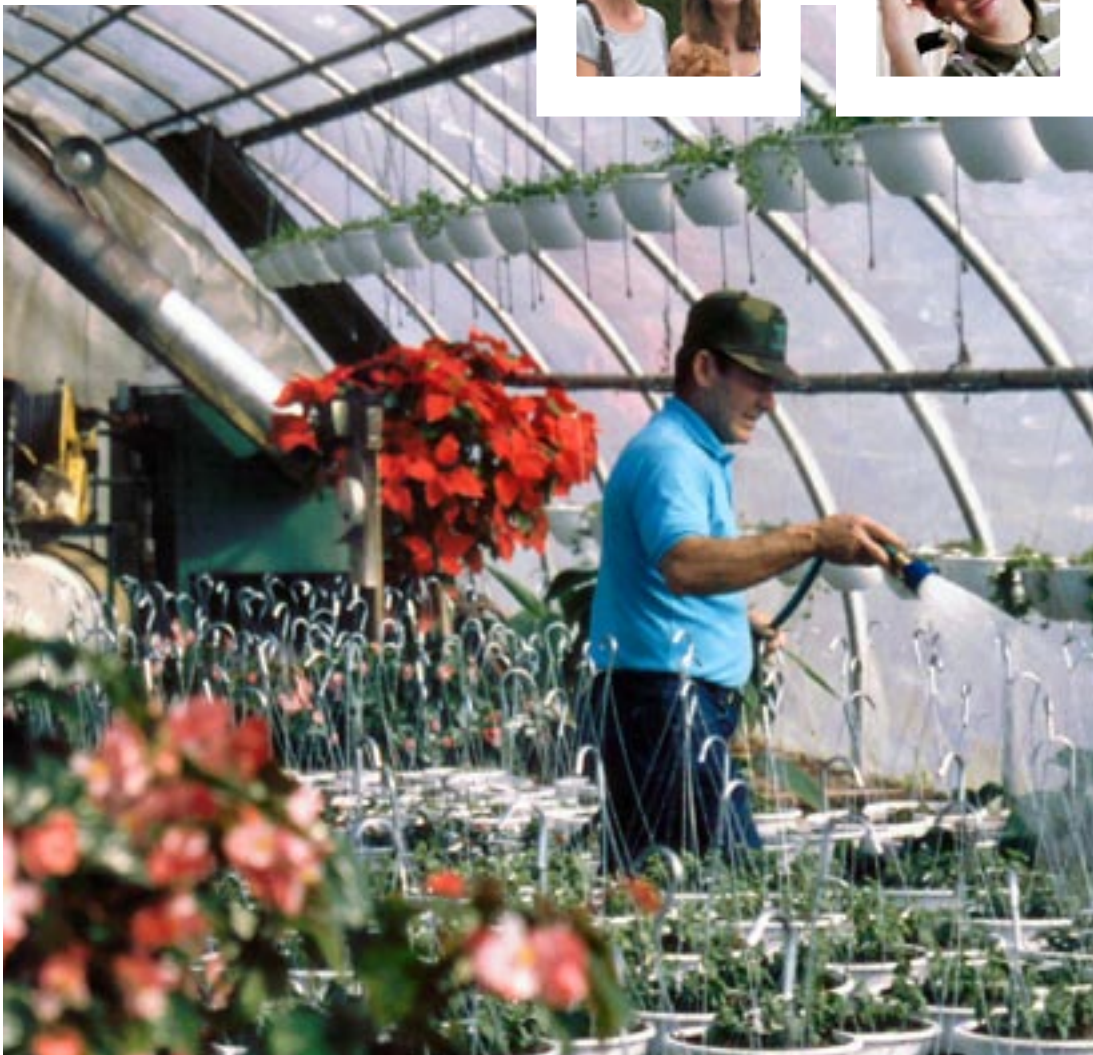




The European voice of  
savings and retail banking

## Microcredit in Europe - Experiences of Savings Banks





# Microcredit in Europe

## Experiences from savings banks

Microcredit has become a key topic on the European social and economic agenda. It is increasingly recognized by European actors –EU institutions, National Governments, the financial sector and civil society organizations-, as one of the solutions to improve access to finance for micro and small enterprises and to fight social exclusion.

Indeed, microcredit in Europe plays a significant role in expanding access to financial services of micro and small enterprises, but it also has a strong social component allowing people at risk of social exclusion to engage in an economic activity. In this sense, microcredit contributes to reaching the goals of the Lisbon agenda, tackling the issues of business development, job creation and social cohesion through the expanded provision of access to finance.

European savings banks are important players in their regions both in providing access to credit to micro and small-sized companies and in putting in place social financial schemes that specifically target individuals at risk of financial exclusion.

On their role towards micro and small enterprises, savings banks have - for more than a century - provided easily accessible small-scale loans ranging, for example, from a very small loan for a start-up needing hardware to develop its business, up to a larger amount for a migrant entrepreneur wishing to set up a shop. Thanks to their proximity, savings banks are close partners of these businesses, providing not only a full range of financial services (credit, savings, payments and insurance) but also dedicated business support services to accompany the enterprise in its development or possible expansion.

Savings banks also play an active role to enhance social cohesion and prevent individuals' financial exclusion. By their strong social commitment, they have set up or contributed to set up various schemes that assist i.e. young people, women, and migrants, just to mention some, to integrate, or re-integrate, in the social and economic life of their communities.

In this context, the European Savings Banks Group (ESBG), as the European voice of savings and retail banking, fully supports and encourages the increasing development of microcredit initiatives in Europe. In particular, ESBG stands ready to share its members' best practices and explore ways to collaborate with other microcredit providers, in order to further increase the level of access to financial services, for all European citizens and entrepreneurs.

The present publication is an attempt to contribute to the overall debate on microcredit by providing an overview of the current practice of microcredit within the savings banks community. As previously mentioned, savings banks are – and have been - present throughout history as main providers of small-scale credits as a part of their regular business activity, but they also contribute to various targeted social schemes across Europe, which include a microcredit component. The case studies presented below show these types of interventions and are grouped in four main models: the microcredit subsidiary model, the balance sheet-based model, the agency-based model, the off balance sheet-based model.



## A. Microcredit subsidiary model

This model is very new in Europe and the only known example in the savings banks' community was recently launched by La Caixa in Spain.

### La Caixa establishes first "Microbank" in Europe

After many years of granting microcredits through its foundation, La Caixa decided to make a step forward through the creation of a bank subsidiary entirely dedicated to provide microcredits. Microbank started with a capital of 51 million Euros in June 2007 and will use La Caixa's branches to distribute its social and financial microcredits.

La Caixa Microbank will manage four different business lines:

- First, it will manage the on-going portfolio of La Caixa's foundation, which currently has 2,130 outstanding social microcredits with a total value of 30 million Euros.
- Second, it will start disbursing financial microcredits, which target people not completely but partially excluded from the financial system due to lack of guarantees (stable income or collateral). It will focus on clients that have been previously rejected from other banks but that have viable projects for self-employment or business creation. These loans will amount up to 25,000 Euros.
- The third and fourth line will consist on finance provided for training and education and for special assistance to people with chronic difficulties to find employment. All loans will be provided without formal collateral and with a moderate interest rate.

Social microcredits will be managed in collaboration with support organizations that will monitor the client performance. Financial microcredits will be managed entirely by Microbank.

## B. Balance sheet-based model



This model is characterised by the existence of a direct relationship between the savings bank and the beneficiaries of microcredit. The scheme is operated by the savings bank as part of its lending activities, commercially-driven or through a dedicated social programme in which the bank is involved. Profits or losses that result from micro lending activities are consolidated within financial statements in this model.

### Hrvatska poštanska banka d.d. (Croatia postal bank)



HPB operates as a universal bank, serving individual and corporate clients with various financial products and services. Through the network of own branches and Post offices, HPB has been recognized as a principal financial service provider for retail customers especially in the SME sector with a customer base of over 7,000 legal entities and more than 1 million individuals.

In the framework of its approach to SMEs, microfinance is also widely recognised in HPB. Microcredits started to be allocated in January 2006 by a dedicated team of 37 people. By the end of 2006, 157 microcredits had been disbursed with a total value of 3,363,786 Euros, the average value of a microcredit being 21,425 Euros. Through those microloans HPB wishes to encourage young people, women and rural entrepreneurs, to drive innovation mainly in the tourism and rural sector.

The bank offers short term and long term loans, as well as special loan programmes to entrepreneurs, craftsmen and self-employed persons. The short term loan is called "fast loan" and is offered for a period of one year and as a revolving credit line if the customer wishes so. The amount disbursed can be up to 25,000 Euros. It is required that customers have a legal register of their business and that they have been active for at least 12 months. Long term loans are offered for a period of 7 years, with up to 1 year of grace period. The maximum amount disbursed is 30,000 Euros and the same requirements apply.

HPB also has special loan programmes especially directed to drive development in the rural tourism and agricultural sector in association with the Croatian Government. Those programmes target the investments in accommodation installations -such as hotels and guest houses-, and in industries such as seafood, olives and wine production.

### Small business loans at Bulgaria Post Bank



Post Bank provides tailored financial solutions to small and medium sized enterprises and has been successful in helping many small firms to develop their activities and increasing the bank's small business loan portfolio. It has a broad network of 140 offices and is present in 2,000 post offices.

The bank has developed a "Small Business Lending Department" which offers different credit products for trade, services and manufacture business. Following this approach Post Bank supports 'credit-worthiness' activities with a minimum six months business history, annual sales turnover lower than 513,000 Euros and registered under the commercial code of the country. It offers products with flexible maturities, options for different collaterals, appropriate interest rates and various credit schemes such

as the following:

- “Practice Scheme”: Specially designed to address working capital needs, “Practice” was developed for those small companies whose business usually is not routed through bank accounts. The loan amount offered ranges between 7,700 Euros and 128,000 Euros for a repayment period up to 24 months and interest rates of 11.5% to 12.5%.
- “Discounting Scheme”: The “Discounting loan” has been developed for small companies which run their activity as distributors of bigger companies. Conditions are almost the same as the “Practice Scheme”, the loan amount offered ranges from 7,700 Euros to 128,000 Euros, but the repayment rate is shorter, 12 months only.
- “Progress Scheme”: This credit line is designed to finance long-term investments, namely the purchase of equipments and installations (offices, storehouses, etc.) by small companies but also to micro-companies with a maximum of ten employees. This scheme allows a maximum loan amount of 20,500 Euros for interest rates of 12.5% to 13.5%. Besides these credit schemes, the Bulgarian Post Bank offers other advantages for small companies:
  - Automatic revolving of the existing credit schemes
  - Automatic pre-approval of the Practice Scheme for existing customers of Post Bank
  - Grace periods of up to 8 months for investment and equipment loans
  - Flexible combined collateral

## The German savings banks a reliable partner for micro and SMEs



The Sparkassen-Finanzgruppe; the group of savings banks, Landesbanken and associated companies in Germany, comprises 670 companies, employing some 380,000 people with combined total assets of 3.2 trillion Euro. Sparkassen are economically independent banks that are managed as local enterprises which take their decisions directly on site. The institutions of the network have roughly 50 million customers. Sparkassen are geared to fair partnership that no-one will be denied access to modern financial products and their business policy is centred on the sustainability of their local community's economic and social development. The German savings banks are full-service banks, providing comprehensive banking services for personal and corporate customers, especially SMEs and small traders.

In 2006, the German savings banks, together with the Landesbanken, increased their market share in SME financing to 44.1% and this market share is even significantly higher for small businesses with a turnover below 500,000 Euros. Close to 75% of SMEs have a banking relationship with a member institution of the Sparkassen Finanzgruppe and almost 60% of SMEs have their local savings bank as main banking partner or “Hausbank”. In 2006 the German savings banks granted new loans to SMEs amounting to a total of almost 40 billion Euro, thus covering microlending needs of the small enterprises.

The Sparkassen- Finanzgruppe is also an important financial partner providing support to young entrepreneurs: one in two start-ups in Germany is supported by a savings bank. Their support covers the full spectrum of businesses, including small service providers starting up with a financial requirement of 3,000 Euros for one computer.

## French savings banks accompanying microcredit beneficiaries



French savings banks finance specific social solidarity initiatives, known as “PELS” (Projets d’Economie Social et Locale) which are local projects with the aim to improve social inclusion<sup>1</sup>. In the framework of the PELS projects, the French savings banks allocate microcredits to people that encounter difficulties in setting-up their own businesses (such as the long-term unemployed or the disabled). Evidence reveals that allocated funds have allowed many unemployed people to set-up their own micro-enterprises.

The French Savings Banks Group has also developed partnerships with mentoring networks (such as Adie, France Active, France Initiative Réseau, Boutiques de Gestion, Réseau Entreprendre). While the mentoring entities provide business support services in order to further assist micro-entrepreneurs get their projects off the ground, the French savings banks grant them microcredits (on average 5,000 Euros per loan) and offer them a current account with a means of payment, thereby putting in place a basis to develop a long-term banking relationship.

Since 2001, over 50 million Euros of available funds went directly or indirectly to jobless people willing to set-up their own business (28 million Euros in terms of loans to micro-entrepreneurs and 22 million Euros to support microcredit institutions/business support services) and 6,000 (former financially excluded) entrepreneurs had access to microcredit.

The partnership in France between these mentoring networks and the savings banks has been a positive factor for the success of PELS. Evidence indicates that 75% of micro-enterprises financed within these schemes are still operational after three years. This compares favourably against statistics for the EU as a whole which reveal that some 30% of new enterprises do not survive more than 3 years after their creation and some 50% less than 5 years. It is furthermore important to note that losses generated by microcredits granted by the French savings banks represent on average only 5% of outstanding loans. This is due not only to the lower rate of business failure (these rates are much lower when entrepreneurs are helped by mentoring organisations), but also to the guarantee facilities.

According to recent evaluations, out of the 6,000 entrepreneurs who had access to microcredit and business support services by the French Savings Banks Group, 5,000 permanent jobs were created. The long term implications of this activity should also be taken into account, since the objective is to have former financially excluded people become “included” and for these people to develop a conventional commercial banking relationship with their savings bank.

Mid 2006, the Caisse d’Epargne launched a prevention of banking exclusion programme, Parcours Confiance – the “Fresh Start” Programme, which also benefit from the PELS support. The programme targets customers who are experiencing social and financial difficulties which are preventing them from finding adapted solutions in other institutions. The participants can be individuals confronted with problems such as a disease, a divorce or unemployment. It can also be micro-entrepreneurs wishing to create his/her own business but who cannot find a bank to finance the project.

<sup>1</sup> [http://www.groupe.caisse-epargne.com/asp/ci\\_modele2.aspx?np=pels\\_ci](http://www.groupe.caisse-epargne.com/asp/ci_modele2.aspx?np=pels_ci)



The Parcours Confiance offers a comprehensive support package, including tailored banking services that are essential to maintain social integration (account-keeping, means of payment) or to run microenterprises, and microcredit facilities. In addition, it offers personalised social support through the intervention of social workers and/or specialised voluntary organisations, and an educational dimension through workshop on budget management and banking products.

At the end of 2006, the Parcours Confiance was available from 11 local savings banks. Almost 350 persons or micro-entrepreneurs have been in contact with the Parcours Confiance and about 125 micro-credits were distributed. The programme will continue to be deployed until the whole network is covered at the end of 2007.

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Another commitment of the French savings banks to microcredit is in terms of the distribution of European Investment Bank funds in the form of loans to small and micro enterprises. In September 2005, the French savings banks agreed to have 250 million Euros in funds made available as loans to such firms on attractive terms and distributed via their network.

## Microfinance initiatives at Lloyds TSB



Lloyds TSB has over 600,000 SME customers and helps in the start-up of 100,000 businesses every year, 60% of whom are one-person self-employed businesses. Most of these customers borrow less than 25,000 Euros and collateral is not generally required for amounts less than 15,000 Euros. It has undertaken various initiatives in the field of microfinance either as a direct provider of small loans to business start-ups or as a provider of capital on-lent to micro-enterprises. In 2006, a Financial Inclusion Fund was set up to finance research and development activities in promoting the long-term sustainability of community finance and enhance the commercial attractiveness of lending to the sector.

Lloyds TSB takes also part in the Small Firms Loans Guarantee Scheme. Backed by the British government and provided through the bank, the bank offers loans for start-ups or for small enterprises wishing to expand. The scheme is specially designed for those enterprises that cannot take advantage of conventional financial services due to their lack of collateral or their credit history. The loans range in value from £5,000 to £250,000 (7,500 Euros to 375,000 Euros).

<sup>2</sup> More information from: [www.groupe.caisse-epargne.com/cpp/101/aull/blob/pdf\\_cp\\_060628\\_parcours\\_confiance\\_ci\\_060703101433.pdf](http://www.groupe.caisse-epargne.com/cpp/101/aull/blob/pdf_cp_060628_parcours_confiance_ci_060703101433.pdf) or [http://www.groupe.caisse-epargne.com/cpp/101/aull/blob/pdf\\_diap\\_060628\\_parcours\\_confiance\\_ci\\_060703140536.pdf](http://www.groupe.caisse-epargne.com/cpp/101/aull/blob/pdf_diap_060628_parcours_confiance_ci_060703140536.pdf)

Microcredit initiatives offer a range of loans covering diverse requirements from debt refinancing, to home improvements and business start-ups. Lloyds TSB have supported a number of the early pilots with staff secondments and funding, using their expertise to develop appropriate processes. Lloyds TSB has also been involved in a wide range of projects on both a commercial and semi-commercial basis, providing capital for loan funds which are on-loaned to business start-ups, micro-businesses and social enterprises.

## C. Agency-based model

The third model operated by savings banks is based on an agency relationship with national or international financial institutions (e.g. European Bank for Reconstruction and Development (EBRD), the European Investment Bank, KfW). These intermediaries work through local financial institutions, such as savings banks, which are 100% risk exempted. The credit policy is defined by fund providers and applied by the lending institution. However, in some cases like with the European Investment Fund, the lending institution is empowered with full responsibility for credit decisions.

### PKO Bank Polski (Poland) and the EU/EBRD SME Facility

The EU/EBRD SME Facility was launched in 1999, by the European Bank for Reconstruction and Development and the European Commission, to encourage growth and development of SMEs by facilitating their access to loans, leasing and equity finance from local financial intermediaries. Poland is the largest beneficiary of the programme with 190 million Euros committed to date. Facilities have been signed with six banks, in which PKO Bank Polski takes part since 2003.

With nearly 6.5 million retail customer and SME accounts at the end of the year 2006, PKO Bank Polski is one of the leaders on the Polish retail banking market. Under the EU/EBRD SME Finance Facility, at the end of 2006, 2,493 loans to a total amount of 46.5 million Euros were granted. According to the EBRD most of the credits extended in Poland through the facility are microloans averaging 20,000 Euros for microenterprises with less than 10 employees.

### German Savings banks and KfW

German savings banks are involved in the allocation of state development programmes to financing start-ups and SMEs. In this respect the Sparkassen-Finanzgruppe is the most important partner of KfW. As the principal banks for the majority of start-ups and small and medium sized enterprises, the Sparkassen-Finanzgruppe institutions provide their customers with the funding, additional financing, advice and other services from one single source. In addition, the savings banks cooperate with local partners such as business development agencies, chambers of commerce or start-up initiatives that are equally familiar with the local business situation.

The Sparkassen-Finanzgruppe supports KfW in tailoring its products to match the needs of the SMEs. As facilitating institutions the Landesbanken integrate the processing of the transactions, advise savings banks and customers and provide IT platforms. This cooperation guarantees smooth-running and high-quality procedures all over Germany. In 2006, for instance, the participation of Sparkassen-Finanzgruppe in popular KfW promotional programmes such as "StartGeld" and "Micro-Loans", for start-ups with a more modest financial requirement, amounted to 52% and 54% respectively. And of the 7,500 commercial loans granted by the KfW, totalling some 2.7 billion Euros, approximately 40% went to start-ups.

## D. Off balance sheet-based model

The fourth model applied by savings banks can be characterised as “off balance sheet-based”, as profits and losses resulting from the microcredit operations are not consolidated in the bank’s financial statements. In this case, savings banks provide non-recoverable funds to their foundations or solidarity institutions who provide microcredit and social services. In some cases, such as in the examples mentioned below on savings banks foundations, the savings bank still plays an important role, assessing the credit risk and facilitating the credit allocation.

### The microcredit initiatives of Spanish savings banks

Spain has a long tradition of social banking targeting financially under-served communities. In addition to providing funds to promote social community development, around 20 Spanish savings banks have undertaken micro lending activities in their country. From 2001 to 2006, they have allocated 97,2 million Euros in microcredits. The majority (74.5%) of microcredit clients are migrants. Although Spanish savings banks operate a range of various schemes, fulfilling the criteria of several of the models described in this document they have throughout history been particularly strong in the area of microcredit provision through the off balance sheet-based model.

The foundations of Caixa Catalunya, Caixa Galicia and Caja Granada and BBK are among the pioneer who started at the beginning of the decade to provide microcredit to fight against financial exclusion:

- Caixa Catalunya’s Un Sol Mon Foundation for example, operates a microcredit programme in Catalonia, which gives support to income-generating activities for individuals and cooperatives that due to a lack of collaterals do not have access to the traditional financial system. Microcredit applicants are required to present a viable self-employment or microenterprise project in order to be considered. Since the launch of the microcredit program in 2001, Caixa Catalunya has awarded over 1,000 microcredits to private entrepreneurs with a total value of circa 9 million Euros. Their clients are usually women and at least 60% of them are immigrants with a high level of education. The Foundation has found that 42% of their clients live below the poverty line - with a monthly income of 500 Euros - at the time when they make the credit application. An economic and social impact evaluation demonstrated that 8 out of 10 microentrepreneurs have sustainably improved their situation after participating in the microcredit program.
- Caja Granada Foundation has its own microcredit program which, up to June 2006, had granted 300 of such loans, which have contributed to the creation of 600 new jobs in the Andalusian region.
- Caixa Galicia Foundation for its part started its microcredit programme conceived to provide access to finance to self-employed people and those without guarantees unable to access conventional loans. The maximum loan amount is 12,000 Euros with an interest rate of 4%.
- BBK Solidarioa is a foundation that has launched a new scheme of microcredits. Loans provided by BBK Solidarioa come from a solidarity deposit of their own consumers. This deposit has an interest rate of Euribor minus 0,50%. Microcredits are always provided to people in risk of social exclusion.

In their microcredit programmes, some Spanish Savings Banks work with business support organizations, municipalities or official institutions such as Instituto de Crédito Oficial (ICO) which manage microcredit

applications. They are responsible for assisting potential entrepreneurs to define their activity, assess the economic and environmental viability of the project and, once the microcredit has been granted, provide technical advice and monitor the funded actions throughout the lifetime of the microcredit. They provide an accompanying role to the micro-entrepreneurs and are the intermediaries between the foundation and the final beneficiary.

At the end of 2006, the Spanish Savings Banks launched the Spanish Microfinance Network, whose main goal is to promote microcredit and fight social and financial exclusion. The Network's activities range from the organisation of public events, to the publication of specialised reports and the implementation of specialized microfinance training, the latter especially addressed to NGO's and social entities that collaborate in the microcredits' mentoring.



## Before microcredit...a bank account

Die Zweite Sparkasse ("The Bank for people without a bank") created by Erste bank Foundation in Austria

At the end of 2006, a new savings bank started to operate in Vienna - Die Zweite Sparkasse meaning "The Bank for people without a bank". The bank has one objective: to provide bank accounts to those who are no longer banked, because of economic and/or social difficulties such as unemployment, over-indebtedness or homelessness. Erste Bank Foundation initiated the project, in close cooperation with Caritas or the debt counseling services to identify eligible people. The service provided is a basic account with a bank card, which does not offer overdraft facilities. It is offered for three years with the hope that after this period, beneficiaries can reintegrate in the "conventional" banking system.

Die Zweite Sparkasse started as a pilot project in Vienna and has proven to be a successful initiative, with 400 accounts already opened. After the first six successful months, it was decided to extend the service to other parts of the country. The first new branch has opened in September 2007 in Tyrol, four more branches in other areas are expected to open before the end of 2007 and two more during the course of 2008. Besides, and since March 2007, Die Zweite Sparkasse is collaborating with the Wiener Städtischen Versicherung, a Vienna based insurance company, offering the clients a whole package of micro insurance products.

*More information about the initiative can be found at:*  
[www.sparkasse.at/erstebank?w\\_webc\\_url=Channels/Konto\\_-\\_Karten/Strukturcontents/pk\\_zweite\\_spk\\_pg\\_Content.akp&newPreviewSession=true](http://www.sparkasse.at/erstebank?w_webc_url=Channels/Konto_-_Karten/Strukturcontents/pk_zweite_spk_pg_Content.akp&newPreviewSession=true)

## Social Microcredit Initiative by Cassa di Risparmio di Venezia and Fondazione di Venezia



The Cassa di Risparmio di Venezia (the Savings Bank of Venice) started in June 2005 a social microcredit initiative led by its foundation, Fondazione di Venezia. The Social Microcredit project is a scheme that involves the extension of loans to immigrant women coming from outside the European Union that are considered “non-bankable”. In particular, the loans are provided for business creation or occupational training.

The project involves a triangular structure, whereby Fondazione di Venezia acts as the general manager, overseeing all the aspects in the project and also acts as a financial guarantor for the extended loans. Cassa di Risparmio di Venezia provides the funds for the loans, and a social cooperative called Terra in Valigia Servizi undertakes the screening, accompaniment and the monitoring of the beneficiaries. It is important to note that the loan assessment, processing and disbursement are done by the savings bank. After reviewing a first social screening made by the social cooperative, staff from the bank analyzes the business plan and decides whether or not to disburse the loan.

Women who participate in the program also receive training courses on entrepreneurship, financial education, and about the Italian social security system. They also follow Italian language classes. Up to May 2007, 83 applicants have applied for a loan, with a total disbursement of 118.774 Euros. Most of the applicants come from Eastern Europe (Ukraine and Moldavia) and Africa (Senegal, Nigeria, Morocco).

Loan amounts start from a minimum of 1,000 Euros to a maximum of 20,000 Euros for projects involving occupational qualification like attending training courses to improve employability or purchasing instruments for a start-up business. For business creation or development, the loan amounts from a minimum of 2,000 Euros up to a maximum of 20,000 Euros for women with a self-employment project (individuals, or individual firms) and 35,000 Euros for women in social cooperatives. The loan is extended at favourable conditions and repayment is scheduled in fixed monthly instalments with a duration that ranges from a minimum of 18 months to a maximum of 60 months.

## Lloyds TSB providing funds for credit schemes targeting SMEs



With Lloyds TSB's involvement in a number of SME support schemes with a regional scope (Change London, the Local Investment Fund, Bridges Community Ventures Fund, South Coast Money Line, South Hampshire Community Banking Partnership etc) around £10 million (14 million Euros) was committed to the sector in 2006.

With £20 million (28 million Euros) committed by the private sector, including £3 million (4,2 million Euros) from Lloyds TSB Scotland, the Bridges Community Venture Fund for example has attracted matched funding from the government to invest in ambitious businesses that are located in – and economically connected to – some of the most deprived areas in the UK. It focuses on small and medium businesses with less than 250 employees seeking capital to grow or fund management

buy-outs. Bridges chooses businesses that combine entrepreneurial flair with strong social benefits – jobs, role models of entrepreneurial success and economic dynamism – in deprived areas. In 2002, it invested £125,000 (178 000 Euros) in SimplySwitch, a start-up business that aimed to help consumers save money on their electricity and gas bills by offering an impartial price comparison service. The company created 80 jobs in a deprived area and raised over £500,000 (715, 000 Euros) for charities before its sale in 2006 for £22 million (31 million Euros).

South Coast Money Line (SCML) is a community development finance institution, providing a mix of unsecured personal and micro-enterprise loans, and home improvement loans which are secured. This year, SCML launched a financial capability initiative called 'Smart Money' to provide money and budgeting skills. SCML also provided a lead role in the development of a Community Banking Partnership for South Hampshire, in partnership with Portsmouth Housing Association and Lloyds TSB who are funding a project manager. The SCML model of working in partnership to deliver a comprehensive financial inclusion project is also helping them become financially sustainable.

Since commencing trading in May 2000, SCML has lent customers loans to the value of £2 million (2,8 million Euros). For the financial year ending March 2007, SCML will generate sufficient income from interest and other contractual relations to cover up to 70% of its operating costs. These contracts are with housing associations, local authorities and Government. SCML now operates, either by directly delivering services or in partnership with sub-contractual arrangements, in Hampshire, Devon and Sussex. To improve their sustainability still further SCML is working with original funder Lloyds TSB and Community Finance Solutions from the University of Salford.

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## ESBG THE EUROPEAN VOICE OF SAVINGS AND RETAIL BANKING



ESBG (European Savings Banks Group) is an international banking association that represents one of the largest European retail banking networks, comprising about one third of the retail banking market in Europe, with total assets of € 5,215 billion (1 January 2006). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

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



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