

# Sparkassen (Savings Banks) and Microfinance

Some 200 years ago, Europe experienced an economic and social turning point: the start of the Industrial Revolution. Catchwords such as population explosion, mass poverty, hunger, urbanisation, exploitation and child labour characterised this era. The situation got even worse, when at the same time the traditional society structures dissolved and many traditional welfare institutions disappeared.

At this time, the foundation of Sparkassen (savings banks) was an innovative approach to improve the population's living conditions. The aim was to particularly give the poorer strata of the population the opportunity to invest their savings on safe and interest-bearing terms. To be able to pay interest, the savings banks had to invest the collected savings. This was done by granting small loans to local craftsmen, traders and farmers as well as by financing the set-up of local infrastructures.

Back then and now, the tool "savings bank" – or as it is called today: microfinance – is an important and successful module of economic and social development. Sparkassen (sav-

ings banks) and development aid. Since more than 50 years the German Sparkassen support microfinance institutions and regional banks with regard to institutional structure and development: Sparkassenstiftung pursues the objective to enhance the professionalism of its partner institutions, thus enabling them to offer their customers a permanent access to financial products. In particular small and medium-sized enterprises (SME) contribute essentially to the economic development and the creation of new jobs. But also small and medium income earners, poor people and social fringe groups are targeted by Sparkassenstiftung's partner institutions. Thus, microfinancing is an essential pillar of a country's economic development and stability. Sparkassenstiftung in Myanmar

At the end of 2013, Sparkassenstiftung executed 38 projects in 31 countries, thereof currently in Myanmar:

1. The objectives of the "Regional Project Indochina and Myanmar" are to create a sustainable network of Asian microfinance institutions, which would allow individual partners to learn from and strengthen

each other whilst benefiting from international experience. Six partner institutions in Vietnam, Laos and Cambodia have joined the regional project at the end of 2009 while Myanmar joined in 2012 in addition. In Myanmar with Myanmar Egress / Myanmar Development Partners (MDP) a non-government organisations has been selected as project partner.

2. In 2014, GIZ has launched a Financial Sector Development Programme in Myanmar which aims to improve the access of Small and Medium-sized Enterprises (SME) to formal, demand oriented and sustainable financial services ("SME-Lending in Myanmar"). SBFIC together with ICON were selected by GIZ to support three selected partner banks of the Myanmar banking industry to develop adequate strategies, products, processes and organisational structures for SME lending. SBFIC will focus on the development of adequate SME finance trainings and qualification measures at these banks.