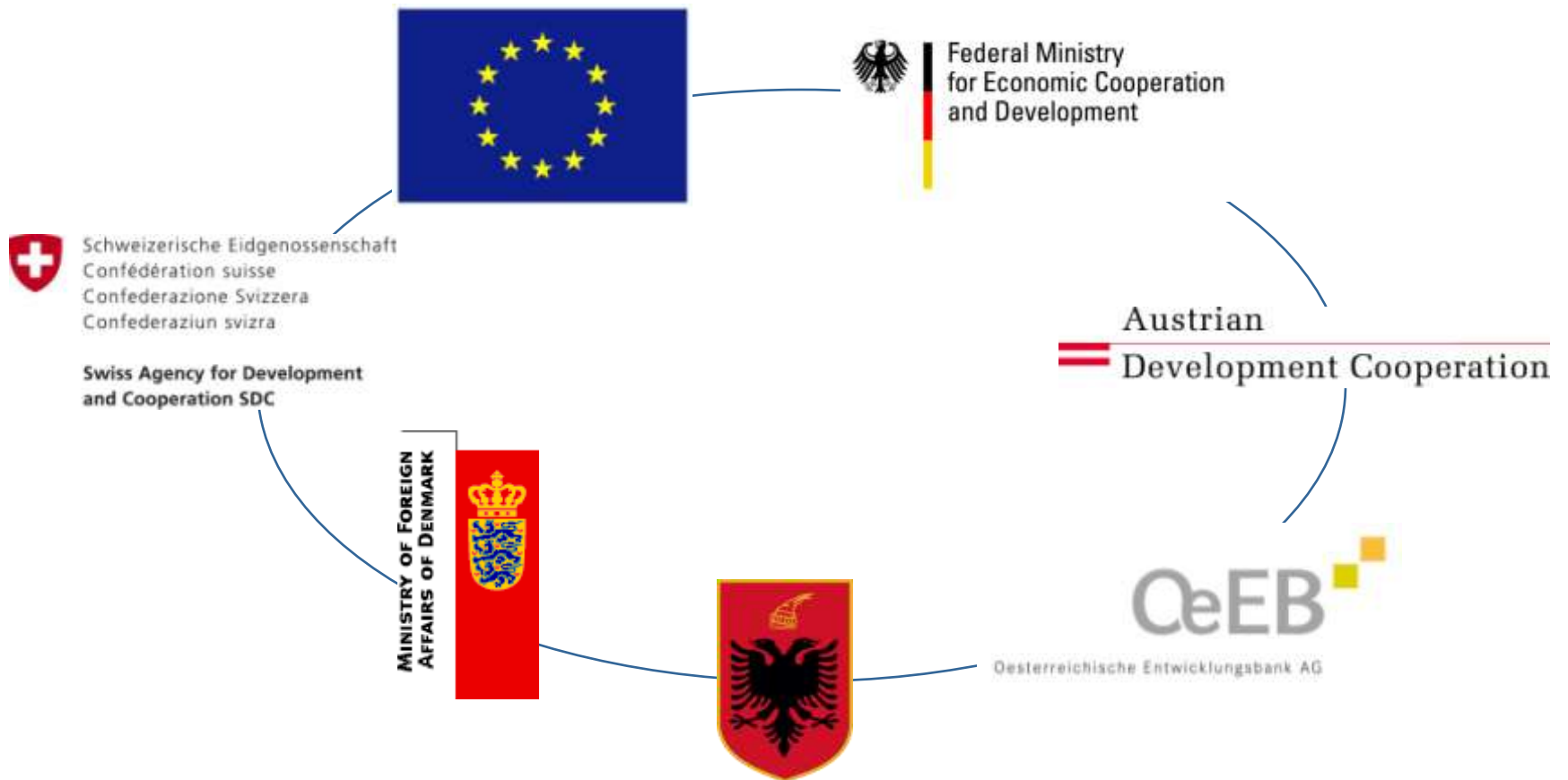


EXPANDING ACCESS TO FINANCE AND ENSURING FINANCIAL SECTOR STABILITY THROUGH RESPONSIBLE FINANCING PRACTICES



Tirana, Albania
23 March 2010

EFSE - A Development Finance Initiative Supported by



Being a responsible investor

EFSE's mission

Provide long-term funding to foster economic development and prosperity in Southeast European countries

General business principles

Additionality and complementarity

- Crowd in private capital for development purposes
- Expand development finance frontiers

Facilitate access to finance for low-income clients

- No funds for consumer lending
- Promote cash-flow based lending technologies

Promote responsible financial instruments

- Local currency lending

Being a responsible investor

Business practices

should reflect corporate social values at all levels:

- 1) Financial sector level
- 2) Individual financial institutions level
- 3) End-borrower level



Responsible Finance dimensions

Financial sector level

- Raising awareness of responsible finance among the public
 - Workshops and conferences (e.g. RF events)
- Conducting research on responsible finance practices
 - Responsible Finance study Moldova



Individual financial institutions level (I)

- Demanding high standards of business ethics and corporate values from our partner institutions
 - Existence of transparent and fair business practices towards clients
 - Adequate lending methodology for target group
 - Transparency and integrity of ownership and management
 - Anti-money laundering and anti-terrorist financing



Responsible Finance dimensions

Individual financial institutions level (II)

- Establishing a long-term relationship with PLIs
 - Reliable long-term funding source
 - Focused technical assistance and training
- Promoting sound environmental and social management
 - Social and environmental exclusion list
 - Training to incorporate environmental and social guidelines



End-borrowers level

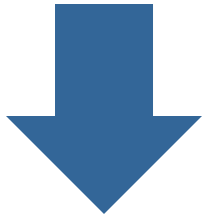
- Promoting financial literacy
 - Build public understanding about financial concepts and terminology (e.g. client educational booklets, educational TV-clips)
- Promoting responsible financial products
 - Fair and transparent terms and conditions
 - Cash-flow based lending methodology
 - Products with positive spill-over effects (e.g. HEE)



Challenges and opportunities

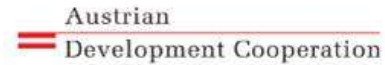
Key challenges ...

- Translate the broad principles into laws and regulations that will be effective in different settings (CGAP)
- Costs associated with revision of internal processes and staff training
- Low levels of client financial education



... but above all, several opportunities and benefits

- Proven link between protecting financial consumers and help develop stable, efficient and sustainable financial markets
- Enhanced reputation, brand value and trust in financial service providers
- Economic benefits to the financial institution due to lower client default rates and better client retention



BAL. OPPENHEIM



ONIDYAR-TUFTS
MICROFINANCE FUND



ERSTE
SPARINVEST

NORD/LB **Horizont**

financeinmotion

Contact: Sylvia Wisniwski

Phone: +49 (0)69 977 876 50-50, Fax: +49 (0)69 977 876 50-10, E-mail: s.wisniwski@finance-in-motion.com