

# REPORT

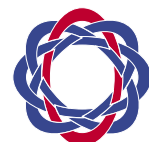


## SAVINGS BANKS' SOCIALLY RESPONSIBLE ACTIVITIES, A WEALTH OF EXPERIENCE

INSIGHTS FROM WSBI MEMBERS  
IN AFRICA, ASIA AND THE AMERICAS

July 2006

*To be read as complement to  
the European Savings Banks  
Group Report*



WORLD SAVINGS BANKS INSTITUTE

CSR experiences from ESBG (European Savings Banks Group) members are listed in an additional separate report, available at [www.savings-banks.com](http://www.savings-banks.com) or by sending an e-mail to [info@savings-banks.com](mailto:info@savings-banks.com).

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# INTRODUCTION

## About Corporate Social Responsibility

Corporate Social Responsibility (CSR) is commonly understood as the business contribution to sustainable development, and covers companies' active participation in different fields: human rights, human resources, relations with clients, suppliers and other stakeholders, corporate governance, environment and contribution to community and society. It is increasingly viewed, across the world and across all business sectors, as a strategic issue to ensure the development of a sustainable world, and to enhance business competitiveness. It is high on the policy priority lists of a number of international organisations, who seek to increase businesses' awareness and involvement.

## Savings banks' CSR commitment

Savings banks across the world have a long history of commitment to the communities in which they operate: contributing to the improvement of living conditions, supporting the local economic development and building greater social cohesion in the local communities where they operate is an integral part of their identity and one of their distinctive features amongst financial players. On all continents, savings banks remain a key social actor, seeking to bring value and return to the citizens and communities surrounding them. Contribution to society achievements therefore remain the core of their socially responsible involvement.

However, on an increasing number of markets around the world, these commitment to society activities traditionally developed by savings banks stand as one of the pillars of a broader CSR approach. Savings banks progressively introduce CSR concerns in their banking activities and professional practices, involving all stakeholders for the development of inclusive and innovative CSR policies and programmes. Thus, they seek to cover several or all CSR components, economic (e.g. regional development, financial inclusion), social (e.g. workforce development), and environmental (e.g. protection of the environment campaigns).

## Purpose and objectives of the Report

The main purpose of this report is to illustrate the diversity and wide-range of CSR policies and projects launched by savings banks across the world, based on concrete case studies provided by WSBI Members. It must be read in conjunction with the ESG report, which presents a series of experience from European Members\*.

\* Available at [www.savings-banks.com](http://www.savings-banks.com) or by sending an e-mail to [info@savings-banks.com](mailto:info@savings-banks.com)



# COMMITMENT TO SOCIETY, FOUNDATION OF SAVINGS BANKS' CSR APPROACH

## 1. SAVINGS BANKS, KEY PLAYERS FOR LOCAL ECONOMIC DEVELOPMENT

### 1.1. Partnering with local authorities

#### ■ Case Study 1: Caixa Economica Federal Brazil - A Channel for Welfare Benefits

Caixa Economica Federal is the largest publicly owned bank in Latin America. By the end of the year 2004, CAIXA had around 32 million bank accounts. It is also the only bank present in all of the 5.562 municipalities of Brazil. Caixa is a member of the United Nations Global Compact.

Caixa Economica Federal's network and operations play a key role in the federal government programmes to fight poverty, promote social inclusion and minimize inequalities. It contributes in uniting all federal government welfare revenue transfer programmes, involving more than 10 million social security accounts and benefiting approximately 43 million people. Caixa transfers the federal government welfare and also transforms these social security accounts into bank accounts, which are an important step in promoting financial inclusion and providing access to other banking services. Evidence reveals that once people are given the opportunity to have a bank account, they start building a savings culture and having a credit history which is vital to develop any business. More importantly, acting as a channel for welfare benefits, Caixa caters to the needs of the poor in terms of financial inclusion and financial education, developing programs such as "Inclusive financial system"\*.

#### ■ Case Study 2: Peruvian Savings banks - Distributing profits for local development

In Peru, the creation of the Cajas Municipales de Ahorro y Crédito (CMACs) was undertaken with the specific objective to have decentralised financial institutions oriented towards those segments of the population who lack access to the formal financial system. In August 2005, all CMACs together had 718,368 clients. All CMACs are situated in the provinces but most clients are situated in urban areas (only one fifth of the clients operate in rural areas). 45% are women. Around half of the microenterprise clients of CMACs have an income level below the per capita GDP and a quarter earn less than US\$ 1000 a year.

Besides targeting this clientele, which indirectly contributes to local entrepreneurship, CMACs reinvest a part of their profit in socio-economic development by financing projects in their provinces (up to 50%). In 2001, US\$ 13.5 million net profit was generated, of which 90% was reinvested in the CMACs. The rest, US\$ 1.35 million was given to the municipalities for investment in the society.

#### ■ Case Study 3: Government Savings Bank of Thailand - National Village and Urban Community Fund Program

Government Savings Bank of Thailand (GSB) supports the National Village and Urban Community Fund Program: a fund of US\$ 25,000 has been distributed out of the national fund to set up a revolving fund in 8,000 villages and urban communities. The Government bears the principle and interest payments with reimbursement from the budget over an 8 year period. Individuals and households borrow from the revolving fund in their community for use in local investment and supplementary vocations. As of July 31, 2005, funds have been released through GSB to total 61,395 villages and communities countrywide. By the

\* See next section 1.2, Case study 2

end of August 2005, GSB has provided loans for a total amount of US\$ 98.5 million to supplement 4,729 villages and urban community funds throughout the country.

## 1.2 Building the bridge between economic and social needs: microfinance projects

### ■ Case Study: 1 Banco BCSC Colombia - "Creemos" (We Believe) microfinance programme

Banco Caja Social, one of the two subsidiaries of BCSC, was created back in 1911 with the mission to be the leading bank for financing low-middle income clients and micro and SMEs. According to the bank's own estimates, in 2004 the microcredit portfolio of Banco Caja Social represented 26,7% of the total Colombian microcredit portfolio. 65% of the bank's portfolio comes from clients with a monthly income of less than 1.4 million Colombian pesos - US\$ 620.

Segmentation and innovation are strategic pillars on which BCS manages the expansion of its services catering to the needs of its target clientele. It has created "Creemos", a microfinance programme targeting microentrepreneurs with a monthly sales turnover of less than US\$ 2,500. Created as recently as June 2004, it had in September 2005 already 4,259 customers and has granted US\$ 3.58 million with an average loan size of US\$ 782. Past due loans were only 2.26% of the total portfolio. Average savings in the account amount to US\$ 125.

70% of these clients did not have any relationship with the banking sector before. The loan is given taking into account the client's future payment capacity and is not based on collaterals. Personal references and overall household expenses are part of the credit analysis.

### ■ Case Study 2: Caixa Economica Federal Brazil - A broad strategy for an inclusive financial system

Caixa Economica Federal has developed an overall strategy to target the low income population in Brasil. The extensive strategy includes, among others:

- establishment of partnerships with civil society organizations -such as worker cooperatives, trade unions, churches, ect-, in order to analyse the potential to include these associations as microfinance correspondents, where some of its members can become credit officers, distributing microcredits. Working with these community associations allows Caixa to identify the particular needs of the community as well as its strengths on which a business project can be developed. It also helps to identify the microenterprises that are established but need financing to grow.
- provision of financial education aiming at giving people basic financial knowledge and bringing back self-confidence. Classes include basic concepts of business and financial management, as well as the use of financial services. Training for credit officers is also provided. Some classes also include international trade basic knowledge, aiming at creating an export culture among microentrepreneurs;
- improving banking inclusion by providing access to very specific financial services to the low income sector, such as Caixa Aqui account and Caixa Aqui\* .

One concrete example of this overall strategy is a project where Caixa partnered with a women association in Sao Paulo. Caixa financed 1300 sewing machines and supported the whole process of production of a collection of clothes. Caixa negotiated preferential prices for the machines. It signed an exclusive contract with one of Sao Paulo's best known fashion designers who designed the collection. Finally it agreed with retailers to place the collection in their stores.

\* see Part II section 4.2., Case study 4

### ■ Case Study 3: Government Savings Bank of Thailand - Extensive microfinance programmes

The Thai Government has initiated several policies and measures to alleviate and eradicate poverty in Thailand. Government Savings Bank (GSB) has taken part to the implementation of the Government's policy. Individually and in collaboration with other financial institutions and government agencies, GSB has provided financial services under a number of programmes which include:

- People's Bank Program: it was established by GSB to expand financial opportunities to street vendors and other small entrepreneurs through micro-finance schemes. GSB requires personal guarantee or cross guarantee among the group of borrowers as collateral. The small entrepreneurs need to save up as a precondition for securing a loan and GSB provides them with occupational trainings. The amount of each loan is decided on the basis of the borrowers' investment need and their ability to repay. The amount of the first loan will not exceed US\$ 750 and the repayable borrowers can apply for a second loan up to US\$ 1,250. A loan amount up to US\$ 375 must be repaid in 13 monthly installments. The repayment terms of 25 months and 37 months will apply for a larger amount of loan but not exceeding US\$ 750 and US\$ 1,250 respectively. For all cases, there is a one-month grace period. Over the first 7 months of 2005, 108,599 loans which amounted to US\$ 78 million were provided under the People's Bank Program.
- Asset Capitalization Program: launched in 2004, it intends to create access to capital for the poor who have assets but with limited access to capital for use in funding existing or new business ventures. Documents guaranteeing the lease rights for selling goods at stalls administered by municipalities and some government agencies are used as collateral for loans. A loan amount is in the range of US\$ 1,250 to US\$ 7,500 depending on the borrower's investment need. The interest rate is 12 % per annum and the repayment term ranges from 3 to 5 years before the expiry date of the lease right. As of 2nd February 2005, a total of 2,054 loans which amounted to US\$ 4.12 million were extended.
- People's Debt Restructuring Program: it was created to help over 700,000 non-agricultural debtors who owe less than US\$ 2,500 to unconventional lenders. The branches of GSB take part in the negotiations with creditors for partial write-offs of the debts and then refinance the remaining amount at a lower interest rate. GSB also provides debtors with occupational training. As of August 31, 2005, 8,868 debtors refinanced the total debt of about US\$ 9.5 million from unconventional lenders through this program.

### ■ Case Study 4: Banco Estado Chile - The biggest microfinance programme in the country

Banco Estado is the largest bank present in most of the provinces in Chile. It services 10.2 million accounts through over 378 outlets, has 88% of the total number of accounts in the Chilean financial system. Banco Estado runs a microenterprise programme that is a national leader with over 40% of the market. In 2005 it served 170,000 microentrepreneurs; about one third of them achieved access to a financial institution for the first time. This programme is serviced through 124 specialised platforms throughout the country and has a recovery rate of 99% of loans. Other important factors are that half of customers are women and more than 90% of credits are processed without guarantees. Banco Estado also operates the Chilean state small business guarantee fund (FOGAPE), which has become an important instrument to enhance access to finance. The number of annual operations has nearly tripled in the past three years to reach 30,000 in 2003 of which 70% are carried out in regions.

### ■ Case Study 5: Tanzania Postal Bank - Group-based microcredits

Tanzania Postal Bank set up a microcredit scheme for micro-entrepreneurs and low-income households both in rural and urban areas. This started in 2001 on a pilot basis in one district but has since been rolled out to other locations. Only group-based microcredits have been extended typically to groups of five, who can borrow between US\$ 50 and \$ 600 at 2.5% per month for six to twelve months. To reduce administrative burdens, groups are clustered. By 31 December 2002, the total value of disbursed micro-loans stood at US\$ 1.9 million extended to 4,235 clients (80% female) in 676 groups out of whom 41 had fully liquidated their first round loans. Within the microcredit scheme a special facility exists to provide seasonal agricultural finance.

### 1.3. Encouraging local entrepreneurs

#### ■ Case Study: Caja Municipal Cusco (Peru) – Rehabilitation of commercial areas

Caja Municipal Cusco's (CMAC Cusco) mission is to promote social and economic development in its region by providing financial support to small and micro enterprises. CMAC invests in regional activities and assists hard hit sectors in becoming financially independent by integrating them into the productive economy. CMAC allocates a part of its assets to finance social activities; one example is financial support for victims of violent aggressions (especially women and children).

A successful example of these activities is the rehabilitation of Cusco's commercial areas project, which contributed to the reorganization of Cusco and gave a more sustainable business plan to its former street vendors.

About 7000 street vendors received credits to buy their own stands inside newly created commercial centres, which additionally were financed by CMAC Cusco. The main aim of the project was to provide street vendors with their own fix stand, a way to make them pass from informality to formality. Vendors had to provide a minimum documentation about their activity and after the assessment of the activity by a special Committee, the vendor was granted a loan. The Association of Street Vendors, formed to the purposes of this project, had to pay 20% of the investment, while the remaining 80% was financed by CMAC Cusco.

The change has been quite visible in Cusco's streets: nowadays visitors and locals can actually appreciate some of the houses and buildings that before were full of street vendors. This reorganization has also contributed to have a cleaner and safer city. For the street vendors, there have been also many advantages: their stands are now cleaner and organized -according to the products which are sold- they are attracting more clients and more importantly the formalization of their businesses assures a sustainability of their operations in the long term.

## 2. SAVINGS BANKS, SUPPORTERS OF SOCIAL INCLUSION

### 2.1. Development and Solidary initiatives

#### ■ Case Study 1: BCSC Colombia - Peace and development projects in conflict areas

The main mission of Fundación Social -the foundation that owns the Banco BCSC- is to contribute to overcome the structural causes of poverty in Colombia. It therefore invests in social programs with poor communities, directly or through its financial group. One example of this is the participation of Banco Caja Social BCSC in the "Development and Peace Program for the Magdalena Medio".

This program aimed at rebuilding one of Colombia's most affected regions by the conflict (Magdalena Medio) started in 1997. As an initiative of a civil society organization, the objective has been to support local economic development and support social cohesion. In doing so it found African Palm plantations as an alternative way of making a living for many who had been involved in illegal activities or had lost their lands. The programme aims to supporting the farmers in the production process until the distribution of the product.

Banco Caja Social BCSC has participated in financing two farmers' associations with 500 hectares each. Banco Caja Social BCSC is allocating US\$ 1,455,217 in two collective credits that are given to 50 families of the regions of Cantagallo and Puerto Wilches. So far 80% of the expected palm production has been achieved and credits are being reimbursed.

#### ■ Case Study 2 : JapanPost - Postal Savings for international voluntary aid

Upon customer request, interest from their savings will be donated to various aid programs in developing areas around the world through NGOs to improve the welfare of people. Applications for international voluntary aid are approx. 27.41 million till end of March 2005. The amount of distribution is approx. US\$ 0.7 million and Recipient NGOs total 53 in fiscal 2005.

#### ■ Case Study 3: Zimbabwe People's Own Savings Bank - Solidarity programmes

In recognition of the People's Own Savings Bank's (POSB) involvement in developing micro lending through its Wholesale Lending product, the bank has so far donated approximately US\$ 4,467 to the International Year of Microcredit in addition to cosponsoring advertising for this purpose. Donations amounting to US\$7,147 have also been released to the National Army Charity Institutions in support of the work the army is doing in raising money for disadvantaged members of society.

### 2.2. Supporting disabled groups

#### ■ Case Study 1: JapanPost - Braille services

Statements in braille detailing balance of the account or contract details are available. A total 6,768 people used this service on savings account and deposit statements in fiscal year 2004. 3,377 cash cards displaying the account holder's name in braille were issued till fiscal year 2004. All types of ATM machines are available with braille operating keys. In addition, the telephone handsets on ATM machines and earphones provided by the post office and attached to the ATM machines can provide voice notification of transaction and outstanding amounts as well as operating instructions.

#### ■ Case Study 2: National Savings Bank in Sri Lanka - Helping people with visual impairment

National Savings Bank (NSB) contributed considerably to the development of a website for international assistance for the blind in Sri Lanka. According to statistics there are about 20,000 to 30,000 totally blind and around 10,000 people with impaired vision in the country who are in need of better facilities and assistance. The Bank also sponsored the sport day activities of the Deaf & Blind School in Ratmalana (US\$ 980).

### 2.3. Providing support for education

#### ■ Case Study: Caixa Economica Federal Brazil - The Adolescent Apprentice Program

In partnership with social and educational support specialized entities for children and teenagers, the Adolescent Apprentice Program is an educational program where Caixa trains adolescents in banking and administrative work. The program encourages young people to make a traineeship for a minimum period of 18 months and a maximum of 24 months within the bank. The adolescents spend 4 hours per day learning basic skills and training at the bank. They must be attending the seventh-grade of basic education or courses in the Education Program for Young People and Adults and must be 15 or 16 years old. The teenagers who participate in this program come from families in which the per capita income is 50% of the current minimum wage, or less. The content of the syllabus taught to the adolescents is decided jointly with the specialized youth entity in terms of basic mathematics, financial mathematics, communication, Portuguese language, computer skills, citizenship and cultural and sporting activities. Caixa staff monitor the adolescents' progress. In 2004 the program created 2,700 jobs.

### **3. SAVINGS BANKS, ACTIVE CONTRIBUTORS FOR THE IMPROVEMENT OF COMMUNITY LIFE**

#### **3.1. Assisting for the most urgent and basic needs**

##### **■ Case Study 1: Kenya Post Office Savings Bank - Support for the Orphans and Vulnerable Children**

Kenya Post Office Savings Bank (Postbank) has been supporting orphans and vulnerable children particularly those infected and affected by HIV/AIDS scourge. Most of these are destitute children rehabilitated from the slums and streets in various cities and other urban settlements in the country. The assistance is provided in form of foodstuffs and clothing. Last year, Postbank gave such assistance to over 15 children homes housing over 3000 children in the country's eight provinces. The donations worth US\$ 21,052 that also included some support to AIDS programmes run by women have given hope to some of the most distressed people in society.

##### **■ Case Study 2: National Savings Bank in Sri Lanka - Assistance for improvement of health care**

National Savings Bank (NSB) has supported hospitals to improve people's health in different ways:

- donation of equipments needed in hospitals such as photocopier (US\$ 1,373) to the General Hospital at Nikaweratiya, or admission files (US\$ 1,471) to the Castle Hospita;
- renovation and refurbishment of a dilapidated hospital ward in the Kiribathgoda Hospital;
- partnership with one of Sri Lanka's oldest maternity hospitals, the De Soysa Hospital in its 125th year celebrations.

NSB also undertook a blood donation campaign through the Bank's Sports Club and presented pass books with a deposit of US\$ 10 each to babies born on the 1st of January 2004. It also supported the Rotary Club for a National Centre for Cancer Screening to prevent the spread of the deadly disease.

##### **■ Case Study 3: Caixa Economica Federal Brazil - Contributing to eradicate extreme poverty and hunger**

The Zero Hunger Program was conceived by Brazil's current government, to fight the structural causes of poverty and hunger in Brazil. It places primary importance on the reduction of hunger, malnutrition and extreme poverty. Such an approach is inspired by the World Food Summit and Millennium Development Goals, which call for cutting hunger and extreme poverty by half by 2015.

Caixa is a partner company in the Zero Hunger Program. It has made available its branches to accept food donations from the public and coordinated its distribution in accordance with the priorities set by the Municipal Hunger Program Councils. In 2004 4.2 tons of foods were received as donations in Caixa's branches. Caixa has also contributed by donating in 2004, US\$ 1.64 million to the Fund to Combat and Eradicate Poverty.

##### **■ Case Study 4: Zimbabwe People's Own Savings Bank - HIV and AIDS Policy: support awareness and programs**

The bank has drafted an HIV and AIDS policy, which shall be focused on disseminating information at the workplace. It is also supposed to educate the bank's employees on the need of responsible behaviour. This policy shall also address issues pertaining to support of infected employees. On a national level, corporate support is of significance and will go a long way in ensuring that the bank and ultimately the nation is equipped with economically active persons. The bank will fund advocacy programmes in the community and research into the cure of HIV and AIDS.

### ■ Case Study 5: Banco Popular Cuba –Equipping homes with electrical appliances

During 2005, Banco Popular Cuba has granted preferential credits to 200,000 people for electrical appliances. This special line of credit has become very significant in the bank portfolio and it estimates that in 2006 and 2007, it will grant 4 million of such credits. The credit is offered with special conditions for people with very low income, it provides an annual interest rate of only 2% and a term of 10 years to reimburse the credit.

## 3.2. Supporting disaster recovery

### ■ Case Study 1: National Savings Bank in Sri Lanka- Supporting disaster recovery

When Sri Lanka faced the worst ever natural disaster in May 2003, National Savings Bank (NSB) took steps immediately contribute to the Special Relief Fund. Initiated by the Government to support victims of the severe land slides and relentless floods that affected millions of people in the country, it provided support in the form of dry rations, clothing etc. NSB contributed US\$ 49,034 in total towards this disaster recovery fund.

When the country experienced a severe drought in 2004, NSB initiated action to distribute dry rations and relief supplies throughout the drought riddled areas in association with Associated Newspapers of Ceylon Ltd. (ANCL) spending a sum of US\$ 4,903. NSB has also set up funds and contributed US\$ 245,170 towards the 2004 Tsunami Relief Fund with a view to assisting the community to rebuild the homes affected by the disaster and uplifting their livelihoods.

### ■ Case Study 2: Japan Post - Free remittance of disaster relief donation

Remittance of donations to the Japanese Red Cross Society, community chest organizations and natural disasters is handled free of charge. Number of remittance cases in fiscal 2004 was 1,065,201.

## 3.3. Strengthening community development

### ■ Case Study 1: Caja Municipal Cusco (Peru) – Credit for Housing Associations

In the recent years, Cusco has attracted thousands of people from the surrounding rural areas that come to the city searching for new opportunities and sometimes to escape from the violence. Caja Municipal Cusco (CMAC Cusco) has developed a specialized credit scheme to support those families to have decent housing when they move to metropolitan Cusco. The program gives economic assistance and advice to "Housing Associations", a group of people with the same interest in settling in Cusco that unites its efforts and buys a piece of land where they build their habitations-

CMAC Cusco encourages people to form these associations so that they can find an affordable piece of land and share costs of basic services installations (such as water and electricity). Such Associations can be formed by migrants from a specific province, for instance, the Association of Chumbilvicas region, or from people with similar professions like the Association of Commercial Vendors. CMAC Cusco takes actively part in the negotiations with the land owner and in the preparation of all the legal issues of the purchase. However, CMAC Cusco gives the credit to the members of the association on an individual basis, generating a sense of individual responsibility for the reimbursement. The Associations normally have 30 -50 or 100 members and credits are on average of US\$ 1500. Once the Associations buy the land, they also seek further financing and advice from CMAC Cusco to pay for the basic services installations and to buy construction materials.

### ■ **Case Study 2: Banco Estado Chile - Rehabilitation of a coal mine into a high-tech center**

The Lota mine, one of the biggest coal mines in the history of Chile, was finally closed in 1997 generating economic and social depression in the region. Unemployment rose to 19% and confidence of the population was very low. Banco Estado Chile participated in a project to rehabilitate the community of coal miners setting up a high-tech call centre where it now bases its telephone client services.

Despite the difficult task, Banco Estado launched the project considering that the opportunities to reconvert the region were high due to the existing abundant labor supply. Banco Estado invested in the training of the miners, built the facilities and brought the technology. Moreover it set up a specialized training center that will remain in Lota, aiming to specialize the region in this "call center" service. The benefits for the community, the bank and the clients are significant: employment in the region, specialized client service center and centralized operations for the whole country.

### ■ **Case Study 3: National Savings Bank in Sri Lanka - Community projects**

National Savings Bank (NSB) contributed US\$ 0.49 million for 1000 reservoir projects in order to develop the rural farming community. NSB also participated in the common wells and rural wells project through the National Water Supply and Drainage Board to give water and sanitation facilities to difficult areas.

The Bank also has constructed three new school buildings for the Nikaweratiya, Kebellawa Vidyalaya in the Kurunegala District for about 200 students who have been deprived of proper class room facilities and basic learning conditions for the past several years. The Bank spent around US\$ 17,652 for this project.

NSB have identified the need of a hospital in a rural area and a school in a remote area. The estimated cost for these 2 projects would be around US\$ 24,517.

### ■ **Case Study 4 :Bank Simpanan Nasional in Malaysia -Relationship with the local community**

Bank Simpanan Nasional (BSN) has conceived a community project called 'BSN Prihatin' or 'BSN Cares' in 2002. It aims at enhancing BSN's social engagement through interactive community activities by giving donations and providing assistance to groups of people who are in need such as the young generation, people living in poverty, the senior citizens, BSN's adopted schools\*, while also strengthening the relationship with the local community. A total of US\$ 87,521.27 was allocated to make the project a success nationwide.

### ■ **Case Study 5: America's Community Bankers and Habitat for Humanity Partnership – Building homes with their own hands**

America's Community Bankers (ACB) and Habitat for Humanity –a non-profit housing organization- have a history of partnership. For the past five years, ACB members and staff have personally built a Habitat home in the cities that host its annual convention. The ACB Housing Partners Foundation –founded by ACB members- makes a monetary contribution to completely fund the home and community banker volunteers arrive before the convention begins to work on the ACB-sponsored Habitat home.

This partnership has been strengthened through the latest collaborations after the Hurricane Katrina that affected the city of New Orleans. In the aftermath of the hurricane, community bankers from across the country wanted to reach out and express their support to those in the hurricane-affected areas. ACB, in consultation with Habitat for Humanity International, decided that the best way to help the citizens of New Orleans was to support the New Orleans Habitat affiliate and to sponsor its efforts to build Habitat homes. The New Orleans Habitat affiliate lost all of its trucks and all of its equipment in the hurricane. ACB is helping to put the affiliate back on its feet so that it can help rebuild New Orleans.

ACB has also set up a fund designed to assist bank employees affected by the hurricane.

\* See section 3.4., Case study 5

The Bankers-Helping-Bankers program has directly given more than US\$ 90,000 to over 250 bank employees in hurricane-affected areas. These funds will be used for rebuilding homes and for clothing, food and other basic necessities.

### 3.4. Developing financial education projects to improve living conditions

#### ■ Case Study 1: Kenya Post Office Savings Bank - Donating textbooks, supporting students

Kenya Postbank donated 21,200 textbooks to 212 primary schools in the North Eastern province of Kenya. This is a very dry part of the country where families and communities live in a very difficult physical environment. The province is a home for the pastoralist communalities that perennially face grueling famine and cattle rustling making human survival very challenging. Because of economic hardships and marginalisation of the province in terms of educational infrastructures, the enrolment of children in primary school is one of the lowest in Kenya.

The objective of this helping hand project was to supplement the government resources in the provision of free primary education. Approximately US\$ 52,632 was spent in this project. The communities and other stakeholders including the ministry of education were involved in distribution of books as a strategy to ensure the project ownership. This contributed significantly in improving the enrolment of children in primary schools in the province.

Kenya Postbank has also been sponsoring University students under the Support of Students in Free Enterprise scheme (SIFE). SIFE is a global non-profit organization active in 45 countries. Working in partnership with business and higher education, SIFE establishes students teams on university campuses and led by faculty advisors. Team members leverage their personal education experiences, the expertise of their faculty advisors, the support of their local business advisory boards and the resources of their institutions to create economic opportunities for members of their communities while discovering their own potential.

Each year each national SIFE organization conducts a national competition, which is judged by leaders from business community. At the competition, SIFE teams present the results of their educational outreach projects and compete to determine which team was most successful at creating economic opportunity for others. SIFE National Champion Teams advances to the top level of competition, the SIFE world Cup. Postbank Managing Director A. Nyambura Koigi has been a Judge at both national and international competition for the last two years. This sponsorship worth US\$ 10,000 has assisted SIFE Kenya pursue, with remarkable success, issues of entrepreneurship, market economics and business ethics in both industrial sector and among local groups, communities and societies.

Last year, Kenya Postbank supported SIFE Kenya to participate in the SIFE world Cup in Spain and in September this year at Canada. SIFE Moi University, a state university and the National SIFE champion Team represented the national teams at Canada. The team has helped create business opportunities to over ten thousand families around the university thereby improving their livelihood.

#### ■ Case Study 2: La Poste Senegal - Savings Accounts for the “tout petits”

Postfinances Senegal has made an agreement with the National Agency for “La Case des Tout Petits” for opening free of charge savings accounts for children from 0 to 6 years where money can be saved for their primary education. Benefactors (parrains) of these underprivileged children commit themselves to deposit at least US\$ 5 monthly on each of these frozen savings accounts. Once the children are 6 years old, the money can be withdrawn only once a year at the beginning of the school year to cover education expenses. Postfinances want to support the community in taking care of the future of its children through education and to inculcate savings values to these children at pre-enrollment age.

### ■ Case Study 3: National Savings Bank in Sri Lanka - Supporting and stimulating young minds

The Bank conducted free seminars for General Certificate of Education. The School Banking concept developed by the National Savings Bank (NSB) was further expanded in order to inculcate the savings habit amongst school children. Many schools throughout the country participated in this innovating scheme and at present the number of School Banks stand at 275. The Bank spends US\$ 490 when opening a new School Bank.

A donation was also made to facilitate building of a hostel for Colombo University students.

### ■ Case Study 4: The Government Savings Bank of Thailand - School Based Banking Scheme

The school-based bank is a model bank operated by students with their teachers and Government Savings Bank (GSB) staff playing an advisory role. Selected students act as the manager, finance officer, counter service officer, and teller. Deposit and withdrawal services are provided before the morning class or during the lunch hour. The GSB branch that plays an advisory role performs auditing and collects savings after the banking hours of the school-based bank.

GSB's support for the school-based bank includes training on banking operations and the provision of equipment. Passbooks and printed forms are specially designed for the purpose. GSB also provides the students who participate in the scheme with scholarships, educational material, and organises study tours for them.

### ■ Case Study 5: The Bank Simpanan Nasional Malaysia - Programme for habit of savings

The Central Bank of Malaysia (Bank Negara Malaysia – 'BNM') had initiated a programme in 1997 to inculcate the habit of savings to young and school children. The programme, called the 'Adoptive School Programme', is designed to teach school children the benefits of savings and how to manage money wisely. It is implemented through the financial institutions (banks and insurance companies) in Malaysia. Adopted banks undertake the following activities :

- hold regular visits to schools and give talks to children on savings and good financial ethics;
- explain the different ways to save money and how it can grow. Every year, banks will distribute Pocket Money Books ('Buku Wang Saku') printed by BNM to children and explain how it can be used to manage their spending. The Book is designed with attractive cartoon characters for greater appeal and there is also a similar one for the parents. Parents are encouraged to use them together with their children for total family involvement;
- provide financial advice on money matters. Schools are encouraged to form a Students Finance Club with the objective to teach members on matters relating to money management;
- explain the Government's economic planning at their level of understanding.

To date, Bank Simpanan Nasional (BSN) has the highest number of adopted schools numbering 1,556, (approximately 15% of total number of schools).

In 1974, BSN was established to take over the deposit taking activities of the Post Office and took over some of its not profitable, educational activities. For example, school children were encouraged to save by buying stamps and sticking them in a Stamp Book. When the book was full with stamps, the savers would transfer the value into their account at the Post Office. This stamp book served as a 'Piggy Bank'.

In addition to the above activities, through Young Savers Club, which members are children with savings in BSN, BSN arranges motivational and educational camps to build confidence and leadership skills. To date, BSN has close to 30,000 registered members of the Young Savers Club. BSN also holds a yearly savings scheme competition among Malaysian students and schools to encourage them to save. BSN allocates approximately US\$ 30,770 as prizes

for the winners of this scheme which consist of various categories namely individual, school and scholarship.

#### ■ **Case Study 6: Kenya Post Office Savings Bank - Investment Symposium for athletes**

The Investment Symposium for athletes brought together over 100 international athletes in Kenya that included the five times world cross-country champion and more recently, the New York Marathon champion, Paul Tergat, and former two times Marathon champion Tegla Loroupe.

The objective of the seminar was to inculcate savings culture among the athletes who are customers and introduce to them the existing investment options and opportunities in Kenya. The bank engaged consultants for one day from both public and private sectors that took the athletes through the processes and options for investing proceeds from athletics so as to benefit both the country and the athletes themselves.

The athletes were amazed by the various existing opportunities for investment. Indeed 40% of the participants opened fixed and premium savings accounts while others opted to invest in share and stocks. Subsequent follow up by Postbank marketing and sales teams indicates over 80% have made solid investment decisions.

### **3.5. Promoting national heritage and culture for all**

#### ■ **Case Study: Caixa Economica Federal Brazil -Encouraging Brazilian artistic production**

In the context of the Federal Government's policy of decentralization of investments in culture, Caixa promotes free access for the population of all the Brazilian regions to cultural events and projects of national importance, encouraging rebirth, publication and support for Brazilian artistic production, contributing to social inclusion and the development of the country. In 2004, approximately US\$ 11 million was allocated to cultural events and projects of nationwide importance.

### **3.6. Supporting national sport**

#### ■ **Case study 1: Zimbabwe People's Own Savings Bank - Sport Development**

In recognition of the need for police officers to interact with other officers through sport and share ideas on combating cross broader crime, a donation was made to the Police to facilitate their participation to the 4th games of the Southern Africa Regional Police Chiefs Corporation Organization (SARPCCO) that were held in Cape Town, South Africa.

#### ■ **Case Study 2 National Savings Bank in Sri Lanka - Sponsor to sports activities**

National Savings Bank (NSB) encourages people to build healthy body and mind by undertaking sponsorships and promotion of several sport events throughout the island.

In order to facilitate development of Sri Lanka's Badminton Team to compete effectively in the international arena as well, NSB continues to be the official sponsor of National Badminton Team with the aim of developing badminton as a game all over the country. The sponsorship costs US\$ 49,034 in 2004 and US\$ 19,614 in 2005.

NSB was also the main sponsor of the fourth World Carrom Championships and of the Tour de Lanka, the most popular annual bicycle race in the country modeled in the lines of the Tour de France. The Bank spent US\$ 9,807 on account of this sponsorship.

### ■ Case Study 3: Caixa economica Federal Brazil - Sponsoring national athletes

As an Official Sponsor of Brazilian Athletics, Caixa discovers talents, trains athletes and helps to launch new champions in Brazil and all around the world. From Caixa contribution, in 2005, the Brazilian Athletics Confederation - CBAAt received US\$ 3.2 million investments, 25% more than in 2004. This will ensure the participation of Brazilian Athletics Teams in more than 30 national and international competitions and in 15 other Caixa events that are part of the National Calendar of Sports. Caixa also contributes to the development of support programs directed to athletes, managers and coaches as, for example, Caixa National Young Talent Program, Caixa High Level Athlete Support Program and Caixa Program for Olympic Coaches.

# SAVINGS BANKS' INCLUSIVE AND INNOVATIVE APPROACH TO CSR

## 1. SAVINGS BANKS, EXPERIENCING SUSTAINABILITY MANAGEMENT AND REPORTING PRACTICES

### ■ Case Study: Fundación Social and BCSC (Colombia) - Pioneers in sustainability management and reporting practices (SMR)

Fundación Social is the owner of a financial group, including Banco BCSC, which together rank as the 5th biggest financial group with a share of about 6% of the banking market in Colombia. Fundación Social defines social responsibility as core business of the corporate group. This is an example of a foundation that owns a financial group. The strong societal mission of the organization has been driven by strong commitment in the board and senior management following the institutions founders' inspiration. In this context, it has developed great expertise in sustainability management and reporting practices. It is part of the pilot project of the UNEP FI/GRI on environmental reporting for financial institutions and the ISO initiative to develop international CSR standards.

**Sustainability Management\***: the sustainability management system is incorporated into the regular business structure of the organization and its companies. All policies relating to social or environmental issues are developed centrally by the Fundación Social and apply to all the corporate group. The Corporate Vice President holds responsibility for sustainability matters and reports on these issues to the President and the Board. The planning director, and a social responsibility analyst support specific CSR projects and accountability. The sustainability management is generally focused on social issues, although environmental principles are also included in accordance with the guidelines of the International Finance Corporation, one of BCSC shareholders.

**Sustainability Reporting** : Fundación Social's performance with regard to its social and sustainability policies is appraised and disclosed yearly through the publication of a Social Balance. The report contains three chapters: 1. Internal social achievements covering employee related matters like demographic change, salaries, benefits and other human resources indicators and programs. 2. External social achievements, looking at clients, wealth generation and distribution causes and society at large. 3. "Size of the effort", including measurement of all resources and costs incurred in the operation; and productivity measurements. In addition, Fundación Social holds meetings with the board and other interested parties once a year, to share and discuss the results of the Social Balance.

In terms of time and resources required for the implementation of the SMR (Sustainability management and reporting) system, it took Fundación Social two years to complete the reporting system from the first board approval. Since then, a Social Balance has been issued every year. Fundación Social spends an average of 100 man hours per month on the regular maintenance, reporting and continues improvement of their SMR system. On the board and senior management level, 16 individuals have been involved throughout the implementation.

\* Extract from Colin McKee and Mareike Hussels, Study Case for the UNEP Financial Initiative (UNEP FI) Sustainability Management and Reporting Guidelines Project

## 2. SAVINGS BANKS, CONDUCTING DIALOGUE WITH STAKEHOLDERS

### 2.1. Accompanying customers

#### ■ Case Study 1: Caixa Economica Federal Brazil - The client service center

Aiming to constantly improve its client service, Caixa maintains its Ombudsman, an exclusive channel of communication for submission of complaints, suggestions and demands. These communications are used to optimize processes, products and services, or to change the direction of the company's activities to meet the demands of the market.

In 2004, the Ombudsman received 106,600 reactions by clients to the products and services offered and the services provided by branches. This was 16.6% less than in 2003. Suggestions were 3.9% of the total comments, and comments praising aspects of Caixa were 5.9% of the total – in numbers, increases of 32.9% and 13.8% respectively. The number of complaints increased by 4.7%.

In 2004, the company's concern to meet the needs of its clients, and the efficiency of this type of service, resulted in Caixa not being included in the list of financial institutions with the largest number of complaints received by the Brazilian Central bank. Aiming to set a standard of service able to provide faster and more effective solutions for the demands of its clients, Caixa established standardization of the institutional relationship with the Consumer Defense and Protection Service (Procon).

#### ■ Case Study 2: BCSC Colombia - Market segmentation creating added value for microentrepreneurs

Microentrepreneurs who own corner shops –“tiendas”- have been one of BCSC most traditional customers. The personal banking department of BCSC has therefore started to develop tailored products specially targeted to these clientele.

The “tenderos” usually run very small convenient shops located in every Colombian neighbourhood. They are not only an essential actor in the community life but microentrepreneurs, who with some incentives, could further expand their businesses and contribute to the local development. “Tienda Empresario” is a programme which provides special financial services to this segment: preferential prizes, a more flexible risk policy (giving access to unbanked people) and financial advice on business projections. The bank has developed a communication strategy towards this segment stressing that they will support the “tenderos” as far as they want their businesses to grow. In 2003, 12,000 tenderos clients were identified, since then more than US\$ 30,340,434 have been allocated (February 2005) and savings and current accounts totaling US\$ 1,732,173 have been opened. The clients have also shown a reimbursement behaviour, a 4.47%, higher than the average of the bank.

### 2.2. Encouraging workforce quality development

#### ■ Case Study 1: Zimbabwe People's Own Savings Bank - Career and Entrepreneurial Development

The bank recognized the need to nurture talent and expertise in the areas of business that affect its operations. So far, 21 students have benefited from the industrial attachment programme. The bank has also embarked on a graduate trainee program, which was set to commence in 2006. The essence of this move is to provide an avenue for career enhancement in the graduates' respective area of intended specialty. This program will have 10 beneficiaries.

#### ■ Case Study 2: Banco Estado Chile - “The change is with the people” programme

Banco Estado understood the importance of training employees to adapt them to the changing working environment. It thus entered into a partnership with its workers' unions

to introduce corporate changes and achieved major results for the improvement of the well being and working conditions of the employees. The lemma of the project was "The change is with people". By this way, the net productivity per person almost doubled between 2000 and 2004. The main benefits of this process were costs reduction for the bank, better quality in the offered services, new market opportunities and, especially, better employability for the workers.

### ■ Case Study 3: Caixa Economica Federal Brazil - Participative management

Caixa invests in the democratization of management. As well as the councils and committees that participate in the company's decisions under principles of Corporate Governance, it is important to highlight the participation of employees in the following areas:

- Strategic planning: Caixa develops its strategic planning in a participative manner. In 2004 the decisions on Vision of the Future and Strategic Challenges had the benefit of numerous workshops in which people from many levels of the organizational structure, jobs and functions, were present. It also sought a balance between participation of men and women, and regional representation.
- The Council of Users of Caixa's Health Plan: this autonomous body was created in 2004 and is made up of 10 sitting members and 10 substitute members – 10 members are elected democratically by the users of the health plan and the others are appointed by Caixa. The purpose of the Council is to monitor the quality of the program and offer support to Caixa for increasing its quality.

In addition, the Caixa employee's profit share is a recognition of his/her contribution, and does not substitute or complement the employee's remuneration. Its basis is agreed in collective negotiations between Caixa and the entities that represent the employees, and put into effect through signature of the Collective Labor Agreement .

Caixa also invests in the education and training of its staff, aiming to develop relationship skills and competencies, including techniques of participative management and feedback. In 2004, 7,400 employees took part in several training activities and foreign language courses. Caixa also has a Corporate University.

### ■ Case Study 4 Bank Simpanan Nasional of Malaysia -Developing and retaining employees

Bank Simpanan Nasional (BSN) considers seriously that the development of Human Capital is a key competitive advantage and key component in the creation of shareholder value and for the personal development of employees.

Regarding career development, an Executive Development Programme (EDP) and Talent Management Programme was initiated by BSN in 2003. The EDP or recently renamed 'The Replacement Brigade' identified and selected 50 candidates and above who had demonstrated work excellence for nomination into the pioneer group. Candidates for critical positions were then selected from this pool. A structured training programme was designed for these candidates to support succession planning. The overall cost of the programme was about US\$ 0.37 million. A revision of the EDP is being conducted to meet current needs.

The bank is currently promoting a performance based culture by implementing regular assessments on agreed Key Performance Indicators (KPIs). Promotions, career progression and other benefits are based on achievement of KPIs. The effect has been positive and productivity has increased as staff are motivated to perform and deliver.

In its challenging knowledge driven environment, the bank promotes continuous learning via staff training programme. Each year, a structured training directory is drawn up after identifying key skills gaps and rolled out at the start of the calendar year. Key personnel are also sent for external training for specific skills enhancement. BSN is a member of the Institute of Bankers, Malaysia which is a professional body that provides training to meet the needs of the banking and finance industry. Annually the spending on training amounts to more than 2.5% of total expenditure.

BSN also accepts internship from local undergraduate students seeking practical experience in areas relevant to their academic field. BSN provides practical training to 30-35 student trainees from local colleges and universities annually.

#### ■ **Case Study 5: Banco Popular Cuba –Training for employees**

Banco Popular Cuba provides training to 9300 employees per year. At the beginning of the year each unit sends its training demands to the central office, which designs the training calendar for the year. During the first semester of 2005, more than 2574 courses were undertaken and 7500 on-site short trainings were developed in the bank branches.

### **2.3. Implementing transparency and corporate governance principles**

#### ■ **Case Study: Zimbabwe People’s Own Savings Bank - Guidelines on corporate governance**

The bank is committed to high standards of corporate governance, and has applied the principles in the recommended “Guidelines in Corporate Governance for Boards Of Directors and Chief Executive Officers in Zimbabwe”. The People’s Own Savings Bank (POSB) board is aware of the need for good corporate governance and by way of example there is a requirement for every member to declare their business interests. In addition, various subcommittees have been put in place to examine reports by various divisions and to lay down policies.

### 3. SAVINGS BANKS, ENTERING THE FIELD OF ENVIRONMENT

#### ■ Case Study 1: JapanPost - Eco Plan

Because Japan Post is a large organization with a nationwide network of post offices, it means its activities have significant environmental influence. With the Japan Post Declaration on the Environment (Eco Plan), Japan Post represents its commitment to run its operations in an environmentally-friendly way.

The Japan Post's Eco Plan is a plan for 3 years (2004 to 2006), with specific targets and measures of cutting CO2 emissions generated by its business activities and reducing electricity consumption, photocopier paper and the use of waterworks (e.g. cut CO2 emissions in fiscal 2006 by 2.2 % compared to fiscal 2002 levels). Japan Post set up an Environmental Committee to examine the measurement and implementation plans to translate the Eco Plan's principles and policies into reality.

#### ■ Case Study 2: Caixa Economica Federal Brazil - Selected environmental actions (garbage collection, recycling of paper and cartridges, water etc)

Caixa contributed to train local agents in implementing garbage collection programs with an investment of US\$ 23,400, an initiative of the Global Education Associates Ethics and Environmental Institute. The project generates employment and income and is based on technical skill addition for local agents, enabling community groups to implement selective garbage collection programs, and recycle and minimize garbage in residential buildings and condominiums, districts, shantytowns and schools.

In 2004, 1,109,001 kilos of paper and 20,001 printer cartridges, collected by Caixa, were donated to the NGO Moradia e Cidadania by Caixa employees, generating revenue that has been invested in the NGO's social programs.

Employees were encouraged to debate on environmental questions in the context of a 2 week open workshop, as part of the "Water: the spring cannot run dry" campaign. The initiative resulted in a reduction of 9.91% in water volume consumed, by the end of the three months of the general campaign. Three branches received prizes for their participation in the campaign. The actions stimulated by this program resulted in reduction of spending and elimination of waste.

To incentivate studies and research in housing, environment management, quality management, training for use of solar energy, environmental water services, technology transfer for low cost popular housing and rehabilitation of central urban areas, Caixa participated in 23 of those projects accompanying the researchers with approximately US\$ 700,000 in 2004.

## 4. SAVINGS BANKS, DEVELOPING SOCIALLY RESPONSIBLE SERVICES AND PRODUCTS

### 4.1. Going to the people to widen the outreach

#### ■ Case Study 1: Zimbabwe People's Own Savings Bank - Outreach programmes through mobile banking

The bank has recognized the need to take banking to the people through the provision of banking services to the marginalized communities especially in rural areas. A mobile banking concept was introduced and the vans are servicing outlying areas in which the bank has no branch representation.

#### ■ Case Study 2: Government Savings Bank of Thailand - Poverty Eradication Caravans

Government Savings Bank's (GSB) branches participate with government agencies concerned in the mobile units known as "Poverty Eradication Caravans" by examining the need for loans and finding a way to refinance.

#### ■ Case Study 3: Caja Municipal Cusco (Peru) – Bank on wheels (Cajabus)

Due to the difficulty of rural population to get access to financial services, not only because of the distance but also because of the money they spent in travelling. Caja Municipal (CMAC) Cusco decided to reach to its clients with a "Cajabus". The bus follows a regular path and services the clients on a regular basis, for example once a week, always on the same day (at the occasion of small markets and trade fairs). This project is also an effort of financial literacy. The Cajabus staff raise the awareness of the people to the safety and convenience of having a bank account and to the importance of savings and credit allocation. In addition, the staff on board can check the clients expectations and questions regarding banking operations.

#### ■ Case Study 4: Postbank of Iran - Banking services in rural areas

Postbank of Iran (PBI) has taken the opportunity to work and cooperate with other related organizations to set up and commission the rural Information & Communication Technology (ICT) offices in the country during 2005. The objective is to supply financial and banking services through these offices. PBI can play an important role in shaping the necessary infrastructure for the social & economic development.

### 4.2. Developing innovating solutions to respond to people's needs

#### ■ Case Study 1: Caja Sullana (Peru) - Maximizing remittances impact

Caja Municipal (CMAC) Sullana is a municipal savings bank specialized in microfinance. Its mission is to promote economic development in its region, make access to formal financial markets easier and provide integrated and competitive financial services to its clients.

CMAC Sullana provides remittance disbursement services to its clients and sees remittances as a door to banking the population and to leverage its impact on local development. In cooperation with money transfer agencies located in sending countries, it offers innovative ways in which remittances can be fully exploited for the clients benefit.

After agreement with the client, a planned quantity of the received remittances is automatically deposited in the client's bank account, which allows the client to save money in its country of origin for future expenses. The interest rate on the bank account is interesting, as well as the incentive to keep the bank account open on the long run.

The bank has also planned an initiative to help people to buy a house. The regular amount sent, not only constitutes a guarantee for the mortgage loan but a part of it can be automatically transferred to pay the mortgage.

Remittances can also be used as a form of guarantee for a microenterprise credit if the recipient family would like to develop a small business.

#### ■ Case Study 2: JapanPost - Special time savings

Japan Post provides products with preferential interest rate under some conditions. The New Welfare Time Savings is a one-year time deposit designed to reduce the financial burdens on people with disabilities or for surviving family members of a deceased person, under the current low-level interest rates. Number of accounts is 1,203,000 and amount of deposit is US\$ 18.6 billion for fiscal 2004.

Worries about nursing care for the elderly who are bedridden or who suffer from senility are growing as the population rapidly ages. Reductions in the interest rate charged on Yu-Yu loans is available and preferential interest rates for Nursing Care Time Savings for individuals requiring nursing care. Number of Nursing care time savings accounts is 1997 and amount of deposits is US\$ 26 million.

#### ■ Case Study 3: National Savings Bank in Sri Lanka - Gaurawa deposit scheme

The Bank came forward to meet the requirements of the senior citizens through the "Gaurawa" Deposit Scheme. Through this Scheme, NSB pays a tribute to senior citizens by offering an additional 1.5 per cent per annum more than the normal rate applicable to fixed deposits. With the present balance outstanding the additional annual cost to the bank is around US\$ 2.5 million.

#### ■ Case Study 4: Caixa Economica Federal of Brazil - Turning income into savings and credit opportunities

CAIXA AQUI account was created specifically with the purpose of catering to the low-income population in Brazil and is part of a broad strategy on "building an inclusive financial sector". Caixa Aqui translates as "Caixa is present". This card-based account is built around simplified application procedures and access through point-of-sale terminals at correspondents such as the State Lottery. This extends Caixa's outreach – adding 12000 access points to the banks main network of 2200 offices. Over 3.4 million CAIXA AQUI accounts (more 10% of all Caixa accounts) have been opened in a period of just two years. The accounts take regular payments of social benefits such as pensions but also have scope to take cash deposits. The account opening includes a pre-agreement to provide credit and after 90 days of account use, provided all is in order the bank automatically sends the customer a contract to sign if they want to take an initial credit of up to just under US\$ 70 for a period of four months at an interest cost of 2% per month. After this period, scoring of a client's actual credit performance and ongoing account use allows access to larger amounts for longer periods (potentially up to a year).

In parallel with this, Caixa launched E-ACCOUNT CAIXA for Brazilians working abroad who want to send remittances home from a host-country credit card. The account is available in 50 countries and the cost of a typical transfer is just 2,5% compared to 8~15% typical of more traditional channels. These remittances can feed AQUI accounts of relatives. Furthermore, Brazilian migrant workers in the United States can access their own AQUI accounts directly through Caixa AQUI terminals in branches of the Portuguese BCP bank present there.

#### ■ Case Study 5: Bansefi Mexico – L@Red de la Gente programme

Bansefi is the successor to the country's state savings bank that has been restructured to become in addition the apex organisation for a reformed popular savings and credit movement. As local Cajas de Ahorro come into compliance with the new regulatory regime for them, they have access to technical assistance, new technology, accounting support and a common brand L@Red de la Gente. They also get access to Bansefi's social benefits and

remittances distribution capacity. This allows them to offer deposit products that can receive social benefits or remittances channelled through Bansefi, which has negotiated a number of contracts with government and banks abroad to receive and distribute such money. Bansefi research shows that within three to four cycles of a client receiving such inflows, their account then typically starts to be used for voluntary deposits of cash. Because Bansefi also manages pre-borrowing savings accounts for a number of low cost loan schemes it is also able to offer migrant workers the ability to qualify abroad for cheap housing finance for either themselves or their relatives.



## **Your contact**

**Chris De Noose**

Chairman of the Management Committee

Tel. + 32 2 211 11 11

Email: [chris.denoose@savings-banks.com](mailto:chris.denoose@savings-banks.com)

## ABOUT WSBI



WSBI (World Savings Banks Institute) is the only global representative of savings and retail banks. Founded in 1924, it represents savings and retail banks and associations thereof in 86 countries of the world (Asia-Pacific, the Americas, Africa and Europe – via the European Savings Banks Group). At the start of 2005, assets of member banks amounted to more than €7,506 billion.

As the international voice of savings and retail banking, WSBI works closely with international financial institutions and donor agencies. It thereby represents savings and retail banks' interests at an international level while also facilitating the provision of access to financial sectors worldwide, e.g., through training, consultancy services, etc., be it in developing or developed regions.

WSBI members are typically savings and retail banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their region. WSBI member banks have reinvested responsibly in their region for many decades and are one distinct benchmark for corporate social responsibility activities throughout the world.



Rue Marie-Thérèse, 11 ■ B-1000 Brussels ■ Tel: +32 2 211 11 11 ■ Fax: +32 2 211 11 99  
info@savings-banks.com ■ www.savings-banks.com

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