Financial Inclusion from 2005-2010

The visualizations below, made using the IBM Many Eyes website, include the technology blog from CGAP. They demonstrate the change and improvements in thought and terminology regarding financial services for the poor. These visualizations prove the extent and importance of globalization and technology on promoting financial inclusion and poverty alleviation. Due to emerging technologies, this industry has evolved greatly from 2005 to 2010; and it is still evolving and improving due to continuous research. As demonstrated through these visualizations, a once "brick and mortar" mindset emphasizing *microfinance institutions*, has evolved into an e-industry that emphasizes *branchless banking* and *mobile money transfer* to achieve financial inclusion. To further understand this drastic paradigm shift, read how improvements, from 2005 to 2008 to 2010, altered the way people think about money, technology, and financial inclusion.

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2005/2006: Before 2005, the microfinance industry was present, but on a small scale. Major research and innovation emerged in 2006, after the 2005 World Summit at the UN headquarters in New York; the Summit was a global review of the Millennium Development Goals to alleviate poverty by 2015. The Summit ended with a consensus from world leaders that microcredit is an important tool to achieve financial inclusion in the developing world. The emphasis on the importance of microcredit was further displayed when the UN designated 2005 as the International Year of Microcredit; the focus in 2005 was microcredit. As can be seen by the visualization, the emphasis was on brick and mortar “microfinance institutions” and the microloans that they provided. Microfinance banking, in 2005, was placed in the constraints of a building.

2008: “Mobile banking” is the obvious emphasis of this year, with words like “branchless” and “agents” growing, and “microfinance institutions (MFIs)” difficult to distinguish. With conclusions from research, MFIs acknowledged the global reliance on wireless technologies, and this widely introduced the service of mobile banking into the financial inclusion industry; mobile banking became convenient for customers, providing access to mobile financial services, which provided lower commuting and safety costs for the customer. Increased competition and failure of many MFIs encouraged microfinance banks to improve their internal management information systems in order to sustain their businesses. Commercial banks, such as Citi, began to enter the microfinance market to promote social responsibility in business.

2010: “Microfinance” was nonexistent this year, while “mobile banking”, “financial services”, and “branchless” banking were emphasized. Industry leaders acknowledged that there was more to financial inclusion than microcredit; and microfinance began to be understood based on its variety of other beneficial services, such as micro-insurance and savings. Partnerships were introduced between MFIs and mobile communication service providers to make mobile banking more convenient and accessible; these partnerships introduced multiple financial services to extend aid to previously inaccessible rural areas. Due to advancements in technology and innovation, the financial inclusion industry has become more sustainable; financial inclusion continues to be a necessary tool in poverty alleviation strategy globally.

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