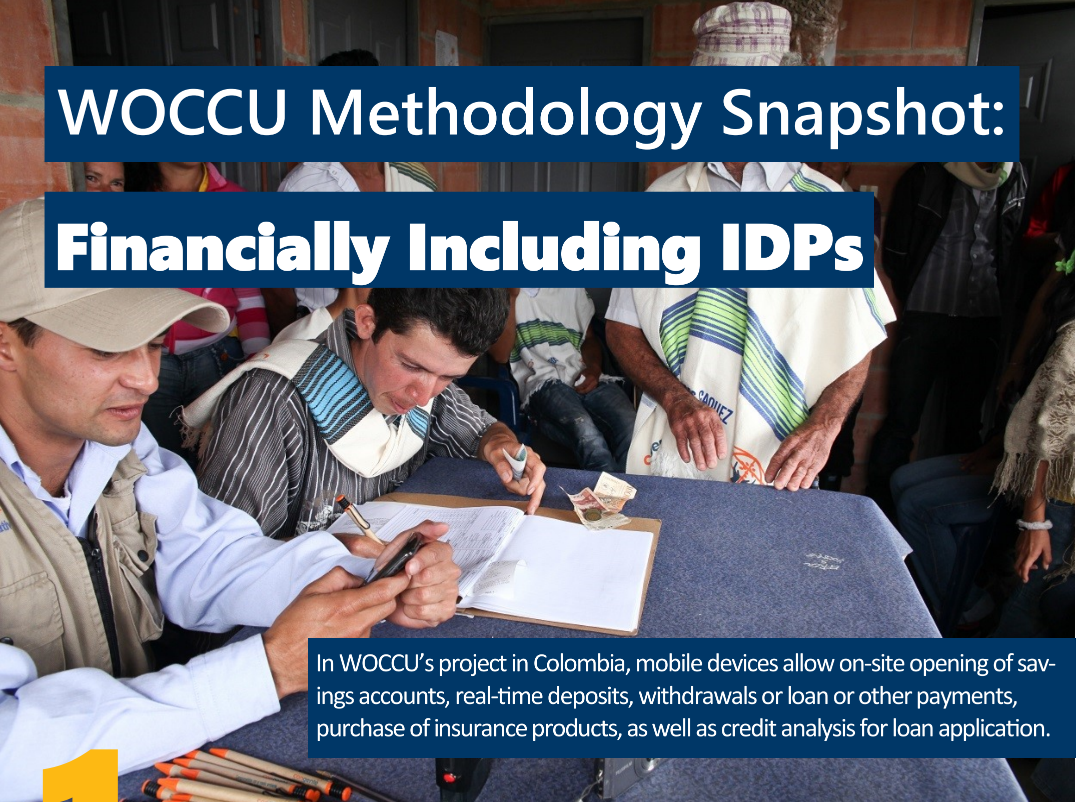
WOCCU Methodology Snapshot:

Financially Including IDPs



In WOCCU's project in Colombia, mobile devices allow on-site opening of savings accounts, real-time deposits, withdrawals or loan or other payments, purchase of insurance products, as well as credit analysis for loan application.

1 UNDERSTANDING THE CLIENT.

We ***perform a market study***, which includes a set of focus groups and surveys characterizes the population, demographics, socio-economic conditions, financial needs, ability to pay, savings, and barriers to access financial services. The study ***identifies the natural leaders*** of the target communities, analyze aspects related to displacement, as if the person, moved alone or in community, and if in the current place lives with a group of people from their place of origin, they will give inputs to perform quality care. Further, during the study we can ***understand the two types of IDPs*** and implement a separate IDP strategy for those receiving cash transfers and those that are not. This implies different financial education and cash management tools.

2 OUTREACH.

Group target clients, service individuals. In order to make the methodology sustainable, IDPs are organized in groups; however, the financial products must be for individuals.

Pro-actively recruit IDPs. Seek out IDPs to join CUs and develop a financial profile. We also *deploy mobile advisors to go to the clients*. IDPs are often in hard to reach locations, or are not located in fixed locations. Therefore, bank officers must go to them. Our field officer banking model builds this out. Savings, insurance, and credit products must be offered.

3 PRODUCTS & SERVICES.

Identification. Adapt identification needs to accommodate those who may have lost or do not have national ID cards or do not have other common identification. We also provide **financial education** including guidance on the use of humanitarian transfer funds, life expenditure in new, unknown life challenges and the use of financial products.

Tailor savings products to the needs of IDPs, who are often focused on recovering their lost assets, managing humanitarian transfers, micro-entrepreneurial ventures. receivers to plan for financial needs. Make the savings product accessible, such as minimizing required opening amounts. The scheduled product must be flexible in terms and amounts, considering that the needs of the population will be short term for education, emergencies, holidays, construction of wells, housing improvement, among others. The terms generally range from 6 - 24 months and the monthly fee must be based on an individual's savings capacity.

Insurance. Because this population group is very vulnerable, insurance is important to cover potential risks they face: disability, funeral, illness, life and losing their source of income. On the other hand, the premiums or cost of insurance products must be commensurate with the population's ability to pay. Likewise, the coverages must be in accordance with the premiums in order to ensure their profitability.

Credit products should only be considered after successfully operating savings and insurance products. When we first transition from savings and insurance products, we make sure that credit products are used to manage family cash flow and are flexible enough to cover household expenses, such as education, health, or emergencies; financing assistance can also be obtained for improvements or construction of housing and for productive activities such as business and agriculture. When developing products, financial institutions should consider the constraints of the displaced population – low purchasing power, no real guarantees, lack of assets or land for collateral – and base the credit analysis on the ability and willingness of borrower repayment. The types of credit could be lines of credit or consumer credit and housing, microcredit and agricultural microcredit business.

World Council of Credit Unions