



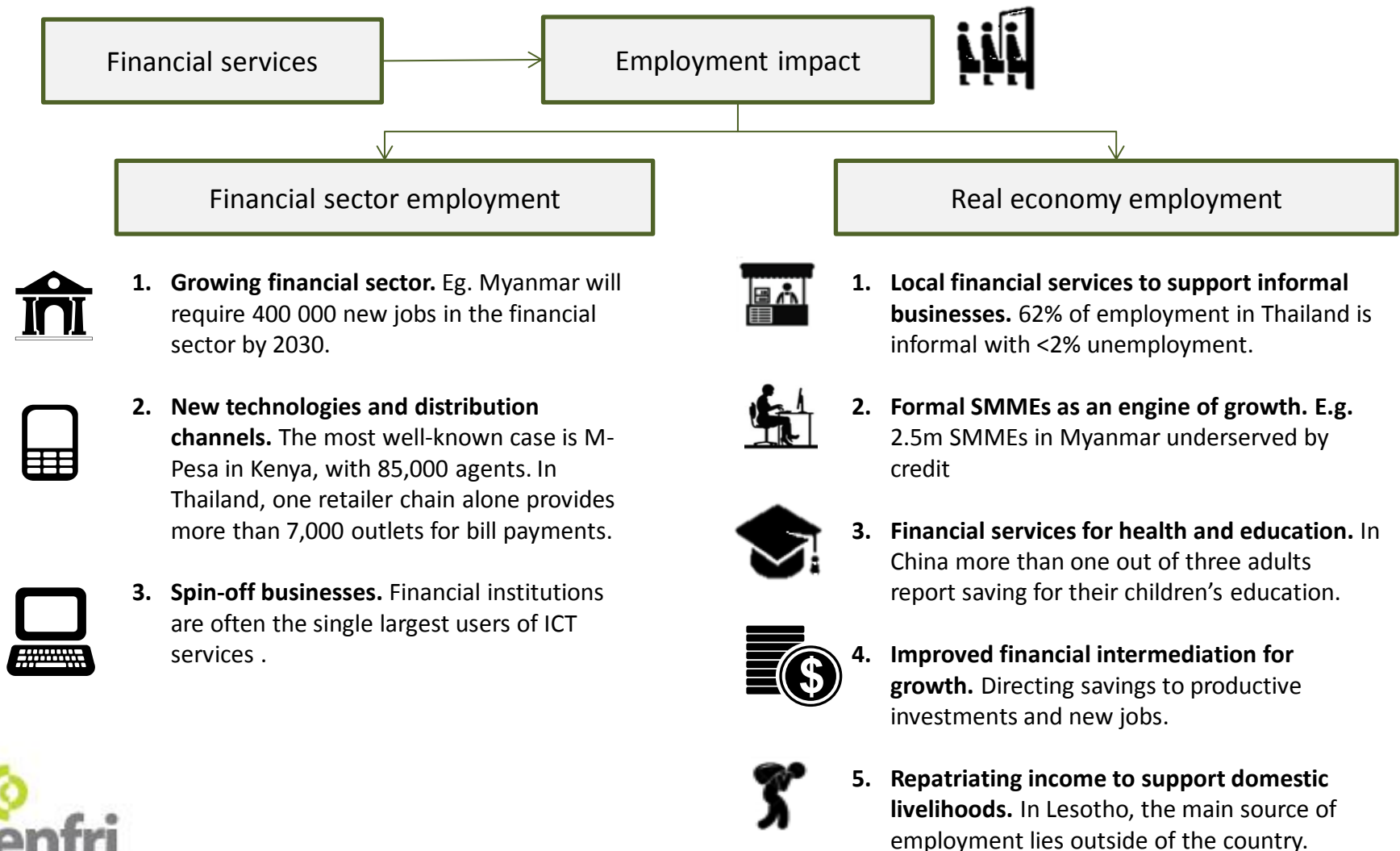
# GIZ Employment Day: Financial Services and employment

GIZ Employment Day, Bad Honnef, Germany

Wednesday, 16<sup>th</sup> of July 2014



# Financial Services and employment: What are the linkages?



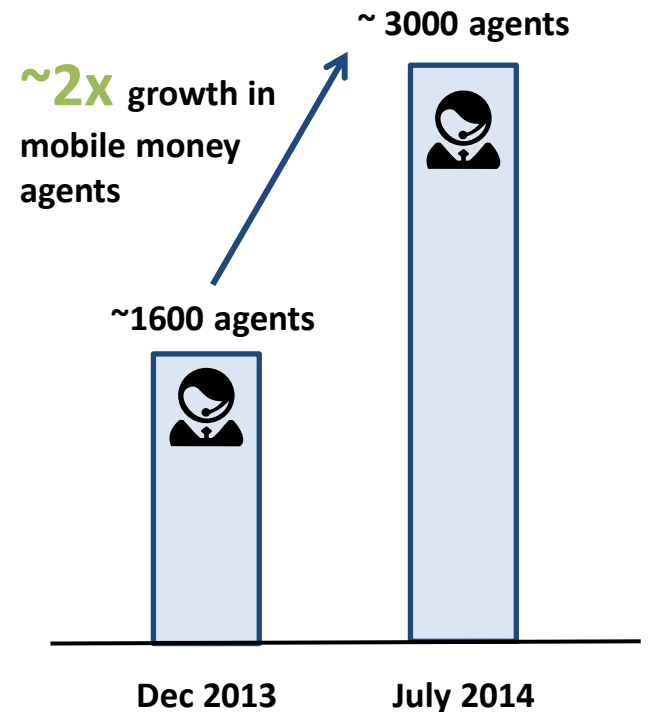
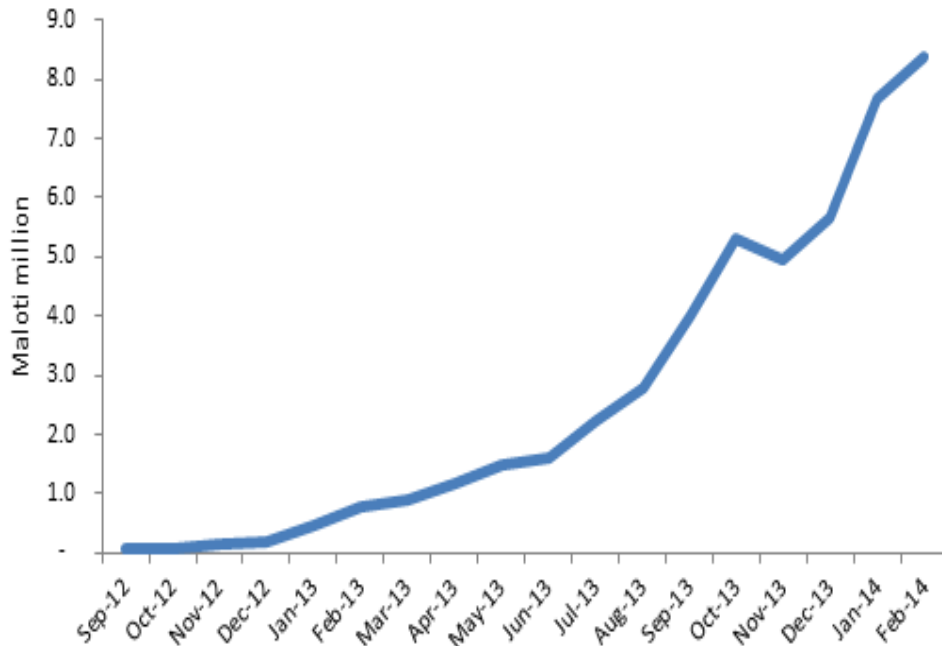
# Financial Services and employment: Financial sector impact – Digital financial services

In Lesotho mobile money has grown rapidly in the last two years

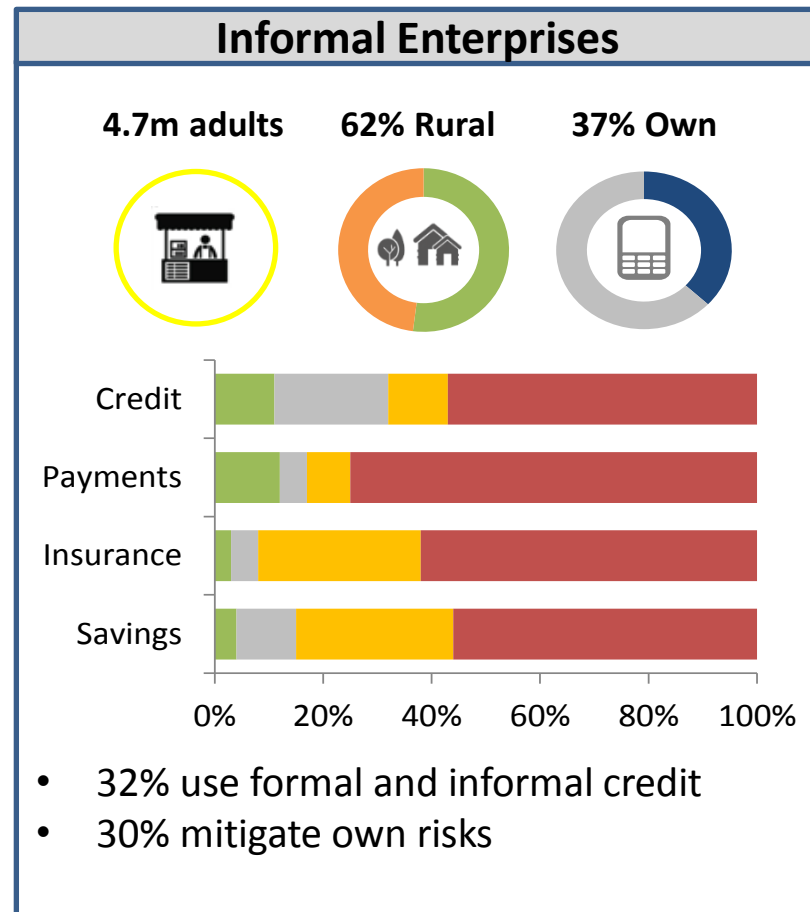
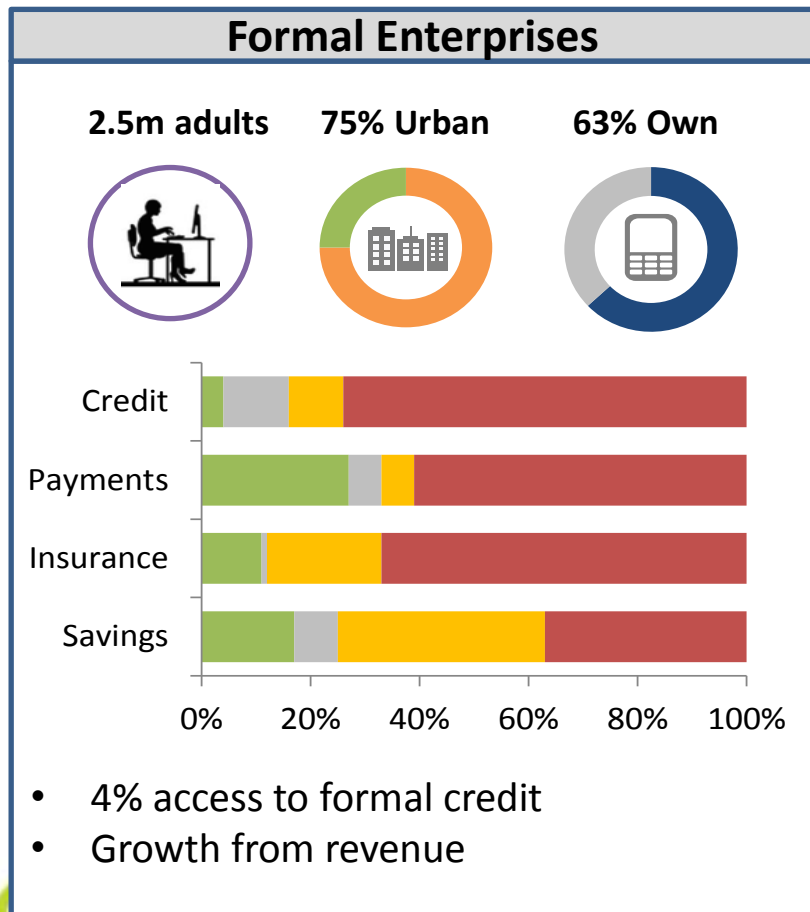
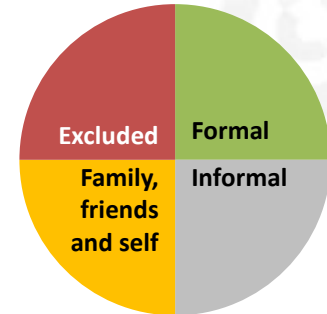


Last 6 months, 200% increase in employment from growth in digital financial services

Mobile money trust account balance



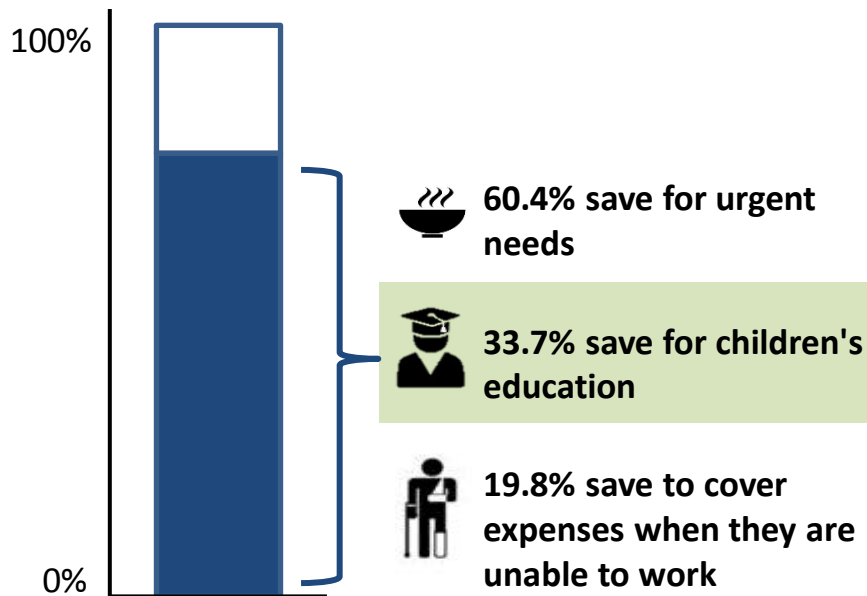
# Financial Services and employment: Real economy impact – Formal and informal enterprises



# Financial Services and employment: Real economy impact – Financial services for health and education

**Financial services for technology adaptation.** Access to financial services, such as educational savings and student loans, enables individuals to access education and thereby equip themselves appropriately to embrace new technologies

73.6% of adults report savings in China despite average income < 1000 USD per year



Adults report saving in China

"We of course care about our children, because they are our future. We will rely on them for our living in future."

"Everything relies on my children in the future; we definitely set everything aside for them now."

"I just hope that they will not follow my road, and become better than me to earn their better life in the future."

Focus group respondents in China (2013)

# Financial Services and employment: Real economy impact – Improved financial intermediation

Size of loan book

Formal retail market would need to expand by **450%** and need **+ 400 000** new jobs by 2013

K1.1 trillion to 6.2 million adults

Informal money lenders (5.9 m clients; Approx. K3.7 trillion)

Unintended consequences?

Informal money-lending supports the welfare of **1%** of the population

Total non-commercial-bank formal retail credit

Total informal credit provision could be as high as K5.4 trillion to 9.2 million adults

# Financial Services and employment: Real economy impact – Repatriating income to support domestic livelihoods

Lesotho amongst poorest countries in the world



149  
(Lesotho)

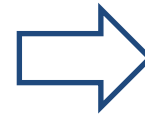
185  
countries

GDP per capita of USD 1,289 in a country of 1.1m adults

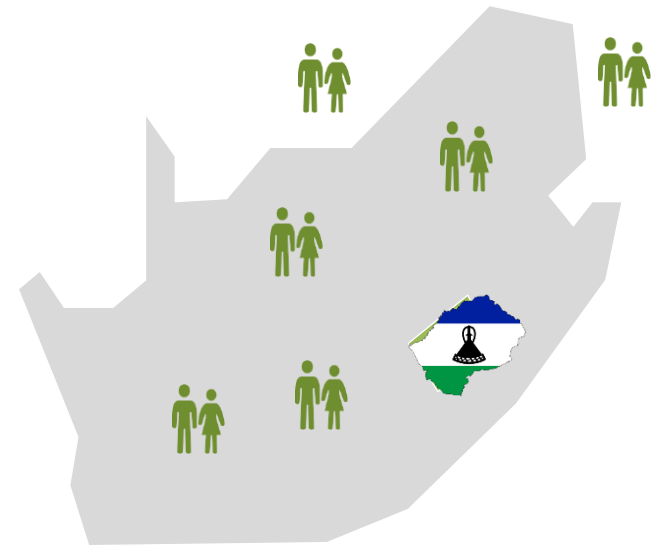
Declining export industry



80% of the manufacturing workforce employed in Lesotho are in a declining textiles industry



Active diaspora policy to identify alternative capital to encourage inward investment, business financing and employment



~300-400k migrants live outside of Lesotho and their remittances (formal and informal) contribute > 20% to GDP

MAKING ACCESS POSSIBLE

map

MAP is a comprehensive market assessment of retail financial services. The purpose of MAP is to assist the Government to identify key priorities and opportunities to extend access to financial services.

The MAP framework has been developed in partnership between Cenfri, FinMark Trust and the UNCDF and is intended to become a public good that can advance the global financial inclusion agenda.



# *Thank You!*

*Please contact us at...*

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