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Estrategias de inclusión para el sistema financiero popular y solidario

Inclusion strategies for the popular and solidarity financial system

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ABSTRACT

The objective of this article is to establish guidelines or strategies aimed at local financial institutions to develop programs that encourage access to financial products for the population without exception, that is, strategies that are part of the financial inclusion mechanisms and will be explained within this research. The research design used is non-experimental, cross-sectional and descriptive, with a quantitative-qualitative approach. The results found reflected that the population of the rural area of Santa Isabel canton is the one that has more difficulties in accessing the financial system attributed to the distance from financial entities. The development of financial products according to the socioeconomic characteristics of the population will increase their access to the formal financial system and will generate a better position for financial institutions in their reputation.

Descriptors: Finance and trade; cooperatives; informal sector; development banks. (Words taken from the UNESCO Thesaurus).

INTRODUCTION

Access to financial services has been present in the formulation of public policies in recent years in Latin America. Ecuador is no exception, since together with the support of international organizations and the Central Bank of Ecuador (BCE), it executes, implements and monitors the policies formulated to increase the percentage of financial inclusion within the population. According to studies developed by the BCE itself, as of December 2018, sixty-one in every one hundred Ecuadorians use some type of financial product or service, that is, 61% of Ecuadorians are financial users and the remaining 49% do not have access to a savings account, much less to a credit product within the Ecuadorian financial system (Central Bank of Ecuador, 2020).

Although Ecuador has sought initiatives to increase financial inclusion with the creation of new channels for accessing services such as mobile wallets and banking correspondents, there is a lack of public authorities' understanding to implement the

Iván Efrén Sarmiento-Arévalo; Juan Carlos Erazo-Álvarez; Cecilia Ivonne Narváez-Zurita; Verónica Paulina Moreno

necessary regulations for financial institutions and apply a national strategy for financial inclusion. The 2019 Global Microscope study conducted by the Economist Intelligence Unit, which analyzes the progress in terms of the elaboration and implementation of policies used by governments and regulatory bodies to increase financial inclusion, concludes that Ecuador has dropped one place in the ranking when comparing the year 2017 with year 2018. Such result is caused by the lack of a comprehensive strategy for financial inclusion (Economist Intelligence Unit, 2019).

Regarding access to financial services by province, there are no statistical studies that allow comparative data to be obtained and to analyze the evolution of inclusion in recent years. However, in the historical series published by the CBE, the open savings accounts are observed disaggregated by province. In this respect, at the end of 2018 there were 614,773 open savings accounts in the province of Azuay. In relation to the inhabitants of the province who do not have access to a financial product, it remains to be determined (Central Bank of Ecuador, 2020).

Santa Isabel canton is a population with a greater proportion in rural areas, where agricultural, commercial and commercial economic activities predominate. It is an area where there is a culture of handling financial products, so it is an attractive market for financial institutions that seek to have a physical presence in the canton. At the time of conducting this research, there are three private financial entities such as banks and four financial institutions of the Popular and Solidarity Economy, such as savings and credit cooperatives.

The document presents financial inclusion as part of the socio-economic development of people with limited resources. In line with this, promoting access to financial products and services is a fundamental factor for the generation of this development, and not only for the low-income population, but also for small, micro-entrepreneurs and informal workers, being a right for the population to interrelate with the institutions of the financial system. To contextualize financial inclusion, the Global Association for Financial Inclusion (GAFI) and the Consultative Group to Help the Poor (CGHP) state that:

Iván Efrén Sarmiento-Arévalo; Juan Carlos Erazo-Álvarez; Cecilia Ivonne Narváez-Zurita; Verónica Paulina Moreno

It refers to a situation in which all adults of working age, including those currently excluded from the financial system, have effective access to the following financial services provided by formal institutions: credit, savings (including checking accounts), payments and insurance (Global Association for Financial Inclusion & Consultative Group to Aid the Poor, 2011).

Based on this concept, access to basic financial products like the opening a savings account, encourages a culture of forecasting economic resources, being the beginning for the use of other financial services such as: sending and receiving transfers, credits, purchase of insurance and other more advanced financial products (Central Bank of Ecuador, 2012). A basic savings account can be requested without a minimum opening amount and without the presentation of documents. It will allow people to make transfers and service payments, as well as transact electronically (Board of Monetary and Financial Policy and Regulation, 2019).

However, there are drawbacks for a person to be discouraged from opening savings accounts and other products. Among one of the obstacles, the lack of financial education is mentioned as a fundamental problem to combat. Financial education leads people to have basic notions of: the use and benefits of financial products, the interpretation of the calculation of interest charged or paid to more advanced technical concepts, developing skills for the management of personal and business finances (Andean Development Corporation, 2017).

Other obstacles or barriers to financial inclusion are geographic limitations, the cost of moving from homes to financial entities increases as the distance does. Socio-economic limitations are also mentioned as one of the main barriers, where there are aspects such as the high costs of the financial system, the lack of knowledge of the costs of informal versus formal products and the lack of documentation, references or guarantees that keep people away from the use of credit (Rodríguez-Raga & Riaño-Rodríguez, 2016).

Considering this situation, in order to increase the socio-economic development of

Iván Efrén Sarmiento-Arévalo; Juan Carlos Erazo-Álvarez; Cecilia Ivonne Narváez-Zurita; Verónica Paulina Moreno

Ecuador and specifically of Santa Isabel canton, it is vital that all people and especially the low-income population located in rural areas, have the same opportunities to improve their conditions of employment. Consequently, in this research, the problem to solve is referred to the population's lack of access to financial products or services offered by financial institutions in Santa Isabel canton. It is intended to confirm the relevance of the different aspects that prevent financial inclusion, which leads to informality and possible mistrust in the Ecuadorian financial system.

Therefore, this article aims to generate strategies to promote people's access to financial services and thus reduce poverty, generate sources of employment, distribute equitable wealth, boost the supportive economy and promote social development. The goal is that all segments of the population can use financial services by minimizing barriers, so that they may be affordable for everyone.

METHOD

The design of this research is non-experimental and transversal. According to the way of collecting the information, a quantitative approach and a qualitative approach were used. On the other hand, the inductive and deductive methods were also used. In addition, the historical-logical method was applied. At the same time, the analytical-synthetic method was used to perform a decomposition of the characteristics of the independent variable. Finally, the systemic method was used to build the proposed strategies to increase the level of financial inclusion of the population in Santa Isabel canton. The sample size consisted of 96 people belonging to the population of the Santa Isabel canton.

Iván Efrén Sarmiento-Arévalo; Juan Carlos Erazo-Álvarez; Cecilia Ivonne Narváez-Zurita; Verónica Paulina Moreno

RESULTS

Approach to the proposal

Analysis and interpretation of the results.

According to the results obtained in the surveys, the groups of variables have been classified for their corresponding analysis. The demographic, economic and financial aspects of the population, who do not have access to a banking service or product in the local financial institutions, are determined.

In this sense, 75% of the population that did not access the financial system did not have their own home, but rather rented or lived in the residence of relatives, compared to the remaining 25% of respondents. It was also observed that 62.50% of the respondents resided in rural areas and 37.50% in urban areas.

The marital status of the respondents was mostly concentrated in married and single at 57% and 23% respectively. 68% of the family income was between five hundred and one thousand dollars.

As one of the most important factors, 35% of the people surveyed said that they did not use financial services because of the distance between their homes and the financial institution, followed by 27% who did not have savings. 17% of them affirmed that they did not need financial services, 13% mentioned that account management requirements has been the main obstacle for the use of financial services, besides, 8% mentioned distrust in financial institutions. 54% of those surveyed stated that a family member had a savings account within their household, for this reason, they did not open an account. It was also observed that 50% of the respondents visited some type of institution that might be financial to collect bonds or remittances, this approach has been an opportunity for institutions to attract potential clients and offer savings products where the amounts to be received were credited.

Regarding the opening of accounts, 86.4% answered that they would open an account if there was a correspondent, neighborhood bank or ATM near their home. The trend was greater in rural areas compared to urban areas.

Iván Efrén Sarmiento-Arévalo; Juan Carlos Erazo-Álvarez; Cecilia Ivonne Narváez-Zurita; Verónica Paulina Moreno

Among those surveyed, it was also observed that there was ignorance in some financial concepts. 49% were unaware that there were no costs for opening and managing savings accounts. 40% of the population did not manage an income versus expenses budget, likewise, 40% did not know about the transaction through mobile or cell phone. On the other hand, 70% of those surveyed did know that when they open a savings account they cancel a value due to interest.

Formulation of financial inclusion strategies

With the results obtained in this investigation and taking into account the exposed reasons, the following strategies are formulated, so that they may be accepted by the financial institutions that have influence in the canton.

Inclusion Strategies

Strategies

Bringing people closer to the urban area through products with technological characteristics accessible to all people. Implementing the use of mobile applications for the payment of services allows people to transact and check movements in their savings account.

Make the financial services transparent and concise to potential and former users. The uses of basic accounts within the population are services that are not implemented or are little promoted, because they are not financially attractive. The users of these accounts will be those who have little ability to save, as well as those who charge some type of bonus from the state.

Undertake financial education plans from an early age and to groups with a level of exclusion. In Santa Isabel canton, there is not constant financial education programs aimed at a population of different ages, but events are held with a certain part of the population and on certain dates in the year, which do not allow evaluating the impact of these events. Local financial institutions should include the financial education of the population as a social objective, which can be evaluated within their cooperative social balance.

Financial education should be included in public policies so that it may be developed from an early age. However, the Municipal Decentralized Autonomous Government of Santa Isabel, could adopt a position of collaboration with public institutions (such as the educational institutions of the canton), to develop massive events with different types of trainings for schoolchildren, artisans, micro-entrepreneurs, among others.

Financial institutions should focus on implementing correspondents in sectors further away from urban areas, allowing people in rural areas to access the use of financial and non-financial services at a lower cost, as part of their social responsibility. The greater number of correspondents located in the urban area should be located in neighboring parishes and

Iván Efrén Sarmiento-Arévalo; Juan Carlos Erazo-Álvarez; Cecilia Ivonne Narváez-Zurita; Verónica Paulina Moreno

communities. The development of banking correspondents in rural areas, through adequate communication and promotion, will facilitate the increase in financial users.

CONCLUSIONS

Financial institutions must take into account the socioeconomic characteristics of the population of Santa Isabel canton, in order to seek solutions aimed at the non-banking sector. But without the necessary information, individuals do not have the knowledge and, therefore, cannot manage their resources or the processes that are required to have access to the financial products and services promoted by banking institutions.

The distance and low saving power of the population do not allow access to the formal financial system. In Santa Isabel canton, there are different financial institutions, but they are located within the urban area of the canton, which discriminates certain parts of the population, especially, the rural ones. With the results obtained, it is concluded that there is no supply of services adjusted to people who live in rural areas or distant from financial institutions, as well as for those people who cannot generate a surplus of liquidity that allows them to generate savings to be used in urgent cases for their personal well-being. The implementation of the proposal will produce added value for financial institutions, which will promote an adequate position within their community and loyalty among their members.

FINANCING

Non- monetary.

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Iván Efrén Sarmiento-Arévalo; Juan Carlos Erazo-Álvarez; Cecilia Ivonne Narváez-Zurita; Verónica Paulina Moreno

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