



# BEYOND SAVINGS TOWARDS INCLUSIVE GROWTH

With thanks to our sponsor

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## S&P Global



## **Microfinance at Credit Suisse**

*Financial solutions to link the top with the base of the pyramid*



Laura Hemrika  
Global Head of Corporate Citizenship and Foundations

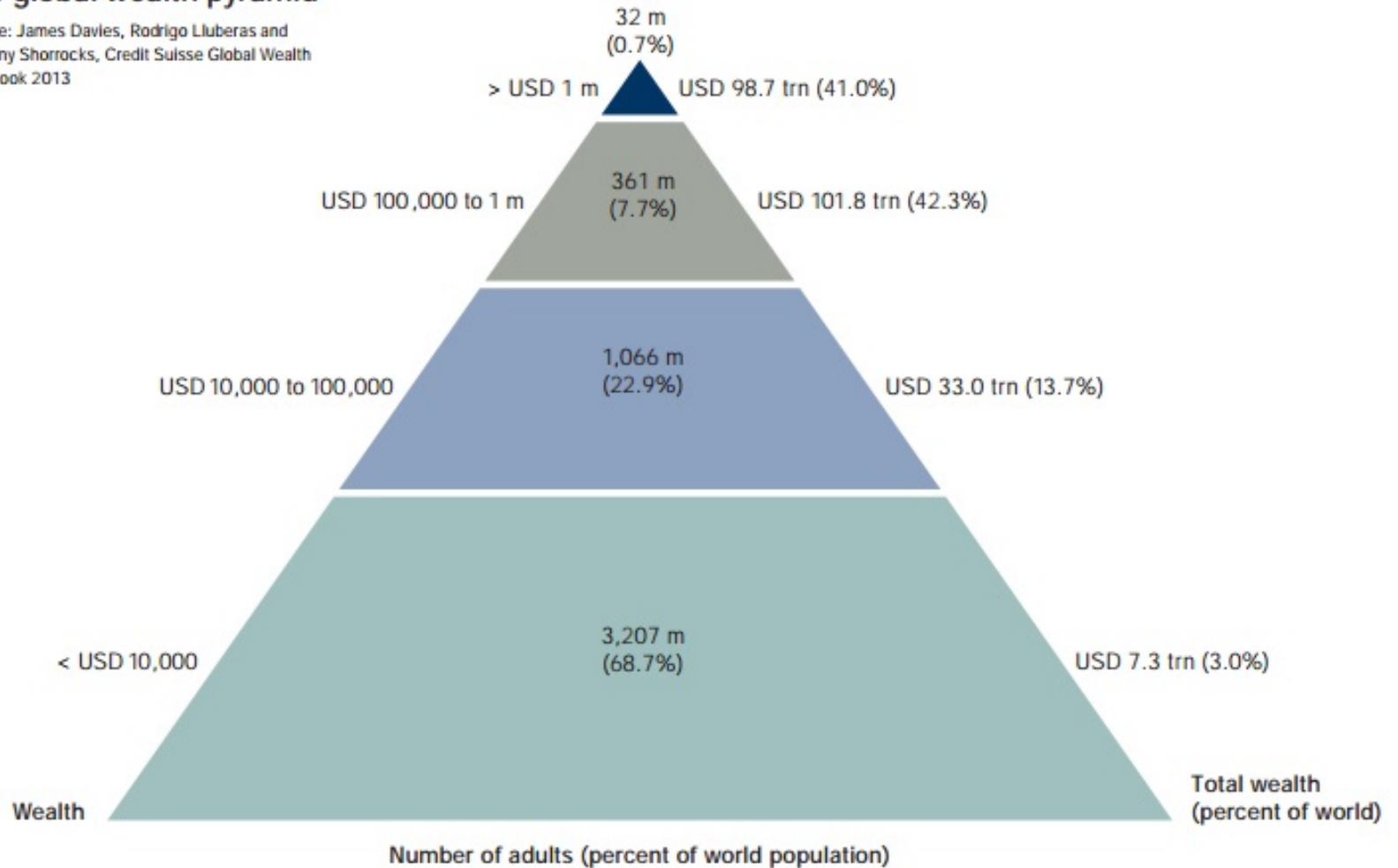
December 2016

# Our world today

## Economic wealth pyramid

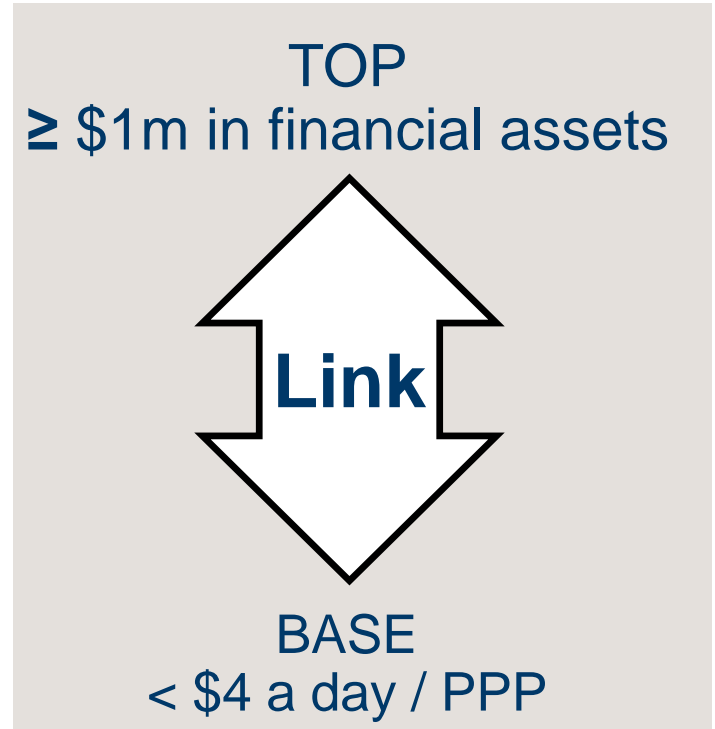
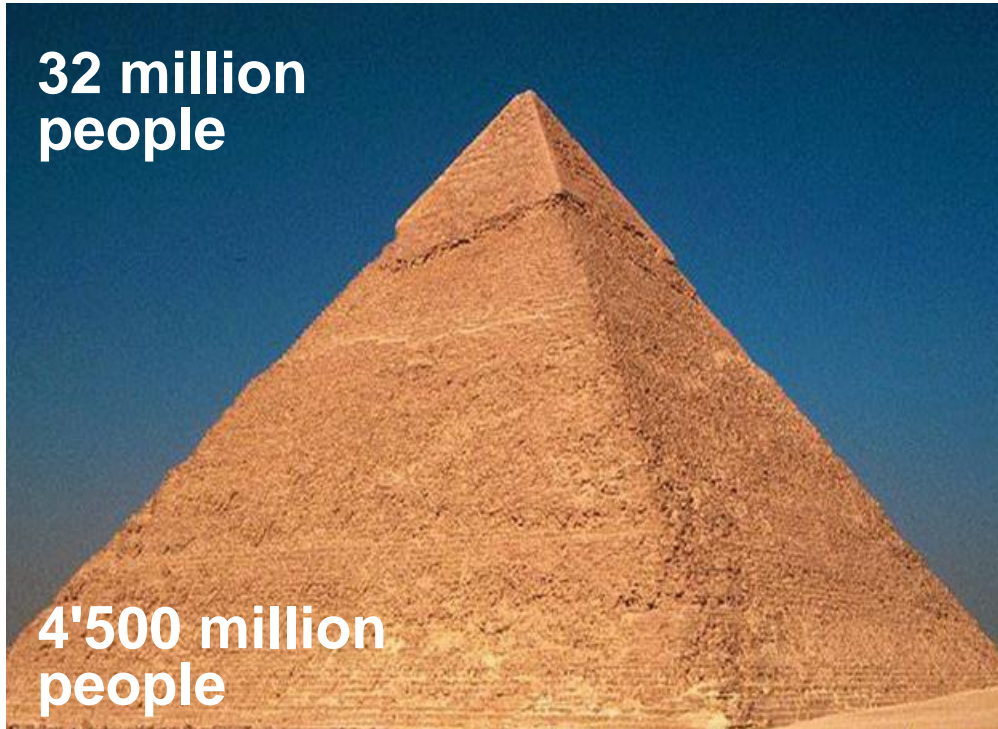
### The global wealth pyramid

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2013



# Credit Suisse

## Leadership & Innovative Solutions to Link Top with BOP



**Fin Services**



**Education**



**Health**



**Agriculture**



**Housing**

# Microfinance & Impact Investing at Credit Suisse

Aligning assets across the bank for industry impact and for our clients

## Private Banking & Wealth Management

Providing private capital via investment vehicles

- Co-founder of responsAbility
- Product development & offering
- Structuring of microfinance and impact funds
- Administration and custody of microfinance and impact funds
- Market research

Expertise and Funding

## Investment Banking

Providing public capital via access to capital markets

- Pioneer global IPOs of MFIs:
- Innovative debt raising for MFIs:  
-

Expertise and Funding

## Corporate Citizenship Microfinance Capacity Building

Providing capacity building via grants and expertise-sharing

- Complements our business commitment, incl. collaboration on product development, research and communications/events
- Six leading partners to deliver management strengthening, innovation and research projects
- Skill-sharing programs through the Global Citizens Program, Virtual Volunteering and MF Advocates

Expertise, Grants,  
Partnerships



2012 IFC/FT Sustainable Finance Awards  
Special Commendation  
Global Sustainable Bank of the Year



2014 Business in the Community Awards

# Developing the microfinance industry

## Stages and drivers



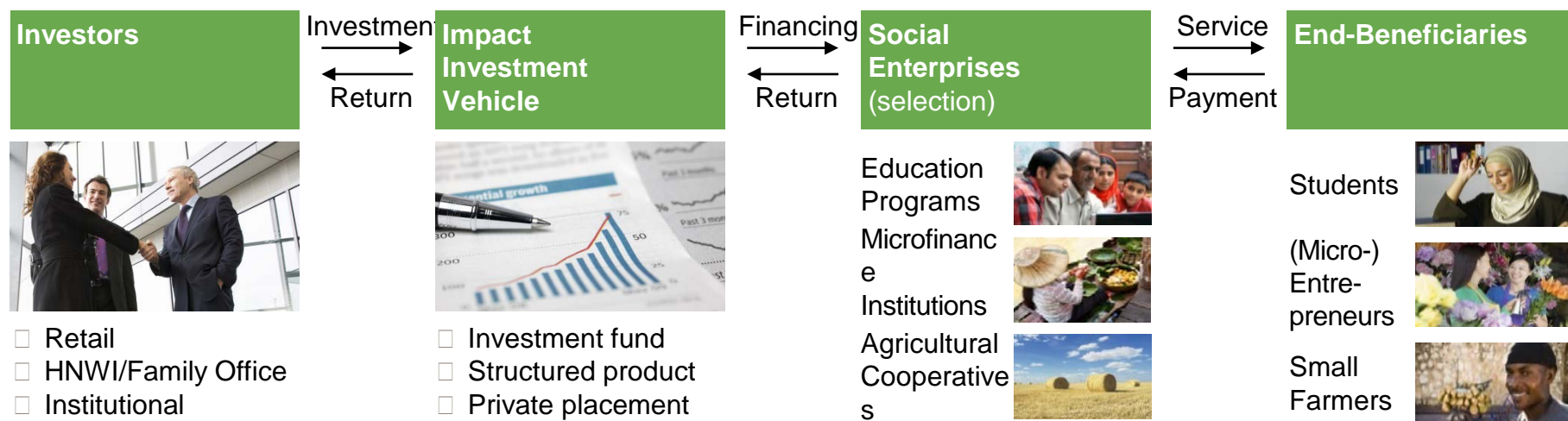
# Microfinance/Impact Investment at Credit Suisse

## What Is Impact Investment



**Impact Investing** is about actively placing capital in enterprises that generate a financial return and make a positive social/environmental impact

### Investment Process



# Impact Investment – back to the client

## What matters to our clients

### Benefits for Clients

#### Sound Financial Returns

Delivers **steady and positive returns with low volatility** (3–6% net return p.a.)

#### Positive Social Impact

**Access to finance** for small businesses (microfinance), fair access to markets for small farmers (**fair trade**), **education** for high potential students

#### Portfolio Diversification

Historically constitutes **low correlation vs. other asset classes**. Financing SMEs detached from global capital markets.

#### Strong Quality Of Underlying Assets

Experiences **very high repayment rates** from asset underlyings (e.g., 98.5% of microfinance clients repay their loans on time, 99% of students repay their loans)

### Motives for investing in microfinance

Social impact

63%

Diversification

26%

Financial return

11%

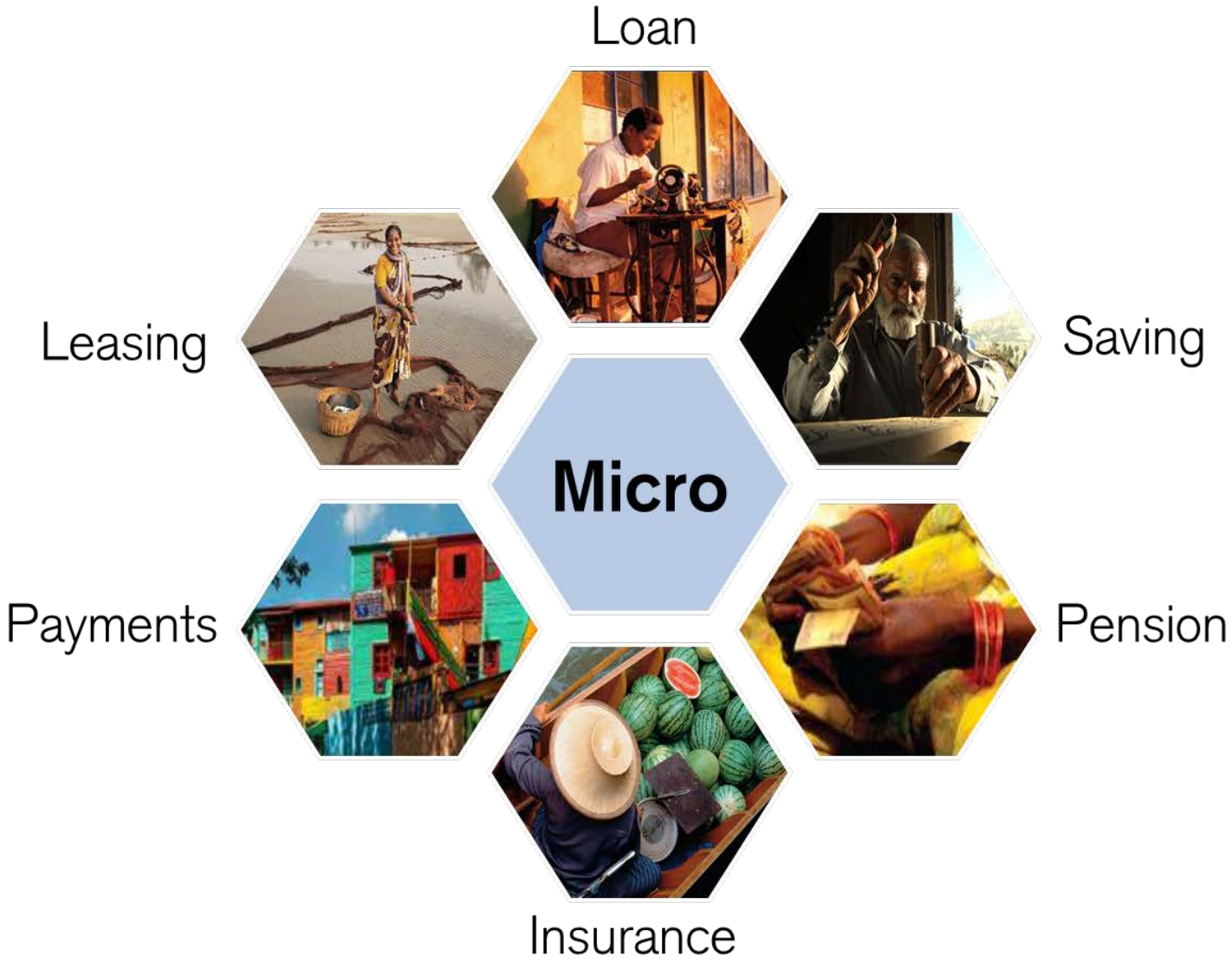
Source: Credit Suisse internal survey, 2008



# Microfinance Investing: Hurdles

- Still a young industry
- Lack of pipeline
- Lack of investible MFIs
- Lack of volume
- Lack of track record...
- ..
- ..
- ..
- Lack of management capacity

# Microfinance 2.0: Beyond Credit



# Many risks are internal to the organization...



Financial Inclusion Banana Skins 2016 (2014 position in brackets)*		
Rank	Risk	Score out of 10
1	Strategy (6)	7.19
2	Risk management (4)	6.90
3	Change management (-)	6.77
4	Technology (15)	6.66
5	Repayment capacity (-)	6.64
6	Macro-economic risk (13)	6.60
7	Product risk (12)	6.60
8	Credit risk (2)	6.58
9	Governance (5)	6.53
10	Management (8)	6.51
11	Financial capability (11)	6.31
12	Political interference (7)	6.28
13	Competition (3)	6.23
14	Client relationships (14)	6.16
15	Staffing (10)	6.08
16	Regulation (9)	6.04
17	Venture risk (-)	6.02
18	Reputation (-)	5.95
19	Funding (18)	5.76
20	Criminality (-)	5.08

\*In the survey *Microfinance Banana Skins 2014*

# Microfinance Capacity Building Initiative (MCBI)

Market development and capacity building to develop more diverse financial services



## Mission

Market development and innovation by strengthening MFIs' ability to serve the increasingly diverse financial needs at the base of the pyramid through:

- Enabling product and services development and innovation across sectors beyond traditional microfinance products
- Developing strong industry partnerships and knowledge sharing
- Effectively leveraging Credit Suisse's skills, expertise, financial and social capital
- Continuous measurement and optimization of impact

## Credit Suisse expertise sharing and employee engagement:

**Global Citizens Program:** In-the-field skills-based volunteering

**Virtual Volunteering:** Innovative remote skills-based volunteering program leveraging international teams

**Microfinance Advocates Network:** Events, news and local volunteering

# Microfinance Capacity Building Initiative (MCBI)

## Grant programs with global Reach



Finance Innovation

**Accion**  
Venture Lab  
Centre for Financial Inclusion



Women's Empowerment

**Women's World Banking**  
Leadership and Diversity for Innovation Program



Education

**Opportunity International**  
Empowering Generational Change through Education Finance



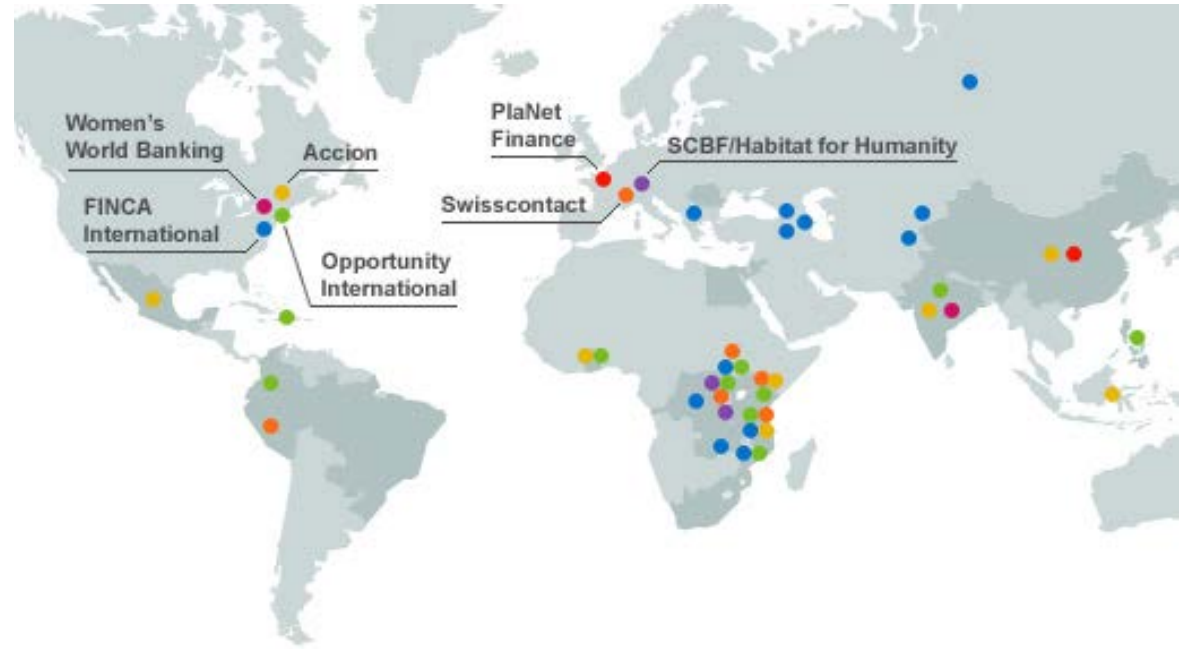
Agriculture

**FINCA International**  
Sustainable Agriculture Finance Initiative  
**Swisscontact**  
Microleasing Innovation



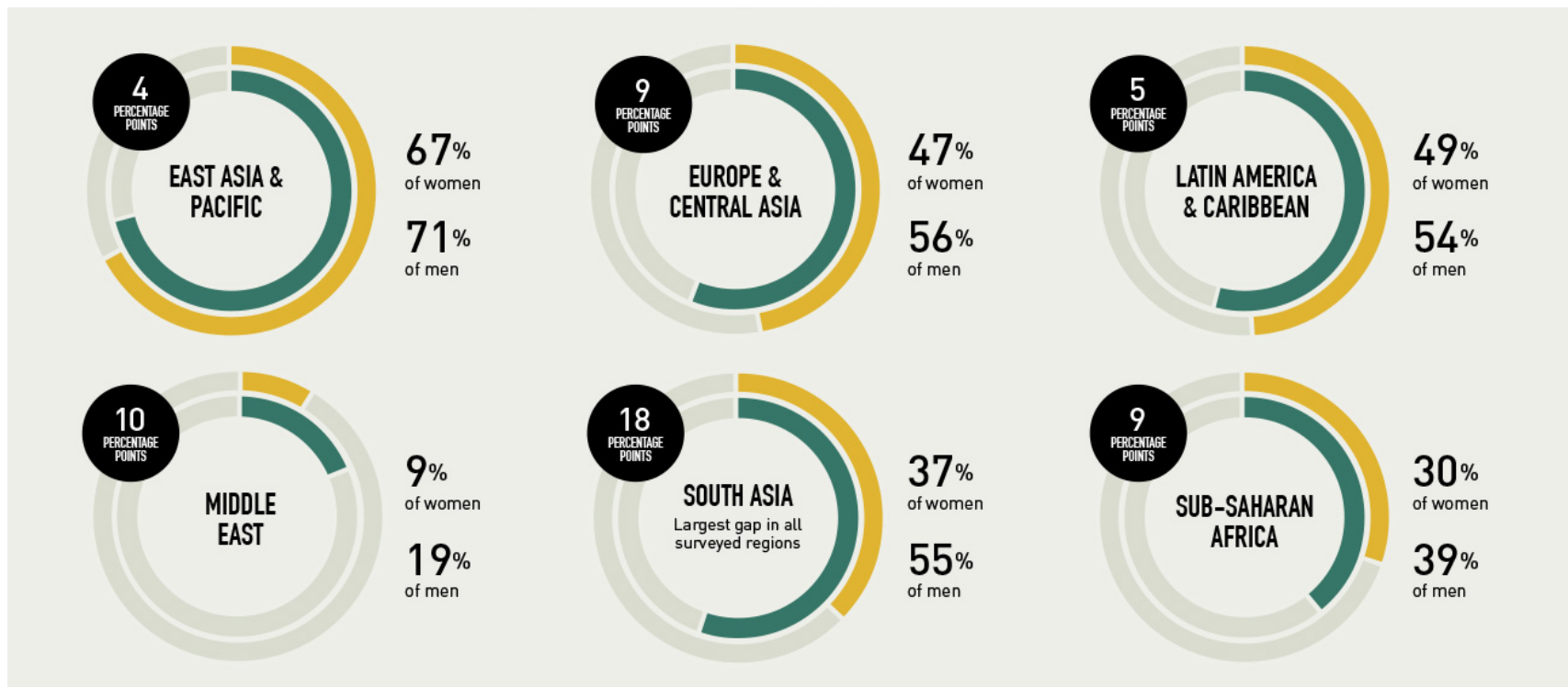
Housing

**SCBF with Habitat**  
Sustainable Housing Initiative



- **Women's World Banking**  
www.swwb.org
- **Swisscontact**  
www.swisscontact.ch
- **PlaNet Finance**  
www.planetfinance.org
- **Opportunity International**  
www.opportunity.org
- **Accion**  
www.accion.org
- **SCBF/Habitat for Humanity**  
www.scbf.ch
- **FINCA International**  
www.finca.org

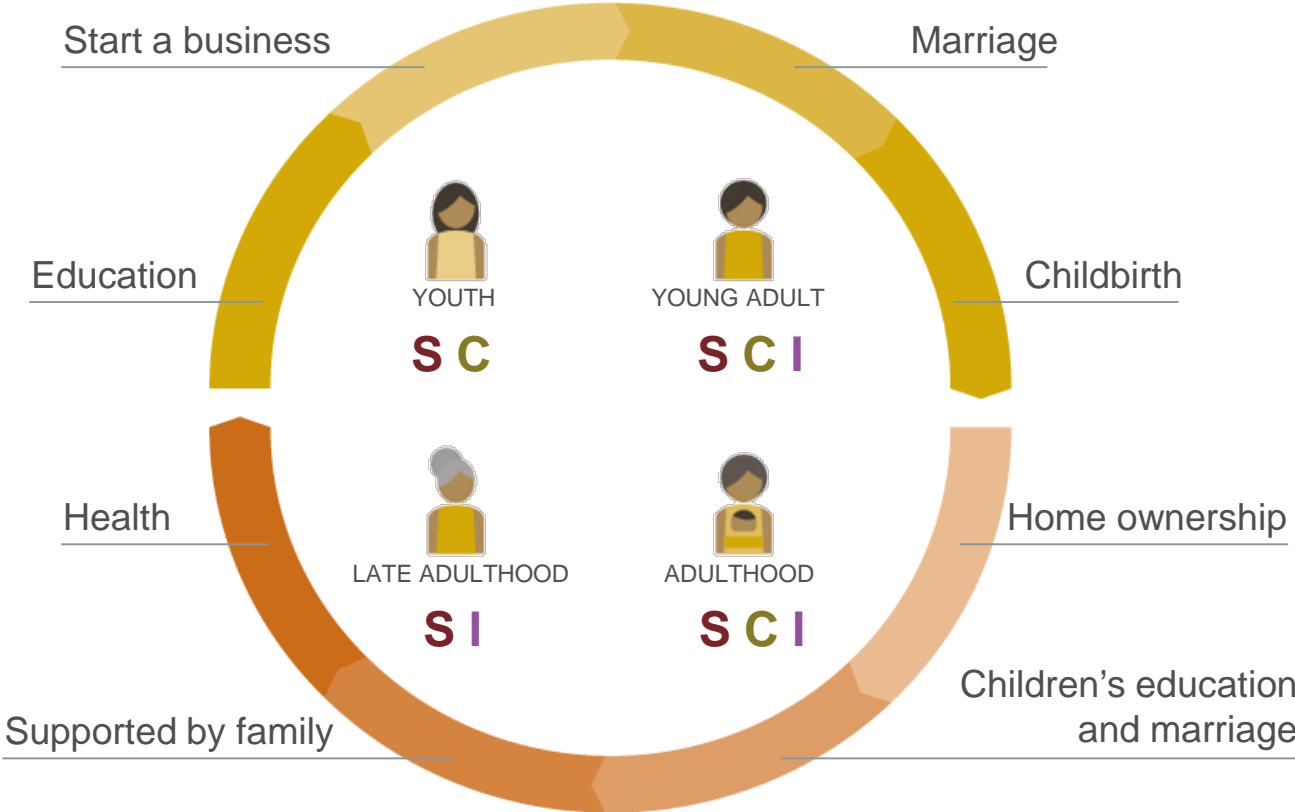
# Focus on Women: Women still face greater financial exclusion in every geography and across every income level



Source: World Bank FINDEX database/  
Women's World Banking

# Expanding Financial Access

*Women's World Banking develops innovative financial products to meet the dynamic needs throughout a woman's life*



- **Savings (S)**
- **Credit (C)**
- **Insurance (I)**

Source: Women's World Banking