



The role of
MIDIS
in the Peruvian Strategy for
Financial Inclusion

Gabriel Arrisueño Fajardo
December 5th, 2012



MIDIS

Ministerio de Inclusión Económica y Social

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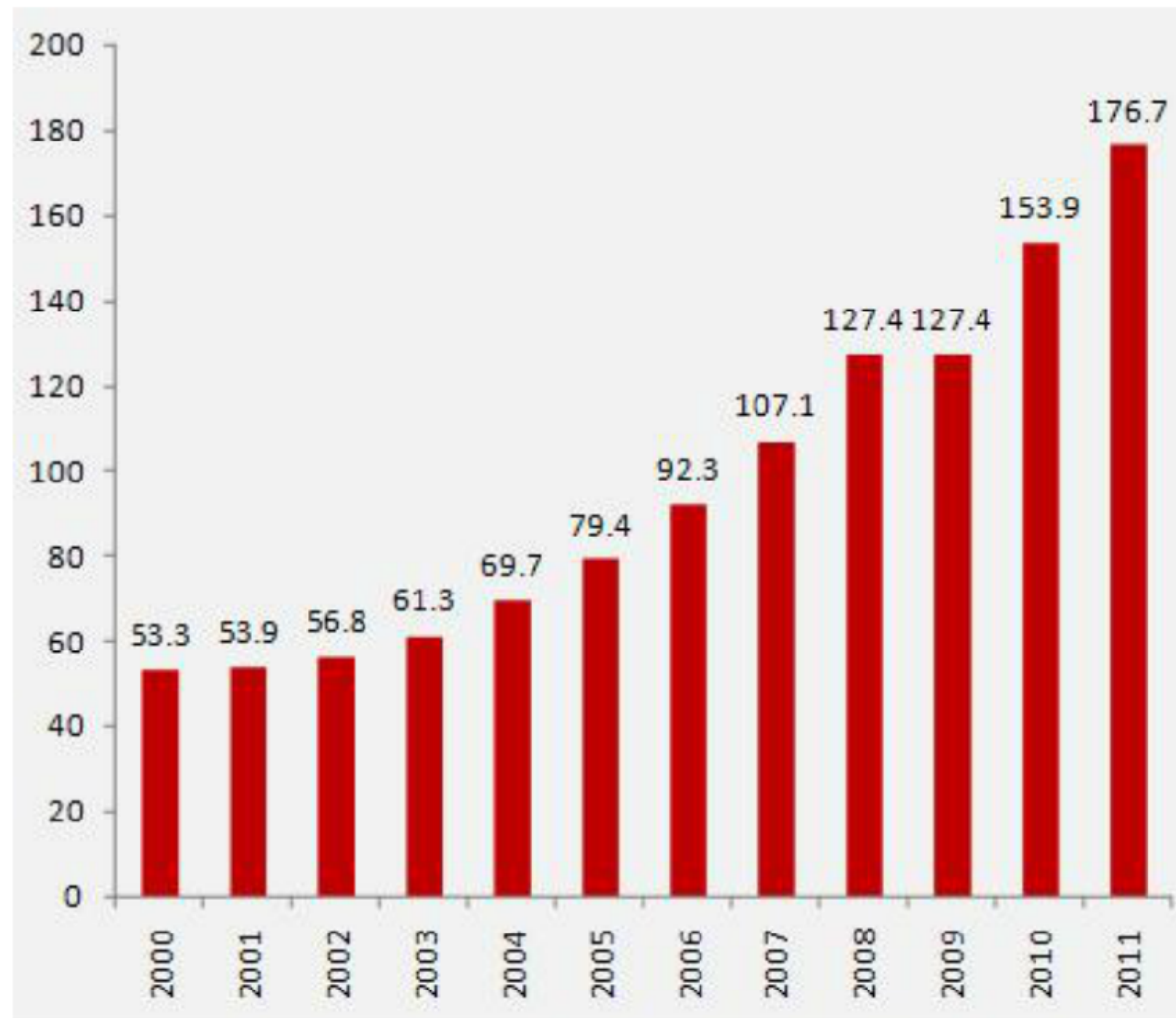
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The MIDIS Strategy for the Financial Inclusion of Vulnerable Populations
MIDIS is a ministry of the Peruvian government that is responsible for the design and implementation of public policies aimed at promoting the financial inclusion of vulnerable populations.
• MIDIS is a central public and regulatory framework that manages the development of financial inclusion policies and programs.
• MIDIS is responsible for the design and implementation of financial inclusion policies and programs in the areas of credit, savings, insurance, and remittances.
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By the end of 2011, the Peruvian economy completed 10 years of continuous growth with rates above the Latin American average

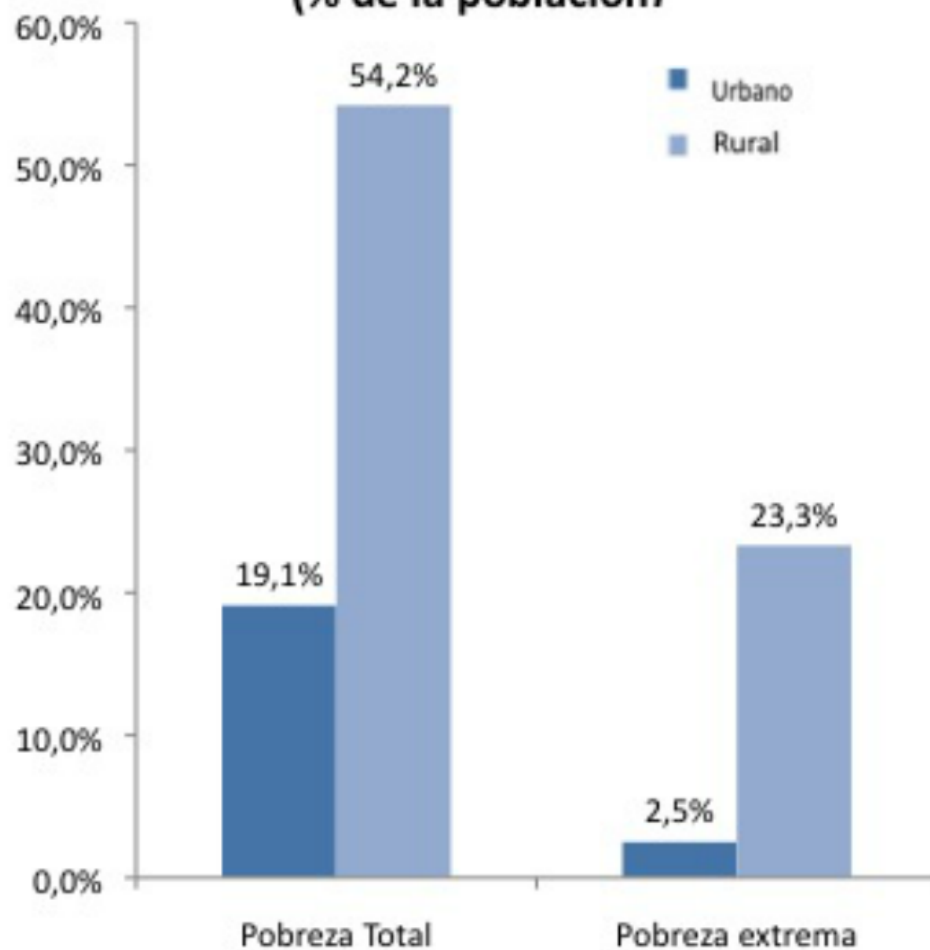
Gross Domestic Product 2000-2011 (In billions of US\$)



Source: Banco Central de Reserva

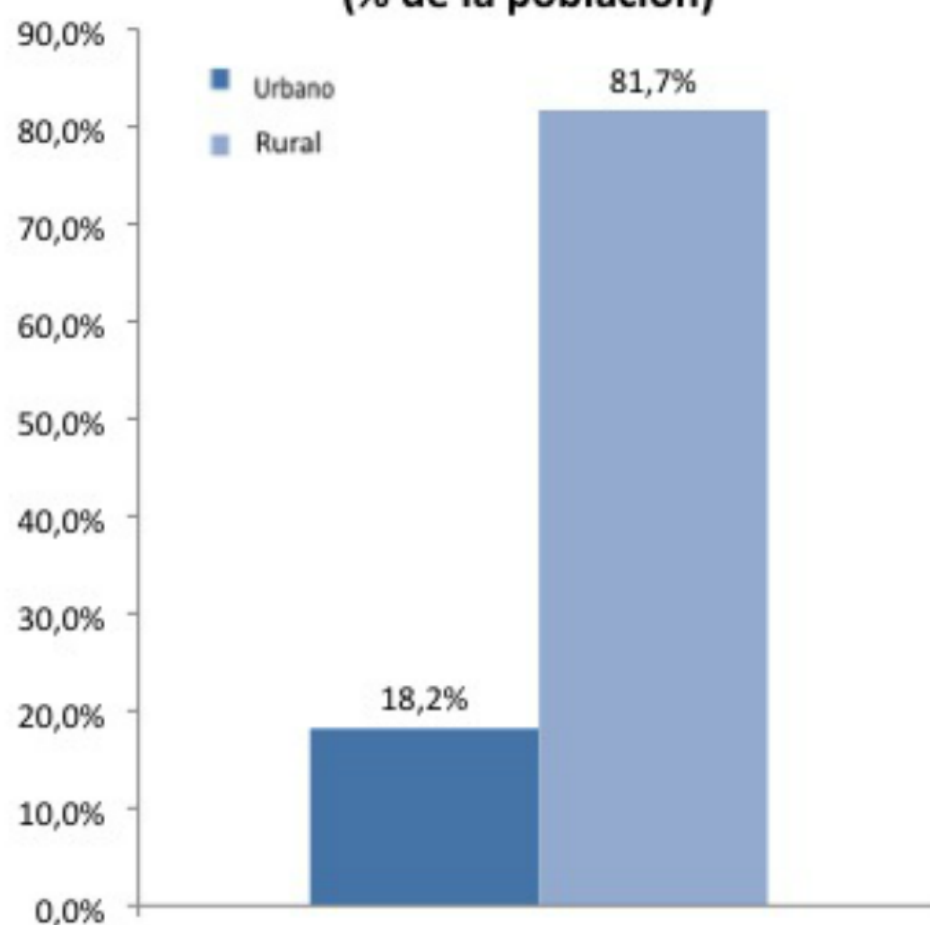
**Averages have improved...
but gaps remain**

Pobreza total y extrema (% de la población)



Fuente: INEI.

Brecha en el acceso a servicios* (% de la población)



*Agua, electricidad y saneamiento

Fuente: INEI

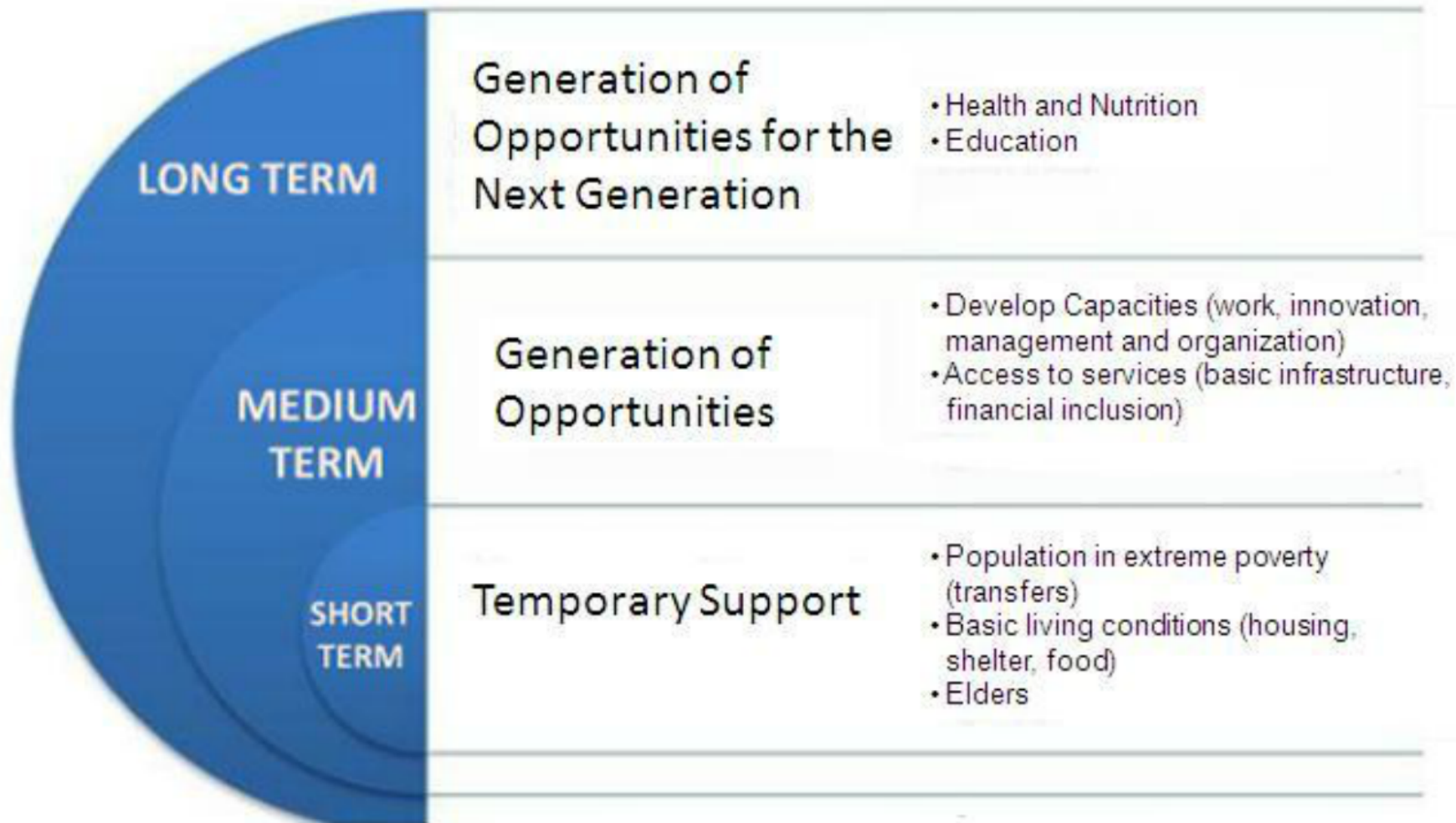
MIDIS

- **Social policy guidelines**

SOCIAL INCLUSION

Situation in which all citizens within the country can exercise their rights, have access to high quality public services, participate as equals in the national community and have the essential capabilities to take advantage of the opportunities generated by economic growth.

Social Inclusion Model



**Continuous learning and quality control:
results-based monitoring and evaluation**

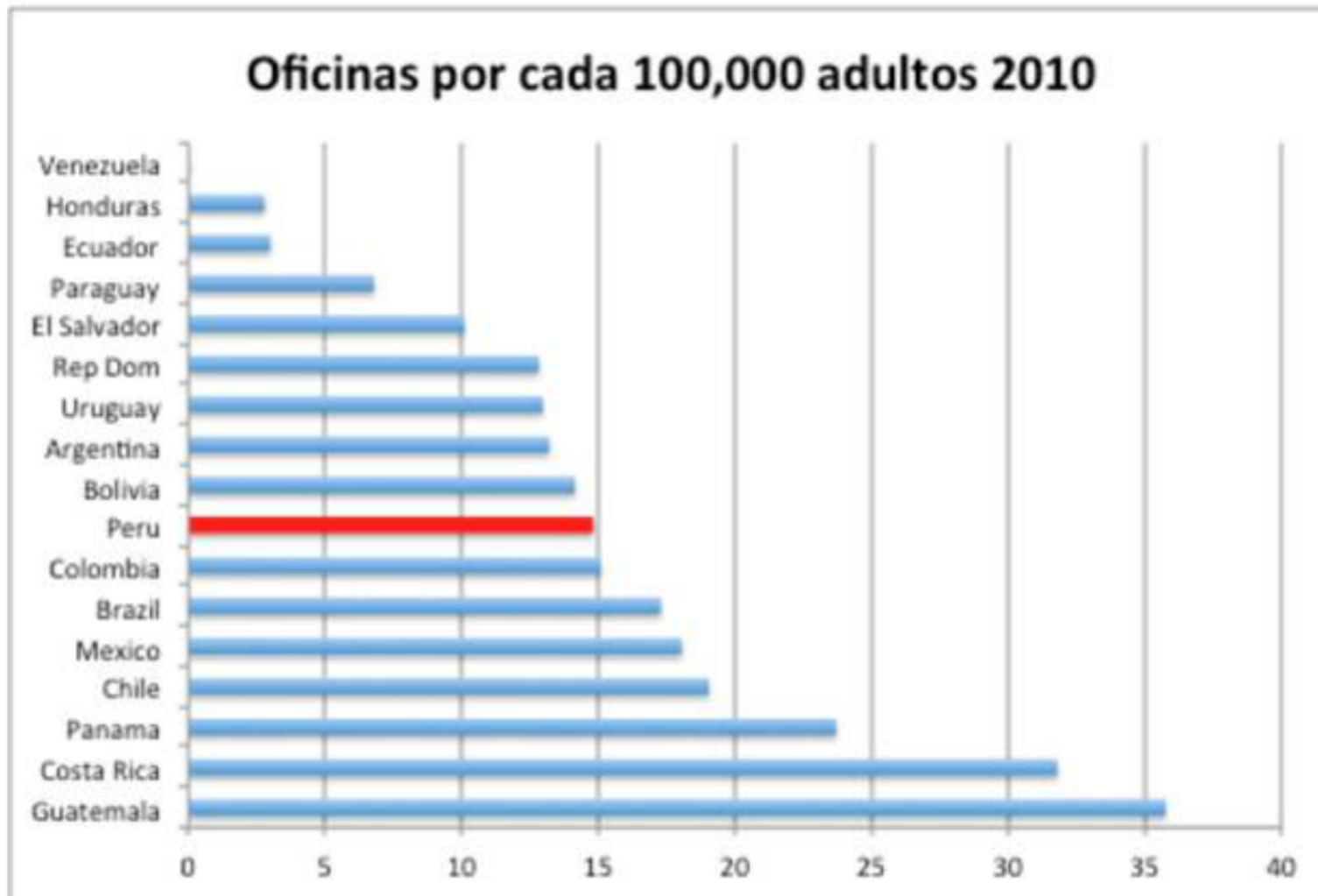
The Role of Financial Inclusion in Peru's Development and Social Policy





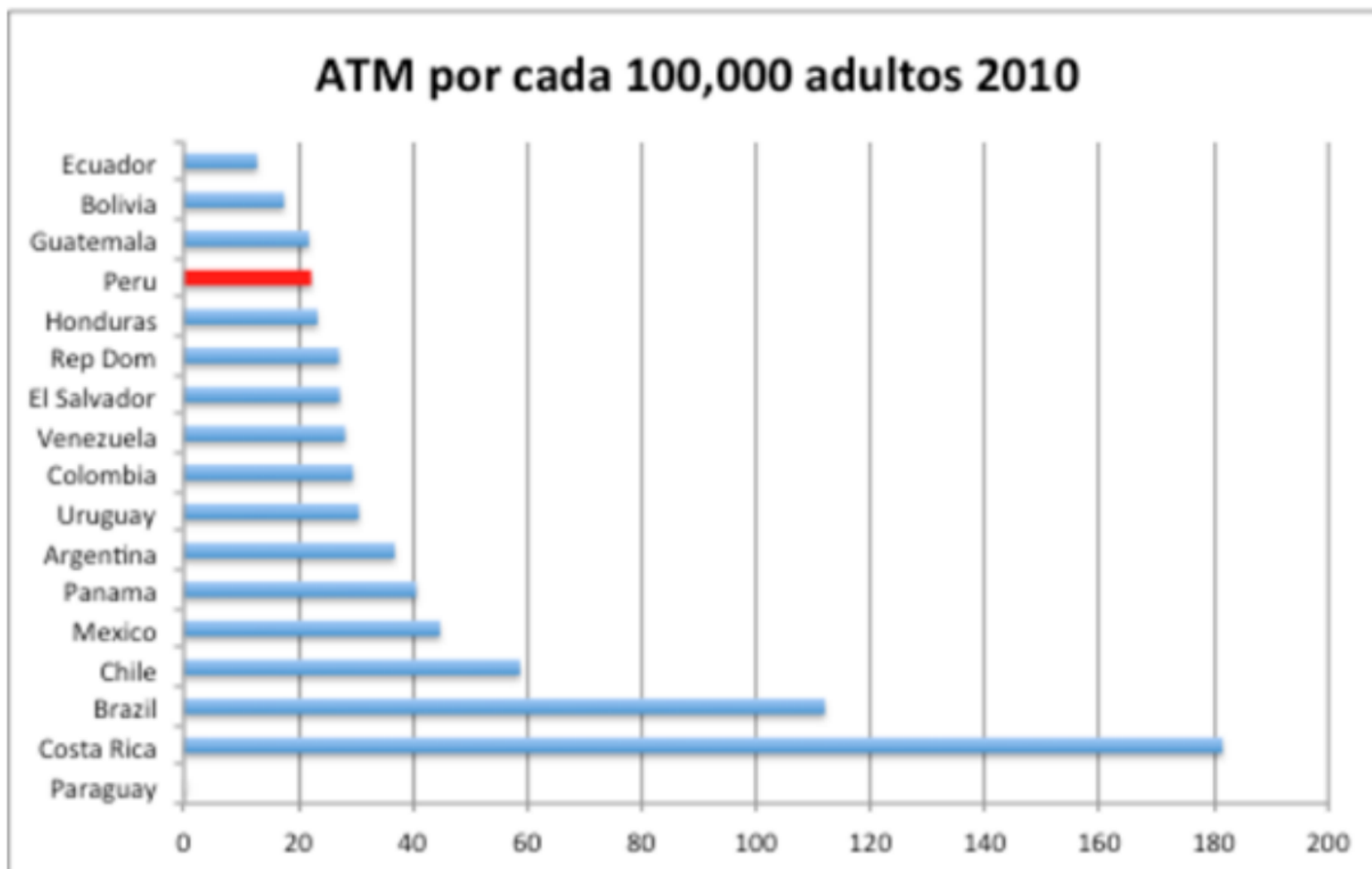
Helps overcome poverty and remain out of it

Bank branches per every 100,000 adults (2010)



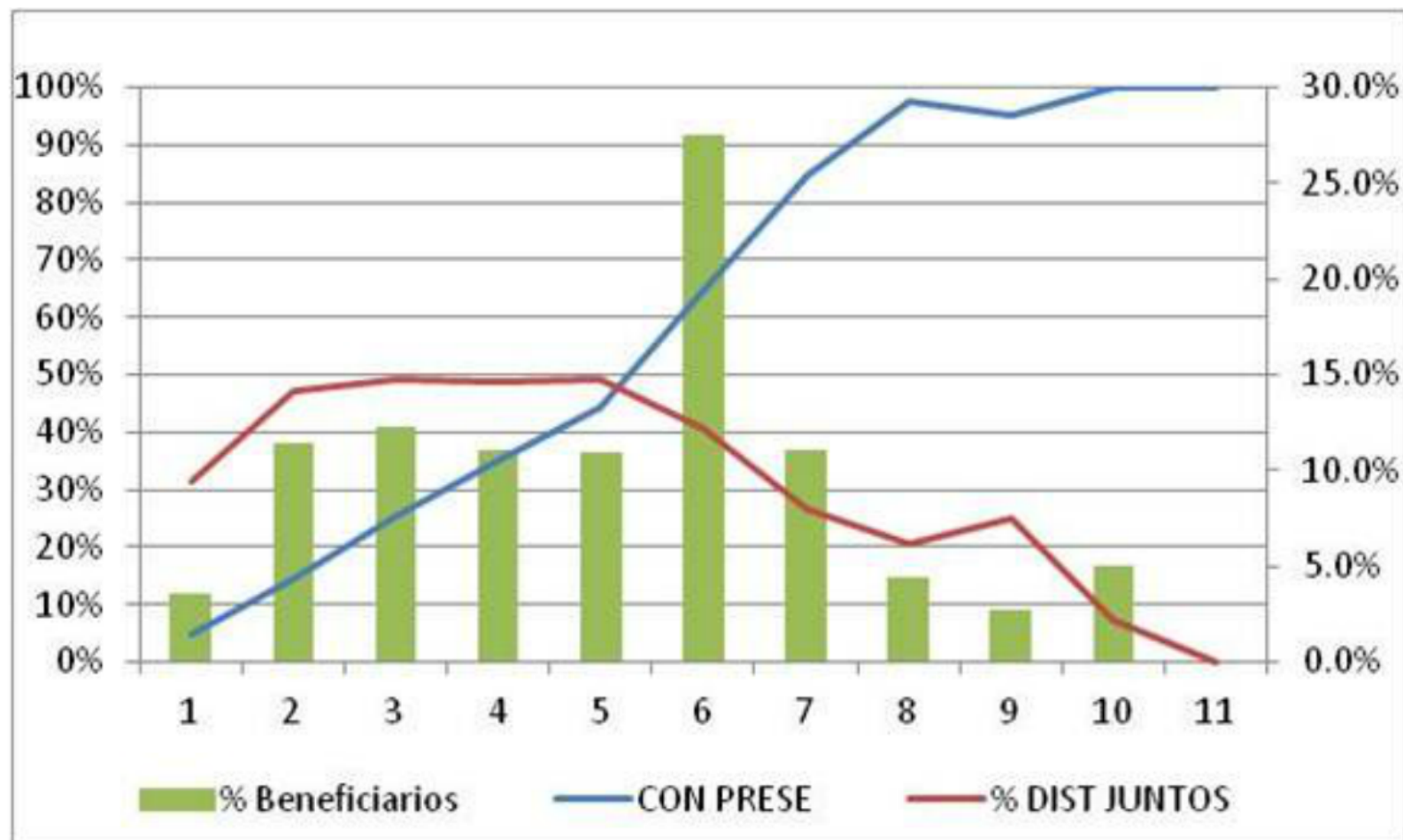
Fuente: CGAP, Financial Access 2010

ATMs per every 100,000 adults (2010)



Fuente: CGAP, Financial Access 2010

Coverage per district by CCT Program JUNTOS per population age range, compared with financial system coverage



The adult population with a savings account increased by 30 percent between 2007 and 2011.

However, banking penetration is heterogeneous and particularly low in rural and peri-urban areas.

There is a lack of channels, products and financial services designed for people who inhabit these areas.

The rural population has very little knowledge about the financial system and how it operates.



Opportunity: presence and future expansion of Cash Transfer Programs Juntos (742,000 households, + 50%) and Pension 65 (150,000) as well as other social programs under MIDIS.

Most users of Juntos are women and mothers.

Currently, around 45% of Juntos users are paid through cargo companies, thus their link with the financial system is virtually nonexistent.





In 2011, a survey involving more than 1800 women who were users of Juntos showed less than 1% knew what an account statement or an interest rate was.

More than 50% did not know that they had a savings account in the Banco de la Nación.

Peru's National Strategy for Financial Inclusion (NSFI)

- It is an effort led by the Ministry of Economics and Finance.
- MIDIS, along with the Ministry of Finance (MEF) and the Superintendency of Banking, Insurance, and Pension Funds (SBS) comprises the Technical Secretariat responsible of the implementation of the NSFI.
- We have reached consensus on a definition of financial inclusion and on the regent objectives of the strategy.

The MIDIS Strategy for the Financial Inclusion of Vulnerable Populations

MIDIS is developing a financial inclusion strategy for its target population, framed on the NSFI. It will focus on different levels:

- Macro: A sound policy and regulatory framework that encourages the sustainable provision of financial services to low income people.
- Middle: Promotion of infrastructure to provide access to quality services to low income population. It implies working with both supply (to reduce transaction costs, increase bank presence) and demand (through capacity building, information dissemination and financial education).
- Micro: Mechanisms to speed up changes and the macro and middle level.

This approach requires coordination and action at the national level and a complex institutional framework that includes Ministries, financial and telecommunications regulatory bodies, consumer protection authorities, among others.

2016 Vision

One million citizens have received financial education, interact with the financial system, and have access to a supply of quality services that fits their needs.



International Commitments

Better than Cash Initiative

Ministry of Development and Social Inclusion

At least 1/3 of the 1 million people that will be financially included within MIDIS financial inclusion strategy will be working, by 2016, with alternative and innovative payments mechanisms.

Ministry of Economics and Finance

Furthermore, under the National Strategy for Financial Inclusion led by the Ministry of Economics and Finance, we will promote the use of technology-based alternatives to cash in other areas of State activity. Therefore, we will assess and promote the introduction of alternative payment methods and technological devices in different Governmental programs and initiatives.

International Commitments

Equal Futures Partnership

"To Promote the financial inclusion of female beneficiaries of social programs [...]"

Under this commitment we expect to contribute to the provision of access to financial services such as savings and credits for female beneficiaries of social programs such as JUNTOS and Pensión 65 and to enhance their condition as economically autonomous citizens. Furthermore, we expect to create incentives for women to participate in productive investments, and to strengthen their self-esteem, negotiation skills, political participation and to for natural disasters and other risks.

Additionally, MIDIS will design policies and strategies to promote the articulation of relevant public and private actors working on financial service provision, financial education, and other activities.

MIDIS will start the implementation of its financial inclusion strategy by 2013. By 2016, we expect to reach million citizens, of which 80% will be women."

www.midis.gob.pe



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