
ACCEPTANCE SPEECH AT THE GERMAN MEDIA AWARD

21 Mar 2014

Mrs Schadt, Mr Kögel, Excellencies, ladies and gentlemen,

Thank you for this honour. I am sharing this wonderful recognition with many courageous people around the world who are working very hard to create new opportunities for their families, their communities and their countries. And I would also like to share this with a host of national and international organizations who are passionately committed to raising awareness and taking action towards inclusive finance for development.

But what is 'Inclusive finance'? It is access for and usage by everyone to a wide range of sustainable financial services at a reasonable cost. That is: giving people the financial tools that will improve their lives, such as a bank account, a savings account, mobile banking, health care insurance and small loans.

Every second adult in the world must do without even the most basic formal financial tools that you and I rely on every day. In Tanzania, for example, there is just one bank branch for each 50,000 people.

Imagine, *one* bank branch for a community as big as the entire population of Baden -Baden. Just imagine the queues. Not to mention the damage this would do to the local economy.

And in rural areas, many people have no access to financial services at all. No cash machine. No swiping your card to buy food. No safe means to save money. They are really 'excluded'.

It is wonderful that a prominent German media jury has recognized the importance of an inclusive financial system and - with this Award - is showing its support. Thank you so much.

As a former banker at the Deutsche Bank, I have learned to value German professionalism.

In my current position, I have enjoyed Deutsche Gastfreundschaft.

And as the UN Secretary-General's Special Advocate for Inclusive Finance for Development, I have come to appreciate how constructive Germany is in this field.

I also know that Germany has a long history in community-owned financial systems that allow people to improve their lives. In fact, together with the Netherlands, Germany was a front runner. The arrival of the first 'Sparkassen' around 1800 allowed people with a low income to save small sums of money for investments or setting up their own businesses. This helped to build the German Mittelstand.

And take Friedrich Wilhelm Raiffeisen. In the early 19th century, he experienced poverty first-hand as the seventh child of a local farmer in the small town of Hamm. He saw the suffering of his father and other farmers who were totally defenseless against domestic crises and often dependent on loansharks. Raiffeisen founded the first credit union, providing banking services to members, helping people consolidate their savings, and granting loans to members on reasonable terms. This was a major innovation, helping thousands of small farmers, craftsmen and entrepreneurs to become self-sufficient and 'help themselves'.

Raiffeisen stated that there is a connection between poverty and dependency. In order to fight poverty one should fight dependency first. Bringing people into the financial system opens the possibility of independence. So that is exactly what we have to do.

Thanks to visionary people like Friedrich Raiffeisen and the founders of the Sparkassen movement, Germany developed into one of the most prosperous, strong and resilient countries in the world. A country where young people have a fair chance to shape their own future and where talent has the opportunity to flourish.

Many countries still have a long way to go to fulfil their potential like Germany and the Netherlands continue to do. And financial inclusion will be vital for their economic growth, their job creation and social development.

It is not an easy task to be self-supporting and take good care of your family. It is harder when you might earn \$10 one day driving a rickshaw, and then nothing for a week, or get \$300 when you sell your harvest, but have to make that cash last many months until the next season. Especially when you have no savings account, no insurance to protect you against drought and flood, no credit and no secure facilities to receive funds from your relatives. A mother might have to sell her chickens or her sewing machine just to feed her family or to pay a doctor's bill. This is how poverty becomes a trap that people can't escape.

Then we have the issue of convenience. Business owners I met in Cairo spend Saturday mornings going around to collect bills, so they can pay their staff afterwards. Very inefficient when you have a business to run! They would gain a whole day's work and income if they had a fast, inexpensive way of receiving and depositing money, by mobile phone for instance.

Now, is it possible to break the vicious circle of poverty and lack of opportunity? Yes it is! There are great examples that show that it can be done. The progress in Tanzania, Colombia, Peru, Indonesia and many other countries has been remarkable. And the short film that you have seen contains some inspiring examples of individuals and communities who -with a little help - have created their own economic security.

In December last year, together with representatives from the WFP, I visited a rural primary school in Ethiopia where feeding programs coupled with local purchase from farmers and access to savings accounts and payments, is putting an end to hunger in the community. The children's parents are selling more crops. The local market is expanding. And more boys and above all girls are going to school, gaining an education and opening up new possibilities for future development.

Almost three weeks ago, I met a young woman in Colombia. With a small inheritance from her father, she bought some land near Bucaramanga. She cleared the steep hill and planted orange and citrus groves. With the help of small loans and a savings account she could create a steady income. She built a house for herself and her family and is now bringing her business to the next level, investing in an irrigation system to carry water from the lake at the bottom of the hill up to the groves.

So financial inclusion creates jobs, speeds up economic growth and empowers people, especially women, to improve their quality of life. And we know that women deliver the highest return for social and development investment. Don't blame a woman for mentioning this; but these are the empirical facts.

It is also true that women face more obstacles. For instance, they generally take out fewer loans than men. And when they do, they borrow less. Women are generally more careful than men. Having said that, risk-taking is an integral part of entrepreneurship. So women entrepreneurs need to be encouraged to take more calculated risks - and this requires better business knowledge and access to financial services.

Ladies and gentlemen, without roads, trucks and cars cannot drive. Without financial inclusion, countries cannot develop themselves.

But let's not be mistaken. Excessive finance can also create problems as we have seen over the last

few years of the global crisis. That is why the right regulatory framework is so important. We need a system in which money is handled in a responsible, sustainable way.

It is also of vital importance to teach people to be 'money wise'. Our digital era presents many temptations, and consumer goods are easy to buy. Everything seems to be within reach: gadgets, smartphones, scooters and holidays. Young people in particular are at risk. In the Netherlands for example, many teenagers spend a lot of money, keep no record of how much, and get themselves into debt. Teaching young people how to manage money is the best way to prevent financial problems and help them create a better future.

When we Europeans think we can rest on our laurels, we are always proven wrong. We can never take our future prosperity for granted. That's why financial institutions need to accelerate their support for the real economy by providing entrepreneurs opportunities to grow and to create new jobs. That is why they have to deliver their services responsibly, acknowledging that client needs are at the heart of financial services.

But we also need more people to start and cultivate their own business. People with entrepreneurial skills and passion, who will create jobs, generate income and create innovative products. For that, we need not only finance but definitely financial education and advisory support if we want them to grow.

That is why the UN, the World Bank and many countries have recognized that universal access to financial services and financial literacy are vital. Not as an end in itself, but as a means to an end. It is really *economic growth, equity and development* we are aiming for.

It is my privilege as the UN Secretary-General's Special Advocate for Inclusive Finance for Development to spread this message. In Baden-Baden, in Bucaramanga, and anywhere else I can.

Thank you for giving me the opportunity to talk to you about this issue that is very close to my heart. Your support, also through this prestigious award, is very valuable. We can end dependency! And you can help too!

Vielen Dank!