

Text of Speech by Francesco Vanni d'Archirafi, CEO/Citi Holdings

Thank you ...

I believe we have a real opportunity before us – both to reduce poverty and tackle the appalling problem of youth unemployment which confronts us. I believe that seizing that opportunity requires three things: engagement, education and empowerment.

- By engagement I mean moving the remaining two billion people who are currently stuck in the cash economy to become engaged in the mainstream financial system.
- By education I mean not only basic literacy and numeracy but work-related training.
- By empowerment I mean equipping young people with the skills, the knowledge and the self-belief to access the economic opportunities open to them and, if they have it within them, to start their own business ... in other words, raise their ambitions.

My perspective is coloured by my various roles. The programme note describes me as an officer of Citigroup – which I am – but that is only one of the hats I wear here today. I am also an individual and a father, with a keen interest in the future of this planet – not only for my own children, but for all young people. As an individual, I am in accord with the social doctrine of the church that we each have a responsibility to help the disadvantaged, to be men and women for others.

The third hat I wear is very pertinent to today's discussion. I am a volunteer. I chair an organisation called Junior Achievement Worldwide, a global NGO which works to instil financial literacy and business acumen in young people and foster the entrepreneurial spirit that is latent in so many. I will return to Junior Achievement in a moment.

First, let me briefly talk about the challenge of engagement – of getting the world's poorest into the financial system.

There are still around two billion people with no bank account, with no real means of accessing credit or managing to save effectively, and with no way of participating in the modern economy. Being cash-dependent makes poor citizens more vulnerable and limits their opportunities. Evidence shows that once you get people *into* the financial system they do better ... their families do better ... and their communities do better.

This is an area where the banks – for all their faults – can make a big contribution. So what are we at Citi doing about it? We are building a new generation of scalable services and smartphone technologies that expand access to financial services in low-income communities. We are already part-way there with our support for the M-PESA money transmission network, which started in Kenya and has since spread to many other parts of the world. People can store and transmit money on their phones. A study of more than 2,000 households in Kenya, funded by the Gates Foundation, found that M-PESA users were better

able to absorb shocks such as illness, job loss or harvest failure without any reduction in household consumption.

We are also working to digitise payments in other ways, too. We helped to launch a coalition of public, corporate and NGO partners, called the *Better Than Cash Alliance*, which now has commitments from 16 governments.

Now you can call this enlightened self-interest from one of the world's leading banks. It is. But we are acting with real purpose and determination in this area because we have what our CEO, Michael Corbat, has described as a 'unique capacity' to make a difference. We may not be the world's biggest bank but we are the most international. We have a presence in more than 100 countries. We have exceptional reach ... and the technological skills to make that reach effective on the ground.

We support more than 40 microfinance institutions in 25 countries. That has helped reach around one-and-a-quarter million entrepreneurs of whom ... importantly ... 92 per cent are women. All the evidence shows that, if you support women's endeavours, it is more likely to impact their family and community. And women employ other women. Microfinance opens the possibility of escape from grinding poverty and with it a sense of dignity. I can promise you Andreas ... there are dozens of success stories here.

The story doesn't end at the micro level. Take Peru. There are around one million micro-entrepreneurs funded through 12 municipal savings banks, called 'CMACs' (Cajas Municipales de Ahorro y Credito). As Peru's economy has expanded so have the needs of these micro-entrepreneurs. Citi has helped to integrate the CMACs into the international trade market. As a result, their customers can now send and receive international money transfers and use import or export letters of credit and collections.

Through the Citi Foundation, we also provide grants not loans. In Latin America, some of those grants go to fund business and financial management training to microfinance beneficiaries. Again, we focus on female small business owners in the main. In another example, the foundation is working in partnership with the non-profit organisation TechnoServe across five countries in Africa. We are supporting young urban entrepreneurs, largely women and girls. The programme delivers training in business skills, mentoring support and access to markets.

Another initiative is a programme called 'Pathways to Progress', which the Citi Foundation launched in 2014. Pathways is aimed at young people across the globe. It helps them develop an entrepreneurial mindset, acquire leadership, financial and workplace skills, and get their first job. The initiative began in the US with a three-year commitment to invest \$50 million to reach 100,000 young people from low-income families in ten cities. To date, Pathways has delivered more than 325,000 hours of mentoring, enabled nearly 4,000 young people get a summer job, and facilitated the start of 70 small businesses.

Again, this is not just about doing the right thing but acknowledging that the future competitiveness of urban centres and the prosperity of many economies around the world hinges on ensuring positive economic outcomes for young people.

Which leads me on to my role as chairman of Junior Achievement Worldwide.

What is Junior Achievement? We provide students and young people with experience-based learning in financial literacy, work readiness and entrepreneurship. We have more than 450,000 volunteers delivering these programmes in schools, in after-school sessions and in places where we can reach vulnerable kids that have dropped out of school. And we reach a staggering 10 million young people a year in more than 100 countries. We are the biggest youth services organisation in the world. But we are also one of the best-kept secrets in the world of NGOs.

Junior Achievement – or ‘JA’ - starts with the basics of financial literacy ... and we then go on to introduce middle and high school students to the work environment. But our flagship is the Junior Achievement Company Programme. This encourages students to create real companies as a school project. Time and again the programme uncovers remarkable people and remarkable achievements. It has a knack of bringing out qualities in young people that they never knew were there.

The courses are life-enhancing and in some cases life-changing. Our studies show that about 30 per cent of our students go on to run their own business – that is five times the average number.

We do all this through partnerships with leading companies. Half a dozen, Citi included, provide the lion’s share of the funding ... and the volunteers to make Junior Achievement work. Citi has 60 executives serving on different JA boards and provided around 2,000 volunteers last year.

Junior Achievement fosters entrepreneurship, which is itself positive for society. It leads to self-sufficiency, creates employment and sparks economic growth. But we also have specific social enterprise programmes to encourage students to come up with ideas that will help solve problems in their community. Let me give you some examples:

- Students in Greece created a social enterprise called BeLIVE. It allows people in danger to send an SOS message using a special device.
- In Sweden, four boys from Iran and Afghanistan set up a mini-company making iPad covers out of old jeans. They competed at the National Company of the Year awards, involving more than 200 companies, and were runners-up in the Best Business Plan segment. Today, one of these students has started his own company.
- In Egypt, a team of students used a \$7,000 grant they got from winning a Junior Achievement best business idea award to set up a business to recycle electronic waste, which can be very hazardous. Motivated to build a ‘green’ business, they now recycle

30 tonnes of materials a month, employ ten people full-time and a further six part-time and have big plans for expansion. All this came from a Junior Achievement start-up programme for university students.

Our experience is that young people are hungry for this kind of investment.

Last year, the Citi Foundation funded a study by the Economist Intelligence Unit involving more than 5,000 young people aged between 18 and 25 in 35 cities around the world. One big theme emerged: more than three-quarters aspired to work for themselves or start their own business. This was not just in Asia and Latin America where such aspirations may be viewed as the cultural norm (the figure in Latin America was 89 per cent) but in more developed parts of the world too.

To do this successfully, they said they needed three things:

- Capital ... of course ... which is where microfinance plays its part;
- A skilled team;
- And mentoring and guidance

These are not magic ingredients ... but the challenge is to deliver them on the scale that will make a difference. That requires more public-private partnerships between investment agencies and banks, making it possible to share risks and get capital to financial institutions that will on-lend it to small and medium-sized companies. It requires a will and a determination among the leaders of global corporations, regional and local governments and non-profit organisations to focus more of their resources on training for the world of work. And it requires individuals ... each one of us ... to volunteer our own skills and know-how, and be prepared to get our hands dirty in the development of our young people.

Thank you.