

Financial Inclusion Strategy in Chile



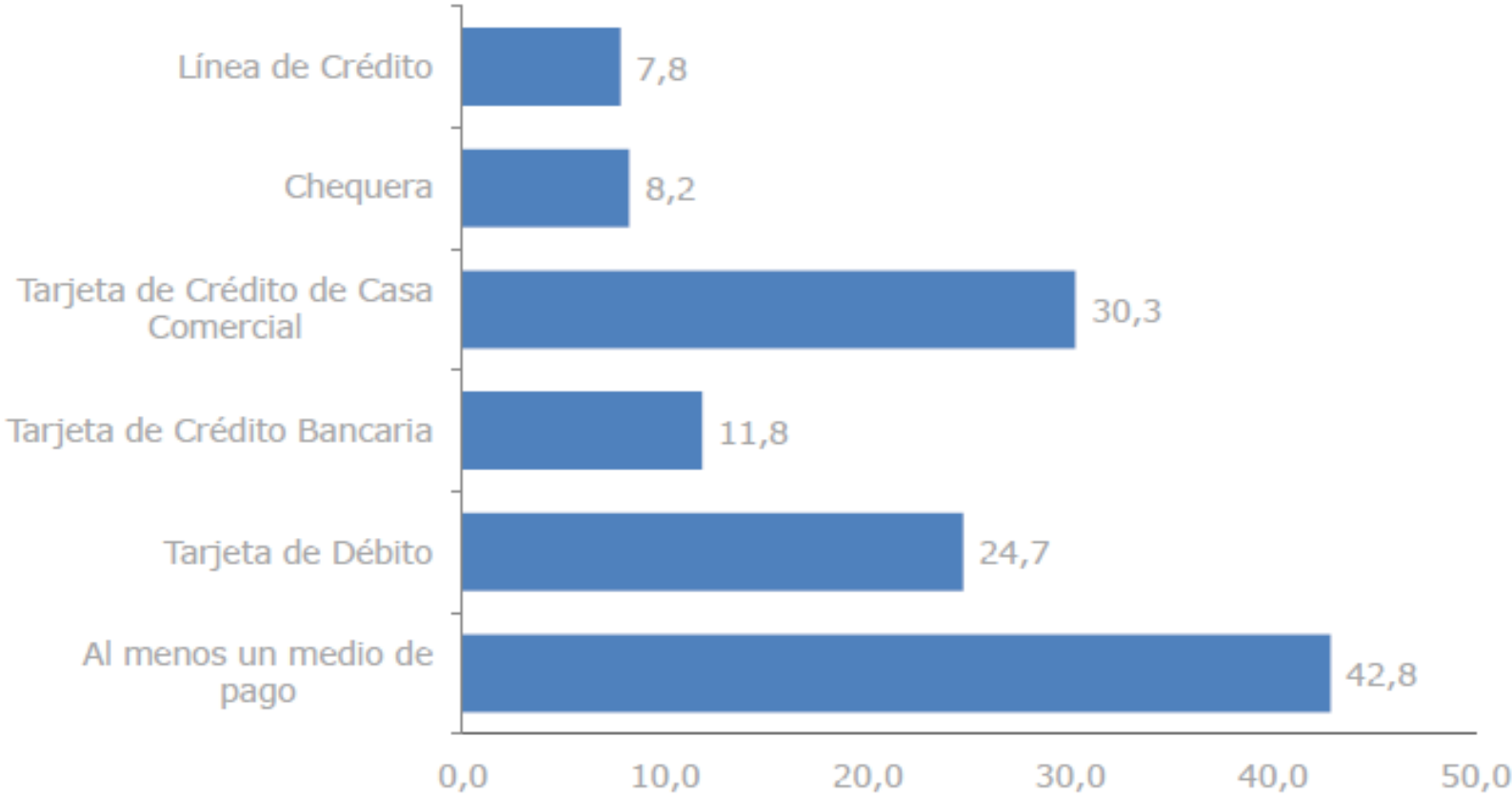
**Gobierno
de Chile**

Definitions

We define Financial Inclusion as a process that allows all Chileans, especially the ones that are more excluded, to access quality financial services that are adequate to their needs, providing protection to families and opportunities in order to improve their life conditions.

Context

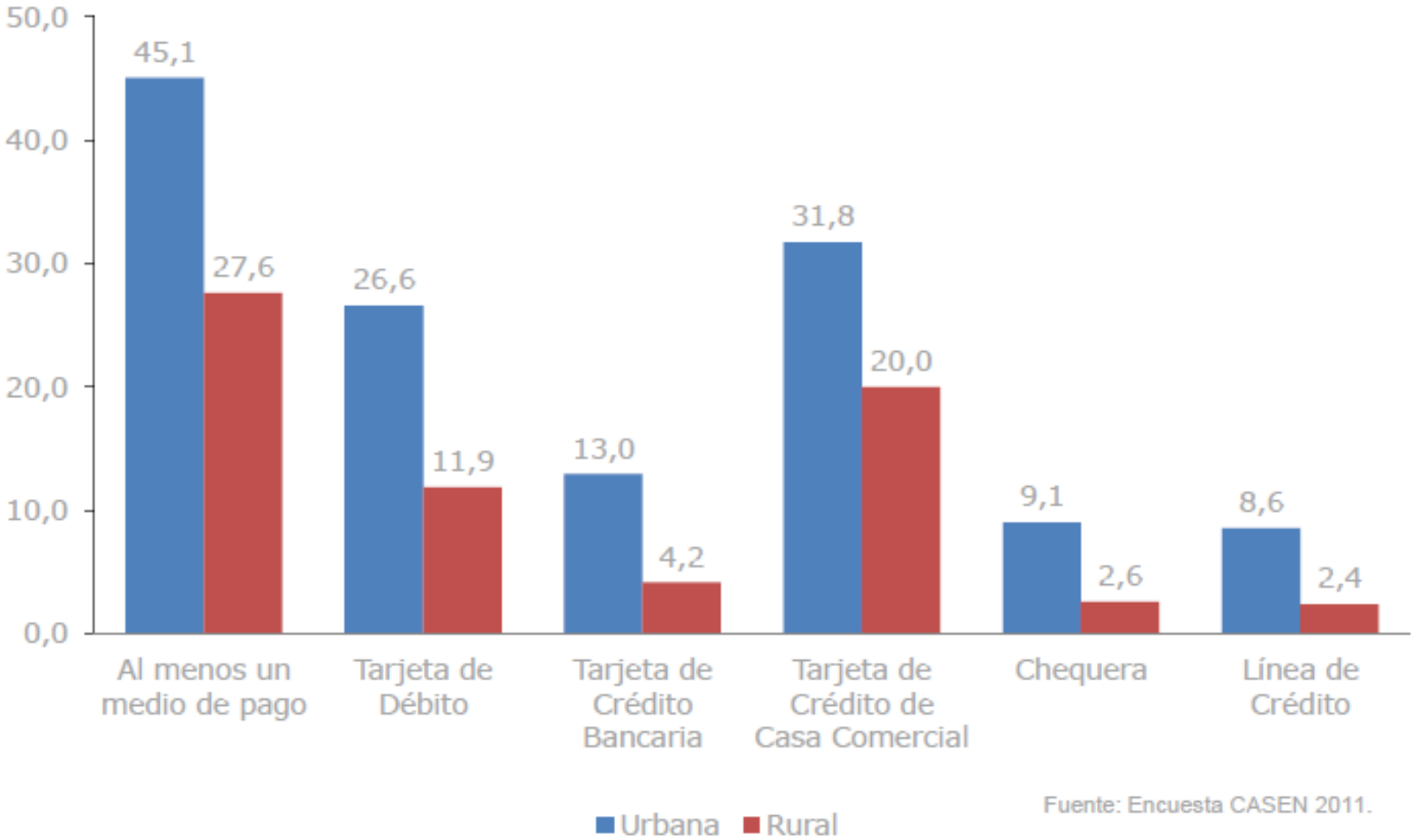
Payment methods availability



Fuente: Encuesta CASEN 2011.

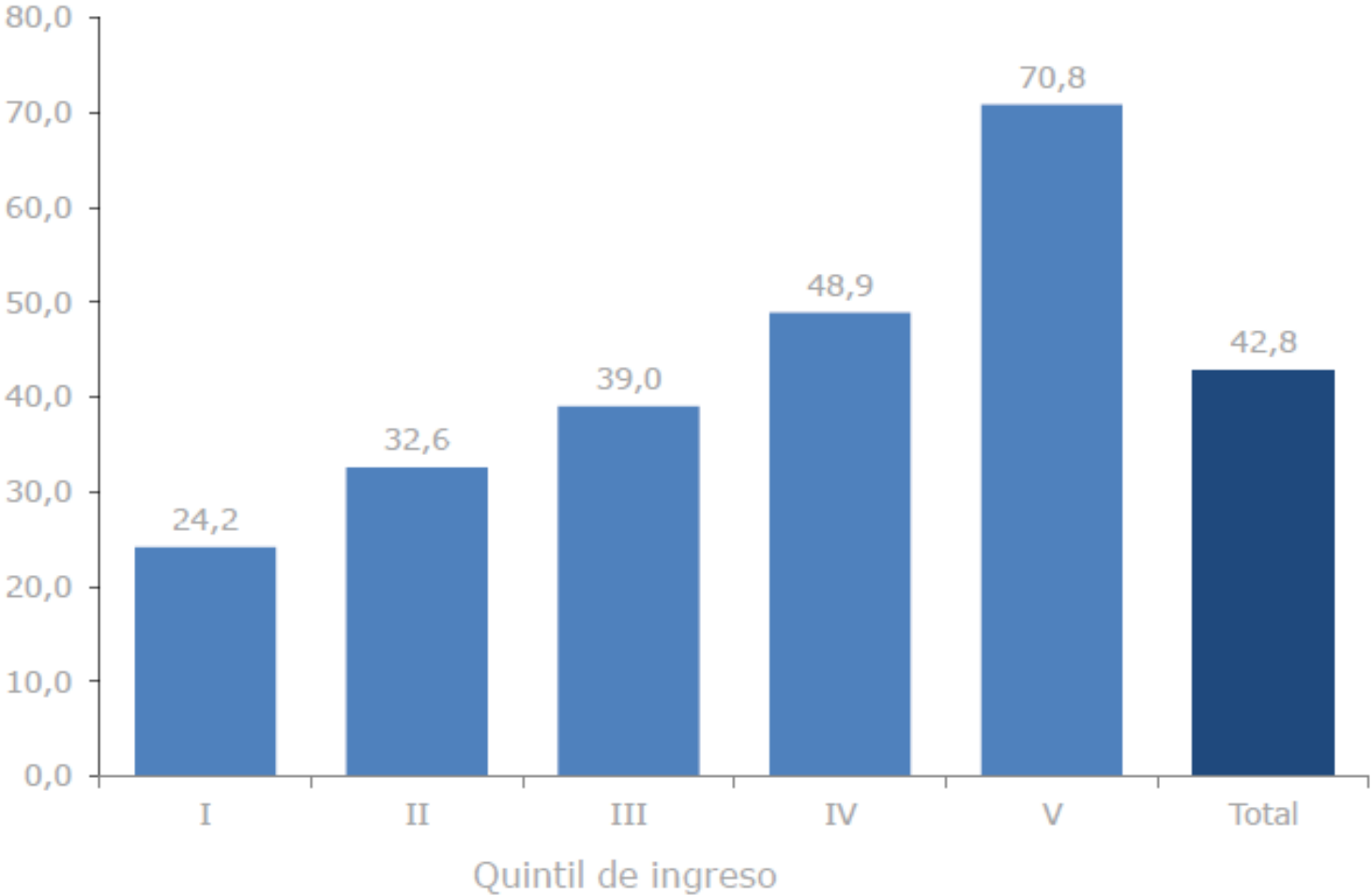
Context

Payment methods availability



Context

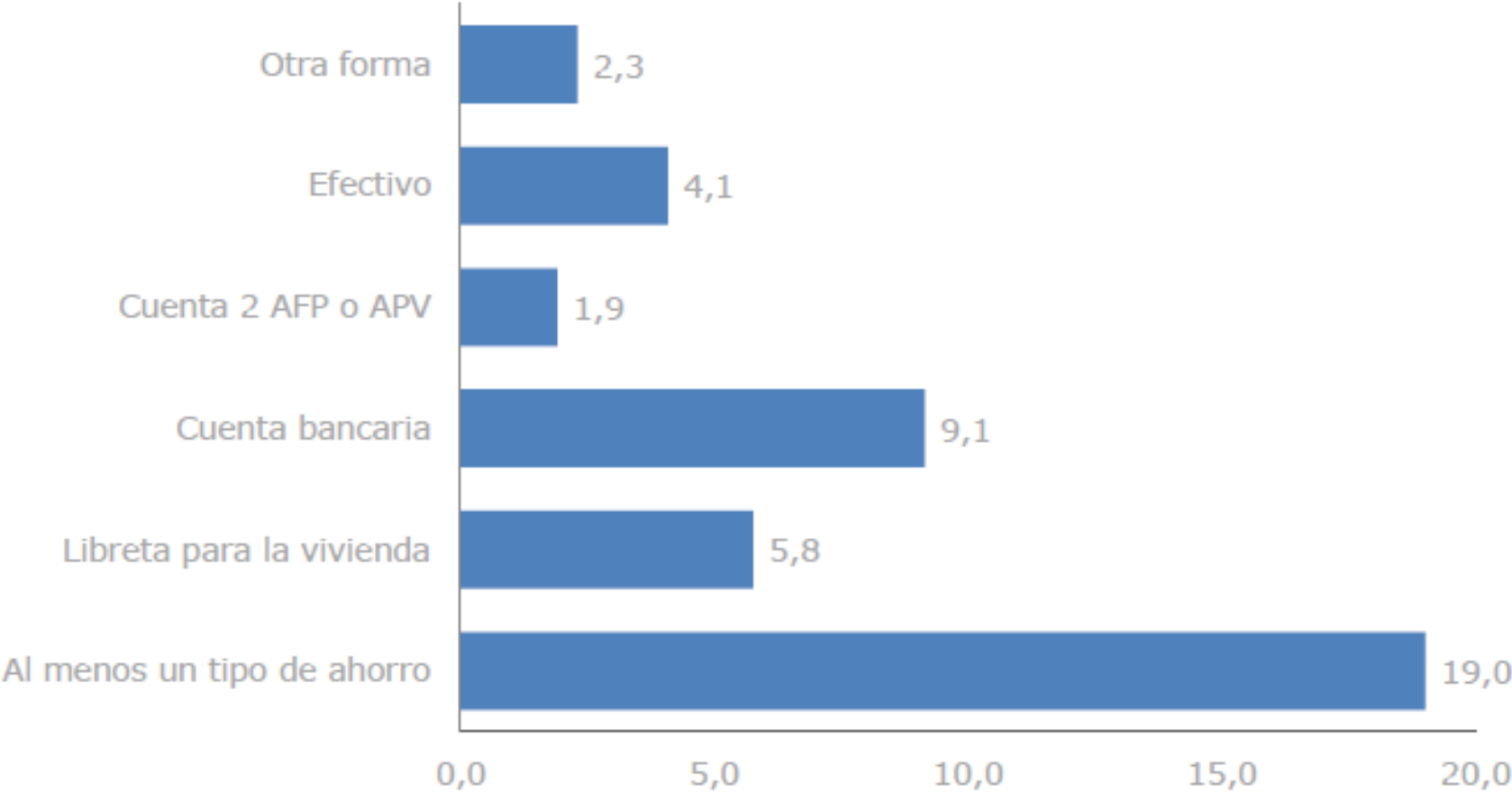
Payment methods availability



Fuente: Encuesta CASEN 2011.

Context

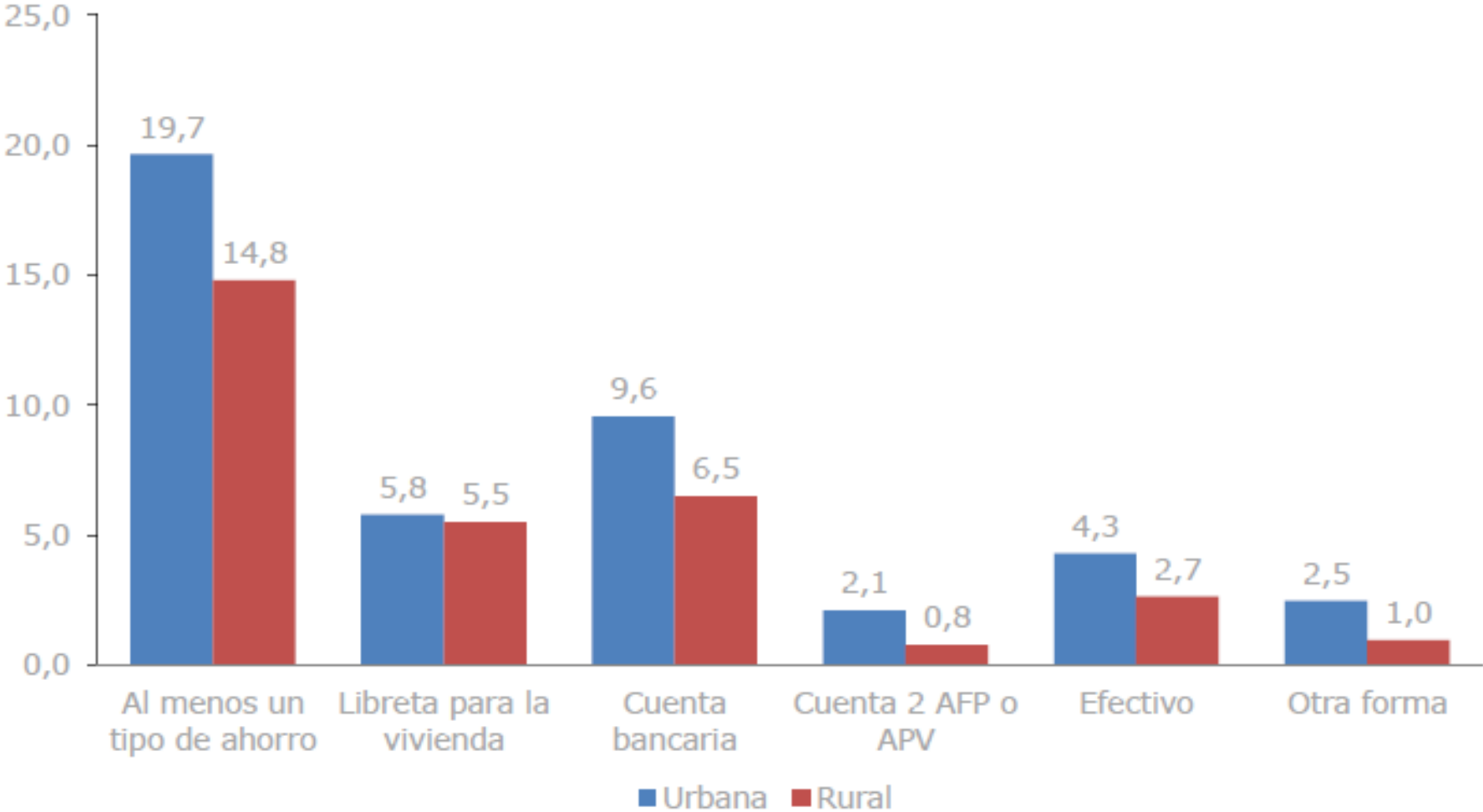
Population that holds savings



Fuente: Encuesta CASEN 2011.

Context

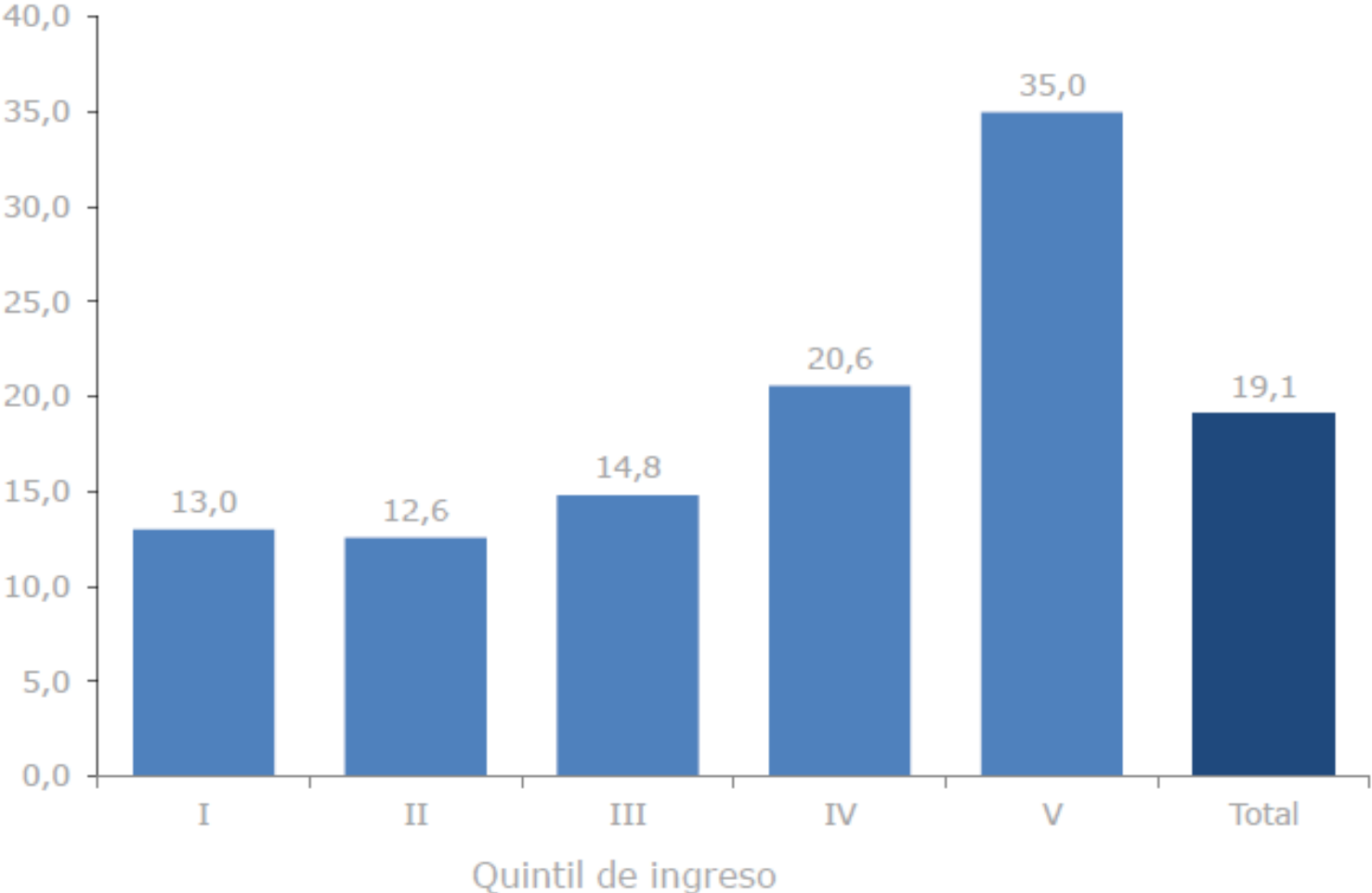
Population that holds savings



Fuente: Encuesta CASEN 2011.

Context

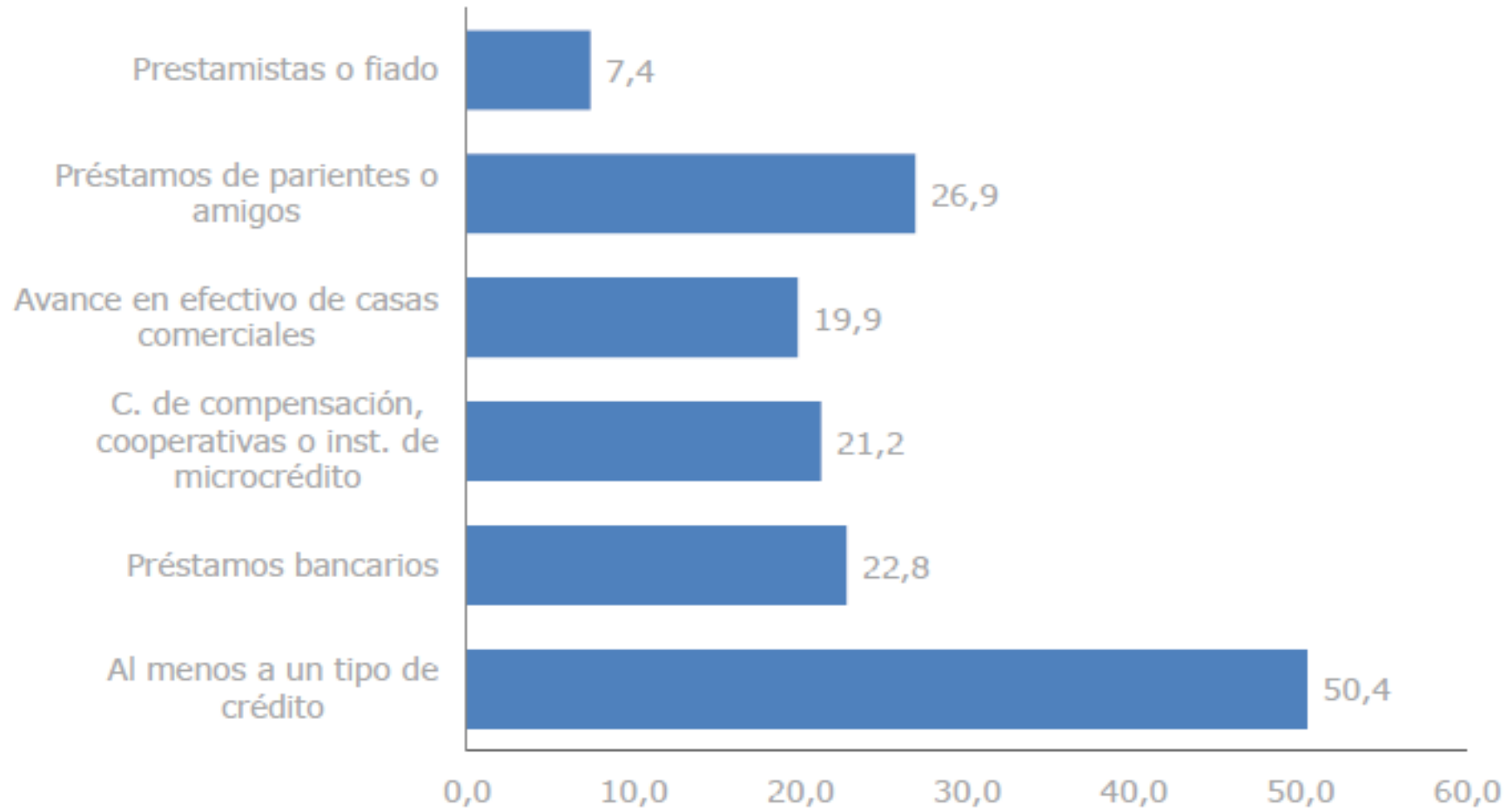
Population that holds savings



Fuente: Encuesta CASEN 2011.

Context

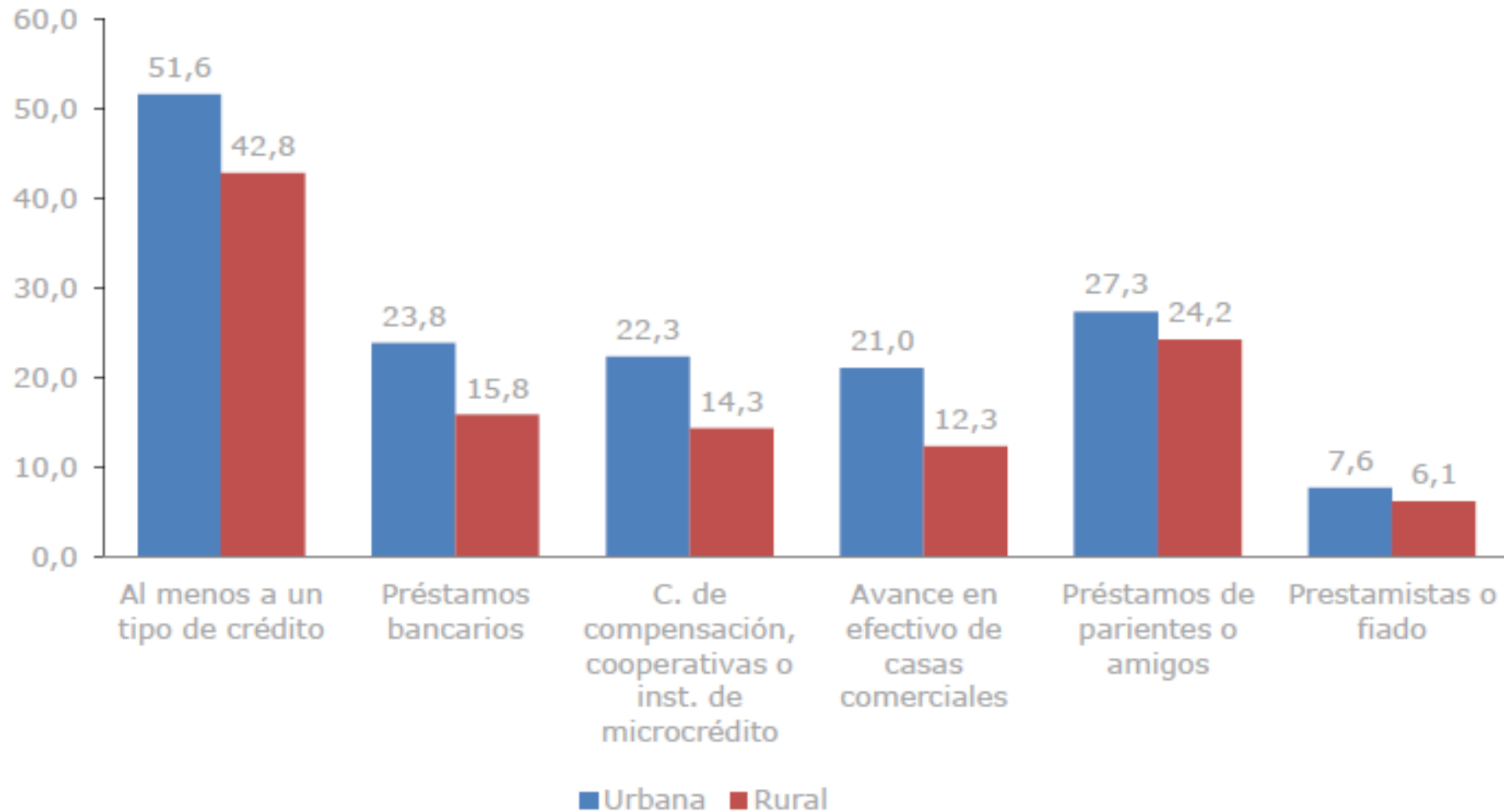
Access to credit if needed



Fuente: Encuesta CASEN 2011.

Context

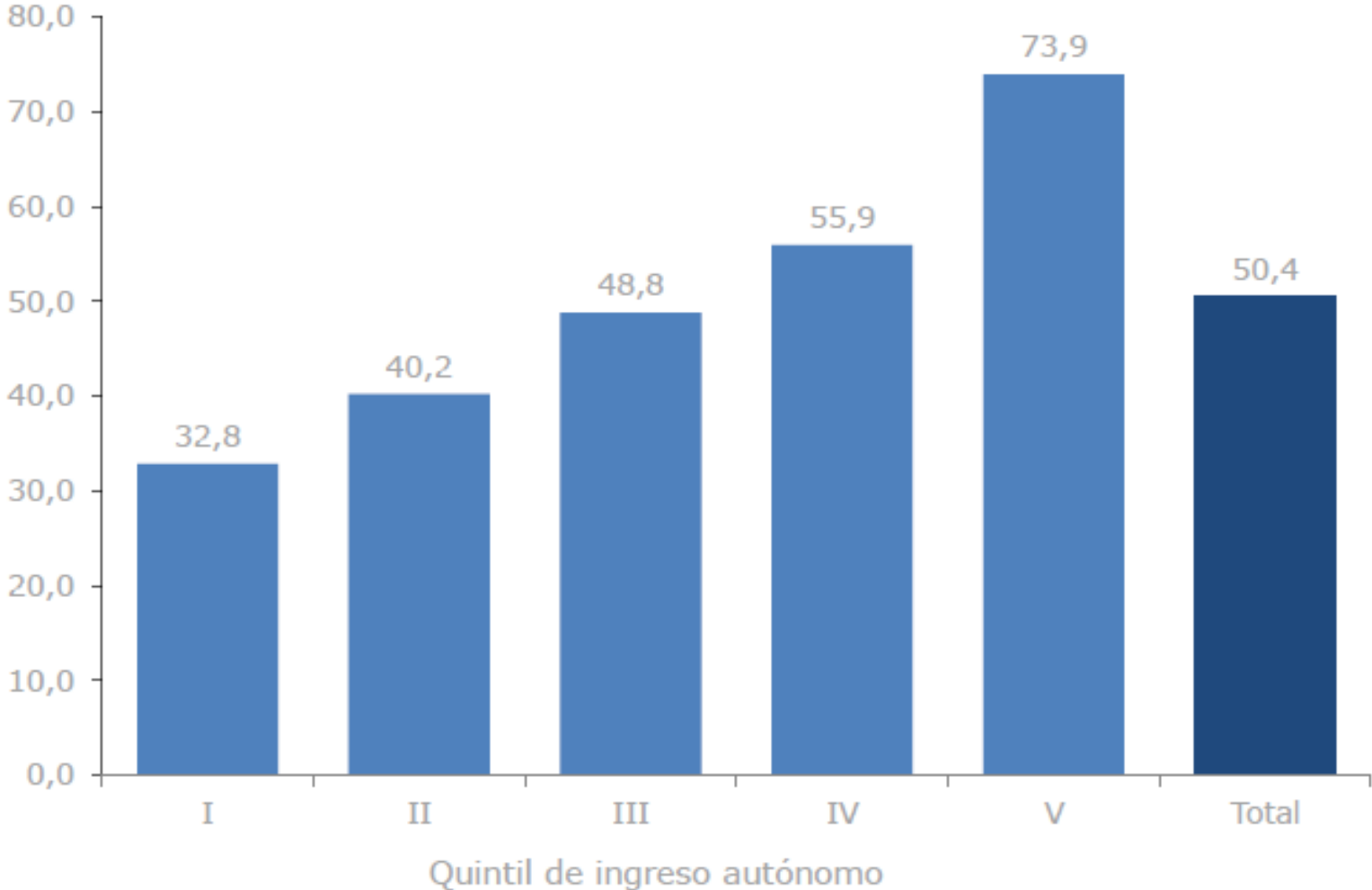
Access to credit if needed



Fuente: Encuesta CASEN 2011.

Context

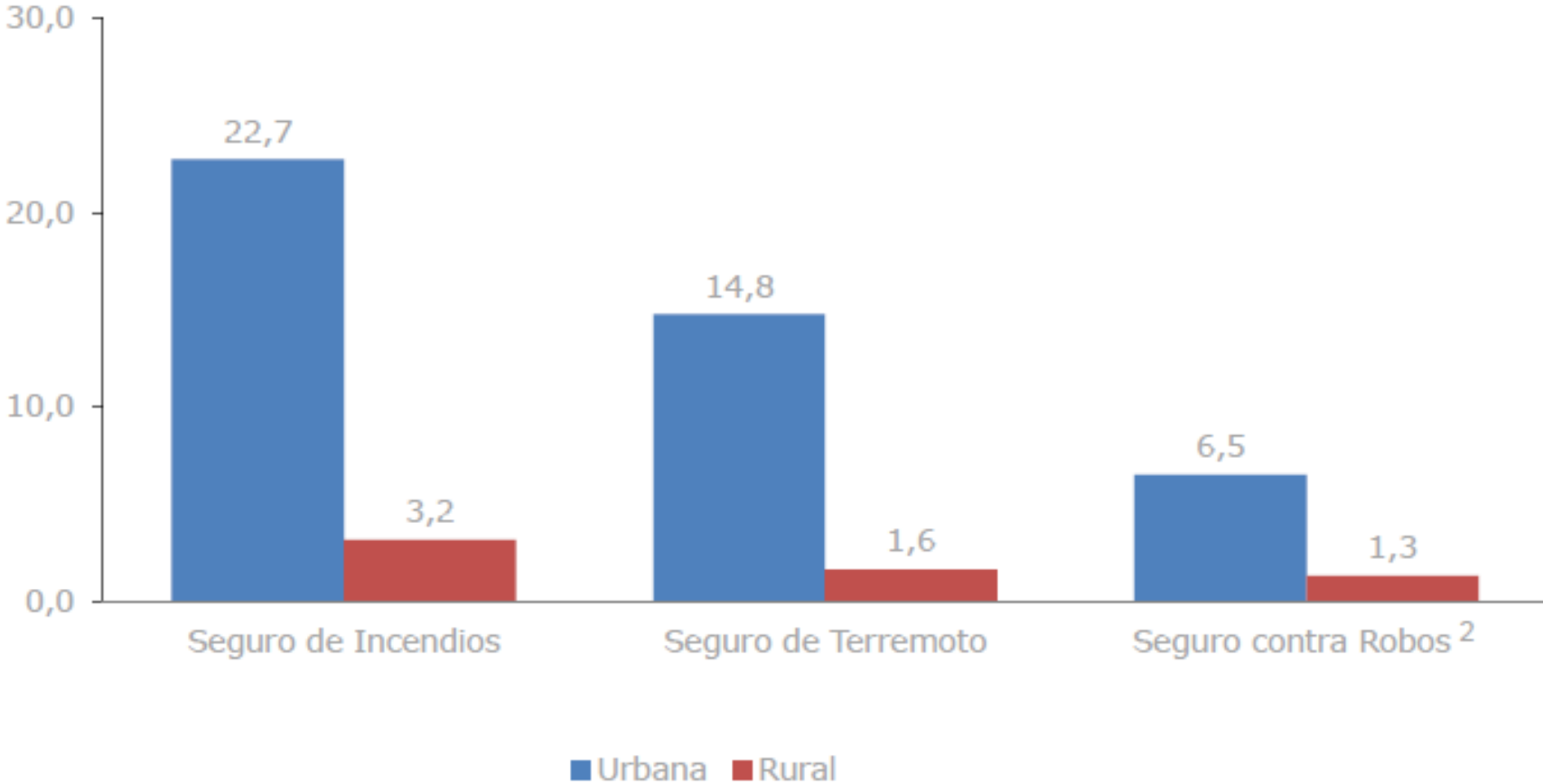
Access to credit if needed



Fuente: Encuesta CASEN 2011.

Context

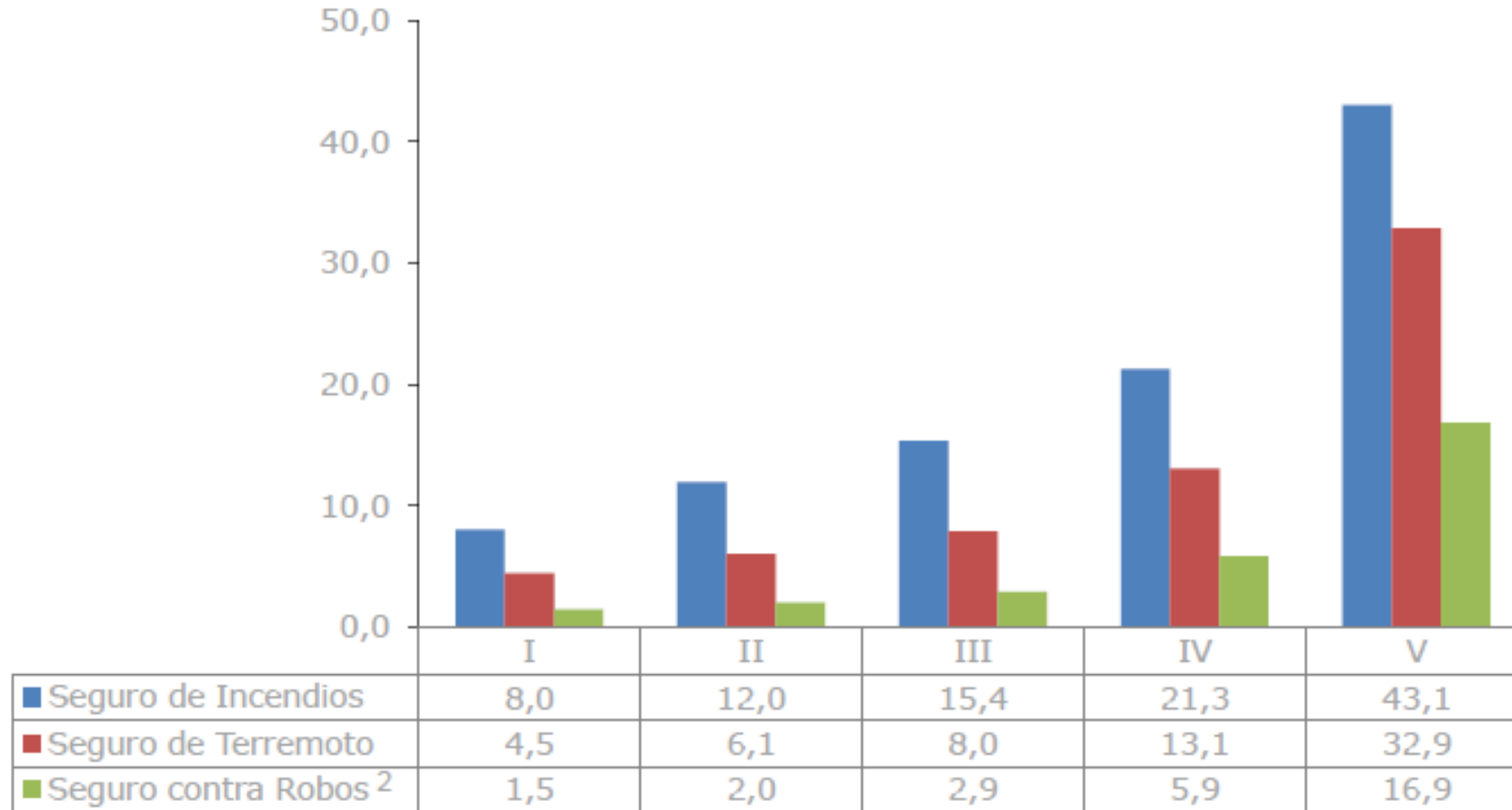
Insurance ownership between home owners



Fuente: Encuesta CASEN 2011.

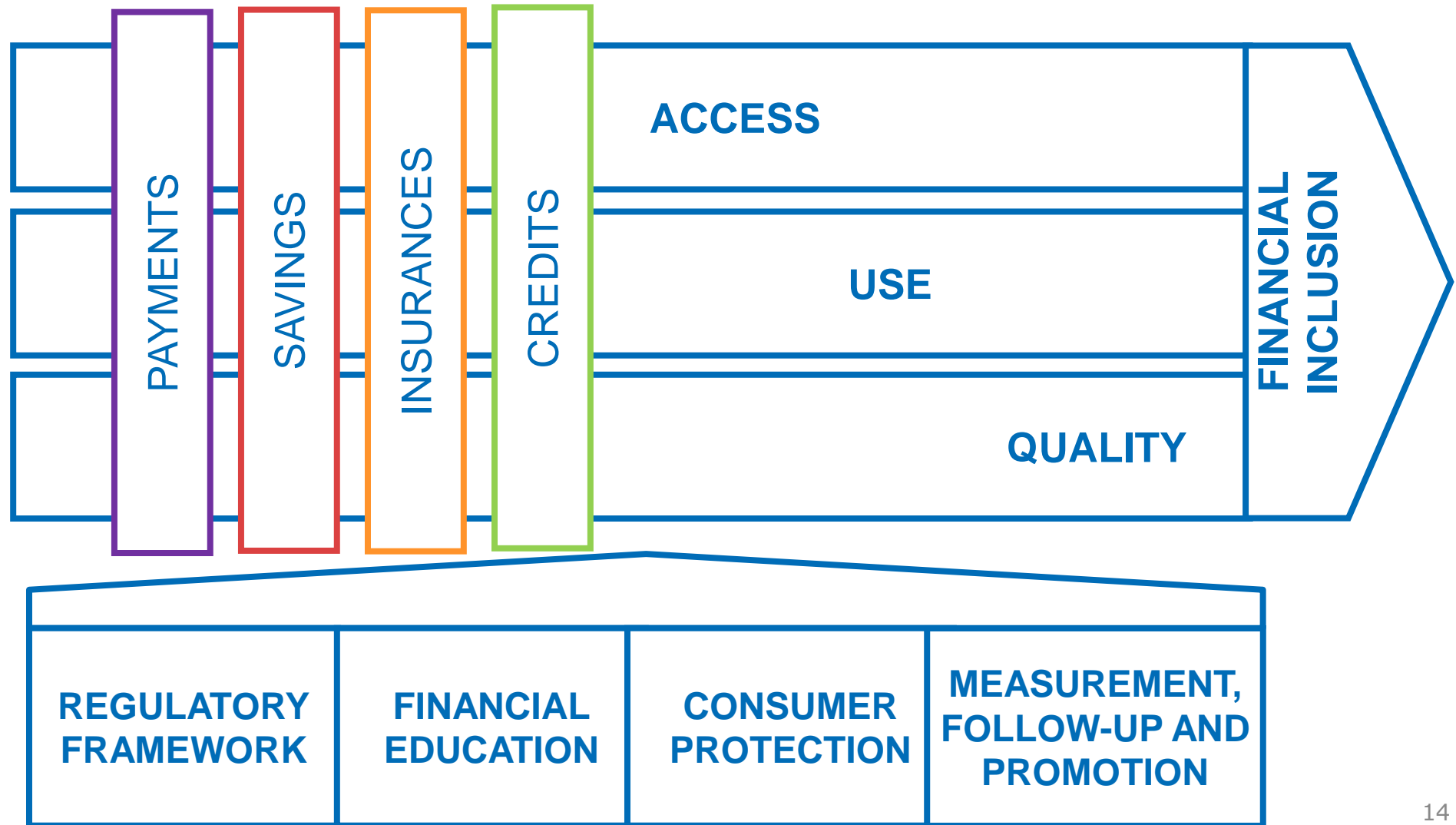
Context

Insurance ownership between home owners



Fuente: Encuesta CASEN 2011.

Framework



Strategic Design

Dimension	Strategy	Specific policies/programs	Support activities
Access	Promotion of electronic payment	1) Chile Cuenta 2) POS expansion	MEASUREMENT AND FOLLOW-UP
	Promotion of distribution channels	3) Mobile payments 4) Non-banking correspondents	
	Promotion of regulatory framework that allows access and development of inclusive financial products	5) Maximum interest rates 6) Consolidated debt 7) Pre paid regulation	
Use	Financial education	8) Curriculum MINEDUC 9) Public projects (FOSIS, SVS, SBIF) 10) Public-private partnerships (ABIF, Media)	
	Incentive instruments	11) Microfinance incentives (savings, insurances & credits) 12) VAT discounts 13) Public-private partnership strategies	
Quality	Consumer protection	14) Sernac Financiero	

Stocktaking: Financial Inclusion Policies



Social Benefit Payments

- Chile Cuenta (Ministry of Social Development)

Financial Education

- Financial Education for vulnerable groups (FOSIS)
- Financial Education for Consumers (SERNAC Financiero)
- SVS Educates web
- Easy banking web (SBIF)
- Go ahead with your future web (BBVA)
- Financial and entrepreneurship education (Instituto Desarrollo Emprendedor)
- Introduction to finance course (Sernac)

Stocktaking: Financial Inclusion Policies



Products and services

Banco Estado

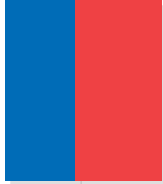
- RUT account Banco Estado (5 million accounts based on the ID number)
- Caja Vecina Banco Estado (more than 10.000 spots)

CORFO

- Micro and Small enterprise credit
- Investment and working capital guarantee
- External trade guarantee
- Reprogramming guarantee
- Fénix Fund
- Guarantee funds to Mutual Guarantee Institutions

Ministry of Housing and Urban Planning

- Solidary Fund
- Middle class subsidy
- Protection of Family Patrimony program

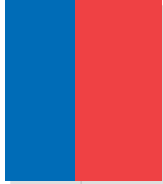


What is ChileCUENTA?



- 1. Availability** of electronic payment
- 2. Promotion** of the adoption of electronic payment
- 3. Facilitation of the access** to checking accounts or similar tools:
 - Through **partnerships with banks** in order to open accounts for the whole population
 - **Subsidies** that will partially cover the cost of using the electronic payment alternative





Electronic Payment Benefits

COMFORT

- Possibility to **withdraw money out of banking hours**.
- Possibility to **receive the salary in the bank account** and have all income in one place.
- The card associated with the account **can be used for shopping** directly, without extra costs.

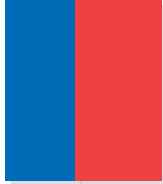
SAVINGS

- Possibility to **keep savings in the account**.
- By not receiving payments directly, it **encourages savings**. When receiving cash, it is easier to spend.
- Receiving payments in one account helps to **organize the family budget**, reducing expenditure.

SAFETY

- With electronic payment **robbery risk reduce**. (Users don't need to withdraw all the money in the branch).
- In general, with electronic payment, users can **reduce the riskful handling of cash**.





Current situation of payments

- IPS pays social benefit transfers to **2,4 million** people a month.
- **95%** of these transfers are made in cash, in branches of “Caja de Compensación Los Héroes”. (**99%** if only Chile Solidario and SUF participants are considered.)
- This situation contrasts with similar emerging economies:

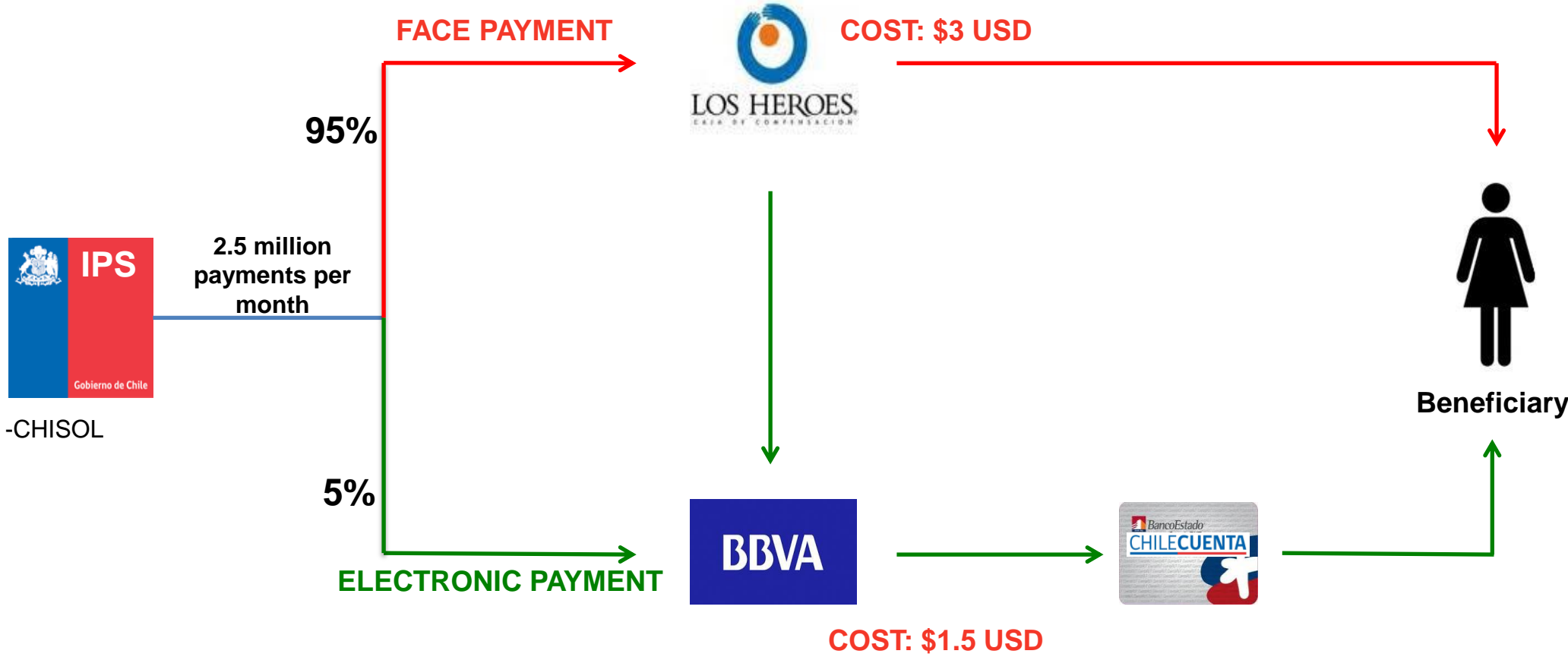
	Brazil	Colombia	Mexico	South Africa	Chile
% Bancarized population	55,9	30,4	27,4	53,6	42,2
% Electronic payment of subsidies 2011 (*)	99	91	34	100	1

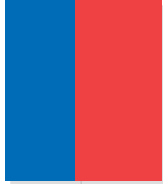
Source: The Little Data Book on Financial Inclusion – World Bank 2012 / CGAP Report 2012 (Social Cash Transfers and Financial Inclusion: Evidence from Four Countries)

(*) Refers to the % of electronic payments in cash transfer programs destined to the most vulnerable sectors



IPS: Payment channels





Beneficiarios CHISOL= **2.950**
 Ben/ATM= **30,1**
 Ben/CajaVecina= **14,1**
 Sucursales= **5**

Beneficiarios CHISOL= **4.781**
 Ben/ATM= **12,9**
 Ben/CajaVecina= **23,8**
 Sucursales= **14**

Beneficiarios CHISOL= **3.109**
 Ben/ATM= **18,6**
 Ben/CajaVecina= **21,9**
 Sucursales= **7**

Beneficiarios CHISOL= **7.646**
 Ben/ATM= **23,5**
 Ben/CajaVecina= **16,9**
 Sucursales= **19**

Beneficiarios CHISOL= **6.182**
 Ben/ATM= **39,1**
 Ben/CajaVecina= **31,2**
 Sucursales= **11**

Beneficiarios CHISOL= **50.171**
 Ben/ATM= **11,9**
 Ben/CajaVecina= **15,9**
 Sucursales= **155**

Beneficiarios CHISOL= **21.437**
 Ben/ATM= **22,3**
 Ben/CajaVecina= **24,3**
 Sucursales= **49**

Beneficiarios CHISOL= **12.601**
 Ben/ATM= **33,2**
 Ben/CajaVecina= **19,8**
 Sucursales= **25**

Beneficiarios CHISOL= **18.153**
 Ben/ATM= **52,5**
 Ben/CajaVecina= **25,4**
 Sucursales= **20**

Beneficiarios CHISOL= **40.986**
 Ben/ATM= **50,2**
 Ben/CajaVecina= **41,9**
 Sucursales= **47**

Beneficiarios CHISOL= **25.093**
 Ben/ATM= **66,6**
 Ben/CajaVecina= **52,5**
 Sucursales= **28**

Beneficiarios CHISOL= **7.607**
 Ben/ATM= **46,7**
 Ben/CajaVecina= **49,1**
 Sucursales= **11**

Beneficiarios CHISOL= **17.114**
 Ben/ATM= **43,3**
 Ben/CajaVecina= **51,5**
 Sucursales= **27**

Beneficiarios CHISOL= **1.975**
 Ben/ATM= **38,7**
 Ben/CajaVecina= **21,7**
 Sucursales= **6**

Beneficiarios CHISOL= **1.421**
 Ben/ATM= **12,5**
 Ben/CajaVecina= **24,1**
 Sucursales= **6**

NACIONAL:
 Beneficiarios CHISOL= **221.226**
 Ben/ATM= **24,7**
 Ben/Caja Vecina= **25,5**
 Sucursales= **430**



Survey: Chile Solidario beneficiaries

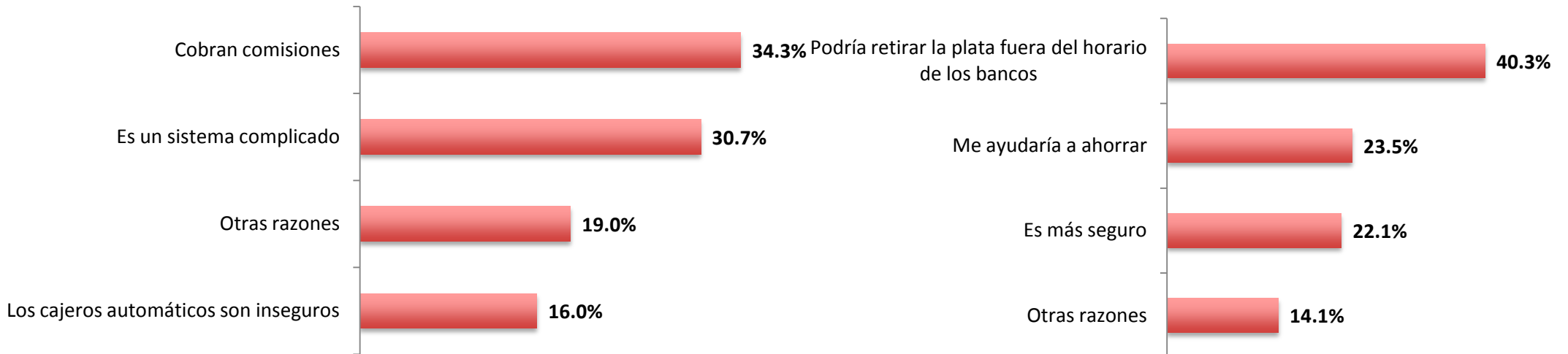


68,2%

Of the families in Chile Solidario are interested in receiving subsidies and benefits through Cuenta RUT.

Why not?

Why yes?

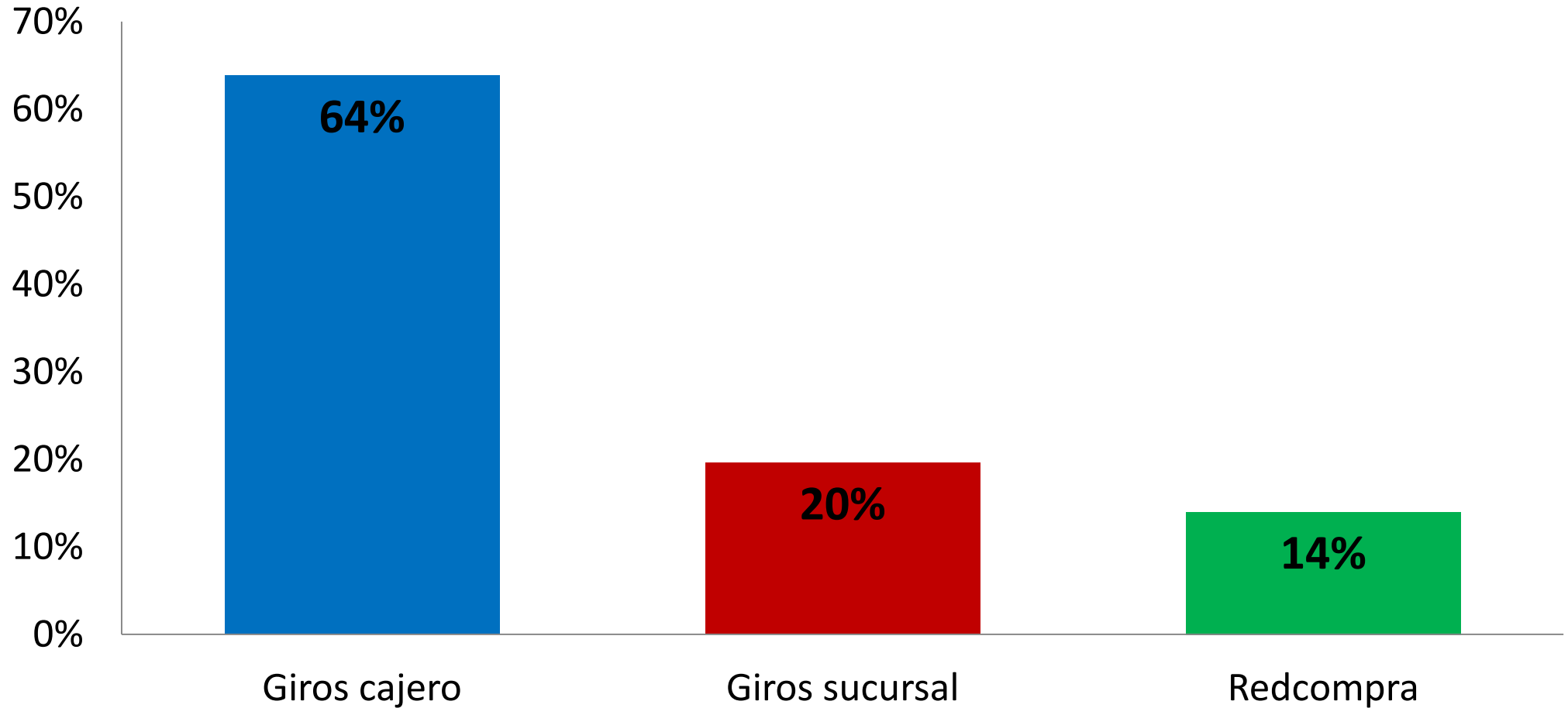


Fuente: Encuesta de inclusión Financiera (actualizada al 03 de abril)
Elaborado por Depto. de Estudios y Evaluación - FOSIS



Pilot program: Usage Statistics

Preliminary results: 60% acceptance



Financial Inclusion Strategy in Chile



**Gobierno
de Chile**