

Abstract of Presentation

Note: This paper should be typed in “Times New Roman” of 12pt.

Presentation Title(Should be no more than 20 words):

Micro finance Strategies and Disaster Risk Management in Rural Areas

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Abstract (Should be no more than 150 words):

Micro finance is the process of providing financial services such as credits, savings, insurance, pensions and remittances to the under banked and under insured. It is not a new concept and has been practiced for millennia. Most recently a shift has occurred that has taken the source of financial services away from charity and donor organizations to commercial banks and insurers who see both commercial value and corporate social responsibility in providing products and services to this global affinity group of under financed people. The key performance indicators in this process are outreach, sustainability and profitability in that order and as many of the customer base are in rural or semi urban areas, low entry cost technology is required to gain outreach in these areas to keep the cost of transaction low. Once the outreach is obtained the financial services must be sustainable and renewable and again low entry cost technology is required to achieve this permanent status which takes people from the bottom of the pyramid to a higher status of wealth often through the establishment of small and medium size enterprises built by small loans and risk mitigated by insurance. Because of the size of the growth market here and repeatability of services in the customer base commercial players in this space stand to make good profits while at the same time benefiting the under financed communities. As more regulations and regulators commit to compulsory financial services to rural areas in Asia, South America and Eastern Europe the pace of development here will not abate as politicians also quest to alleviate global poverty in conjunctions with non profit organizations encouraging them to work in tandem with the commercial organizations. The activity in this meso-layer is vital to the success.

The key things to consider here is how can technology be used to achieve this multiple quest and not just to say utilize cell phones in rural areas but to provide a nascent architecture built on security and best practices on which to build a pervasive layer of end user devices and programmable based cards in order to bring the outreach required. Just using traditional business services downscaled for this sector has proved not to be effective and the same applies to technology. The financial products have to be specifically designed for this sector to meet the needs of the customer and as such the technical architecture and transactional approach has to be tailored as well to make “penny” transactions happen. At the same time we need to look at the effects of global warming and catastrophes on this rural sector and apply risk mitigation wherever possible.

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