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United Nations Industrial Development Organization

Meeting with Non-Governmental Organizations
having Consultative Status with UNIDO on
Co-operation between these Organizations and UNIDO,
Vienna, Austria, 24 - 25 May 1977

STATEMENT OF THE INTERNATIONAL SAVINGS BANKS INSTITUTE
ON CO-OPERATION WITH UNIDO IN ASSISTING
THE DEVELOPING COUNTRIES^{1/}.

^{1/} The views and opinions expressed in this paper are those of the International Savings Banks Institute (ISBI) and do not necessarily reflect the views of the secretariat of UNIDO. This document has been reproduced without formal editing.


The ISBI appreciates this opportunity of presenting its views on increasing cooperation with UNIDO with the aim of intensifying assistance to LDCs and believes that this special session devoted to cooperation with NGOs will be an important step in this direction. The cooperation of the United Nations and its various affiliates has been indispensable for the realization of a number of initiatives undertaken by ISBI. The instrumental role that ISBI can play in helping develop the financial structures in developing nations for more equitable resource mobilization is made possible by a vast resource of expertise within the more than 3,000 savings institutions affiliated to it in 53 countries. In order to make its work fully advantageous for the benefit of less developed countries, ISBI recommends that the UNIDO and its member governments give high priority to the development of savings institutions with the dual objective of increasing domestic savings mobilized and making these available for investment in industrial and other high priority actions of different countries.

Household savings that form the major thrust of savings banks' interest, constitute under normal economic conditions, a stable resource flow, whereas public and corporate savings fluctuate sharply. Consequently, household savings take on strategic importance in domestic savings, a fact confirmed by the dominance of such savings in many industrialized nations including France, the Netherlands, the USA and the UK. Savings banks operate without the aim of maximizing private profits and have no private shareholders who receive dividends. Their principal objective is to promote increased personal savings especially among small savers. The small saver is often disadvantaged, and in developing countries even more so because of the existence of a twin financial structure: A modern sector where large and privileged groups can obtain credit and other services for their investment requirements, while small savers are compelled to tap the extra-banking or unorganized sector and pay high - often usurious - interest rates for credit. In certain cases borrowing in this sector can involve interest rates of 100% or more, as evidenced by a Swedish - CADU rural development project in Ethiopia. Certain banks are not interested in accepting modest deposits. In cases where they are obliged to do so, the small saver cannot borrow from the same institutions due to cumbersome procedures, inflexible collateral policy, and outright discrimination.

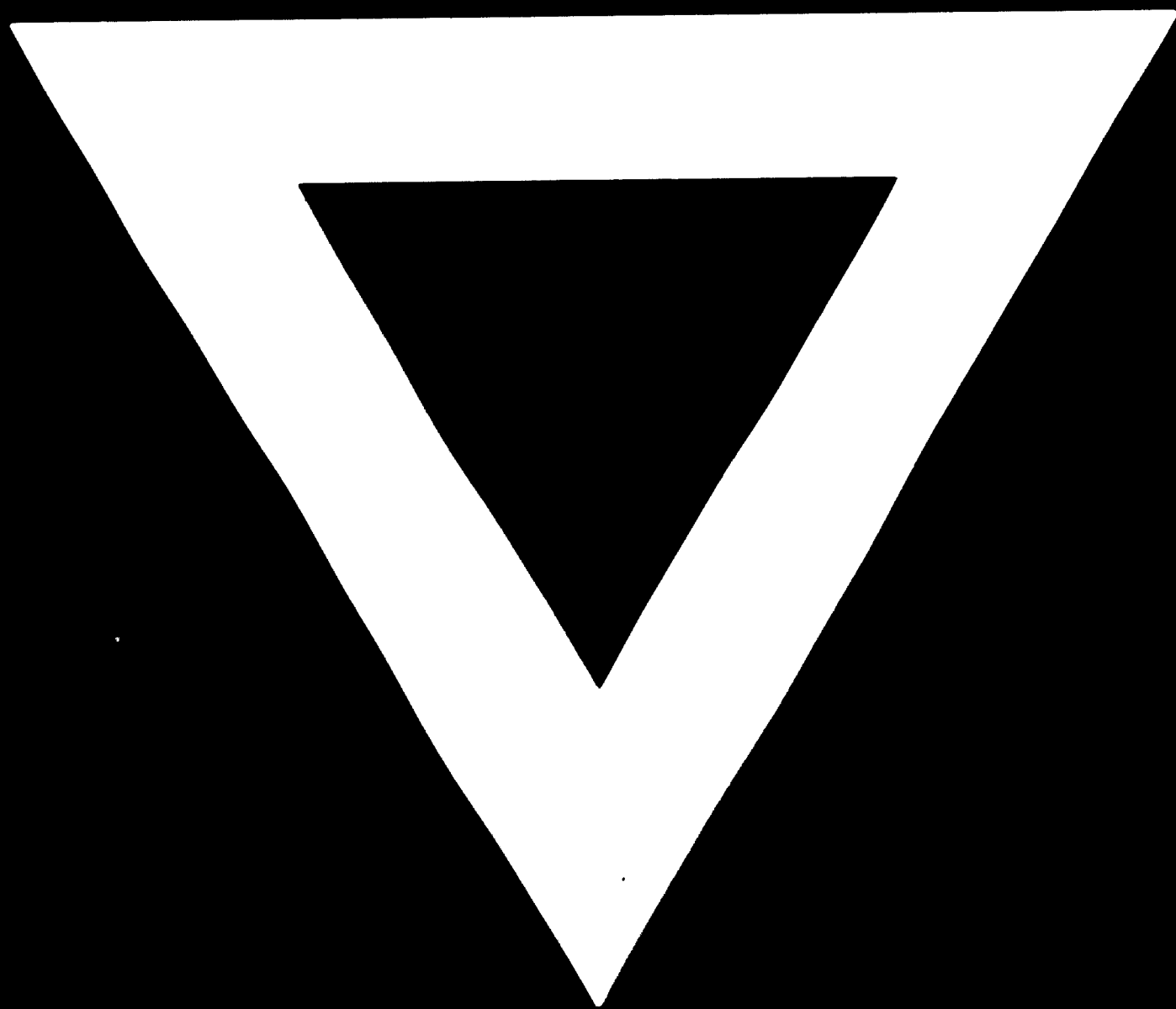
The ISBI has assisted developing countries, by providing staff facilities, sending savings bankers to initiate and augment projects in developing countries, and by organizing meetings aimed at increasing know-how in the field of savings mobilization. This work has been carried out in cooperation with the United Nations, public development assistance agencies such as SIDA in Sweden, CIDA in Canada, ISBI's member national savings banks associations, and other organizations. Cooperation from such organizations has been indispensable and will continue to be so for future international assistance for the benefit of less developed countries.

The ISBI recommends that the UNIDO and its member governments encourage development of savings institutions such as savings banks, which are more responsive to daily needs of their clients and which are oriented towards the savings and credit requirements of small savers. With their mutual or non-profit character, savings banks offer an ideal structure for such development. One of the means of achieving this objective is to draw the attention of UN resident representatives in the LDCs to the importance of strengthening savings banks, who can then give urgent consideration to the requirements of governments in the field of savings mobilization. UNIDO would also facilitate the task of NGOs if it underlines the importance of related matters such as savings mobilization when considering a package industrialization project in LDCs.

ISBI is a non-governmental organization with members in 53 countries, where more than 3,000 affiliated savings institutions account for over US\$ 400 billion in deposits. As an international clearing centre for the exchange of experience, ISBI is the representative of the world's savings banks at the international level. ISBI is a centre for information on all facets of savings banking and finance, including legislation, taxation, services, competition, management, staff training, organization and automation. It promotes practical business relationship among savings banks' organizations and one of its principal objectives is to help the development of savings banking as well as the propagation of the idea of savings throughout the world. From its headquarters in Geneva, ISBI co-operates with governments and other organizations on all continents.



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