverty.
- The Charter principles contribute towards respecting people's economic, social and cultural rights in keeping with the UN Guiding Principles on Business and Human Rights.

For more information on what has already been achieved through Banking on Change, please reference our booklet or website: www.barclays.com/linkingforchange



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