Despite its title, New York headquartered Women’s World Bank (WWB) has always been an inclusive operation, recognising the family as a unifying bond.

WWB is a worldwide network of 47 affiliates in 30 countries. Globally, its remit has always been to expand the economic assets, participation, and power of poor women and men. It does this by opening their access to finance in a most equitable way.

With this in mind, the Colombian operation – the first country to breathe life into the WWB concept – claims that around 30 per cent of its customers are men. This approximate 70/30 gender split has its roots in the make-up of Colombian impoverished society, explains Clara Serra De Akerman, president of WWB Colombia. ‘We work with the low income population and that is the composition of people who bring in the family income.’

Global statistics show that for every three officially classified poor people, two are women. But it is clear that Colombia is tragically over-represented with a staggering 50 per cent of its population meeting the criteria of WWB.

The women in particular, says De Akerman, quite often do not have access to regulated financial services because they do not fulfil the basic access requirements of assets, personal data and credit history.

WWB Colombia was established primarily with the aid of government grants and subsidised loans to offer microfinance loans. It has built up a network of 59 branches, employing 948 staff. About 500 of these are loan officers, the rest are support and administrative staff. Between them they handle upwards of 200,000 customers.

The institution divides the country into four zones. Each zone has a loan manager and an administrative manager as well as the officers.

The main product is the microfinance loan. ‘It is for them to invest in the business so they can generate income,’ says De Akerman. ‘They can save all the money they would otherwise give to usurers. We can help people participate in the national economy in a more formal way and can improve the quality of their lives.’

Part of the success for WWB is down to its ease of access. Its loan requirements for potential customers are simple. Personal ID and references (which can come from family or existing suppliers) are essential, but much of the assessment is carried out face-to-face by a loan officer.

These officers are based in the local community and will visit the applicant at their home. They evaluate the ‘will and capacity to repay the loan’ based on qualitative and quantitative information. ‘We follow them very closely,’ says De Akerman. This highly personal approach to risk management yields a low non-performance rate. At the end of 2007, WWB Colombia’s delinquency rate stood at 1.5 per cent over 30 days.

But by 2008, it had risen to 2.5 per cent. The global financial crisis has impacted at this level, says De Akerman. With around half of her clients engaged in production of some kind, sales for these small businesses have been hit by the lower spending power of their customers. These
businesses have also suffered at the hands of strong competition from Asian suppliers (China in particular) where small ticket items are flooded onto the market. De Akerman notes that there has also been an increase in competition from the commercial banks trying to muscle in on the microfinance field.

WWB Colombia knows it has to take the battle to the retail banks by offering more services to its clients, including deposits. But this has a new set of demands attached. ‘We are transforming into a fully-fledged commercial bank,’ says De Akerman. This new form will start to take shape with the issuance of WWB Colombia’s banking licence by the national banking superintendency. The proposal for the licence will be submitted this month (June), but De Akerman says preparation has been under way for the past three years. To reach this stage, WWB Colombia has had to jump through a number of hoops, not least of which is the one marked technology. ‘We changed our core system to a banking solution from I-flex, we set the structure for risk management, we have trained our personnel for all these innovations and have set up a system for reporting to the banking superintendency.’

Previously, WWB Colombia used a system from Ecuadorian vendor Si-Credito (forged with technical co-operation from German firm, GTZ) which gave it only minimal lending activity functionality.

With its banking aspirations in full flow, De Akerman and the executive team realised that it would have to take its technology and information systems up several notches, not least of its worries being the country’s improving fight against money laundering and the financing of terrorism.

Working with a local consultancy it looked at the core system vendor market and, along with I-flex, also analysed solutions from Macosa (from Ecuador), Top Systems (from Uruguay), Tecnoevolución (from Colombia) and Temenos.

‘It took us eight months to choose,’ recalls De Akerman. ‘It was a very detailed process.’ It wasn’t always going the way of Flexcube though. ‘In the beginning it was way too expensive for us,’ she says. ‘It was like buying a Rolls Royce for our institution but we only had the money for a Mazda.’

Based on WWB Colombia’s unique position – as the port of entry for I-flex to the country, the price was reduced to something more acceptable. I-flex (now Oracle Financial Services Software) has not lost out: it is believed to be working on a second implementation in Colombia, this time with the four-bank Grupo Aval. On the strength of its apparent success to date it is also understood that Oracle FSS is to establish a service office in the country.

Having started in May 2008, the implementation of Flexcube at WWB Colombia will certainly do the vendor’s image no harm. ‘It’s been quite easy,’ states De Akerman. ‘We’re very happy.’

She recalls that there was a language barrier that had to be overcome, ‘but we have set up a whole new area of innovation and technology and have been working together in a very professional and controlled way’.

Aside from the cultural exchange – De Akerman’s team has been learning technical English and the Oracle FSS team has walked away with a new understanding of Spanish – there was ‘nothing major’ to report in terms of trouble.

The big bang switch on for Flexcube is set for the end of this month, the whole process having adhered to a strict timetable.

The change from a decentralised client database to a centralised operation for all branches will see the institution ‘manage and control in a better way all of our loan portfolio, our guarantees and our debt collection,’ says De Akerman. Flexcube will also be on call to handle the planned savings, cheque account and term deposit products when these come on stream in around twelve months’ time.

Centralisation of WWB Colombia’s core technology and treasury function means that its own payments to its suppliers can be handled electronically via the local ACH.

Its customers can pay in – and get receipts – through the branch network or via a number of local non-banking partner institutions such as the Baloto national lottery network. ‘In the future we will also be connected to banking networks like Credibanco [which provides credit and debit card transaction acquiring to banks in Colombia through 53,000 points of sale] and ATMs,’ says De Akerman. ‘This will expand our coverage and enable us to better serve our clients.’

Loans can now be administered by the field officers using PDAs. These allow officers to obtain and to analyse the client’s information on site. ‘And they can approve or reject a loan on the spot too,’ De Akerman says.

The PDAs are connected via a mobile network to the main credit bureaux in Colombia and also to Flexcube. This ability is particularly useful for customers located in remote places, she adds.

Aware that innovation is the key, WWB Colombia is also introducing a wider non-banking correspondent channel using the PDAs. ‘We go to a small town and find a small supermarket or pharmacy, for example, and with the owner we establish a contract, supply the technology and we train that person to operate the device,’ explains De Akerman. ‘The customers can
check their loan balances, pay their installments and now they can also receive the loan that has been approved immediately [the PDA issuing approval from the central system].

The first live supermarket site was introduced in the state of La Guajira in the north-east region of the country around one year ago. There are now three such partners.

Given the ease of access for customers, and the low operating costs for WWB Colombia, De Akerman says that these non-banking partners will form a large part of the future channel offering along with the PDA-based approval-on-the-spot system.

It is as well that it does this. ‘The microfinance world is evolving rapidly and it requires that we respond quickly to those changes,’ explains De Akerman. ‘This is why technology is so important for us, not only to be competitive but also for developing and providing new financial products and services to our clients.’

For more information on the global WWB organisation go to: www.swwb.org