

# DICONSA: FINANCIAL SERVICES FOR THE RURAL POOR GRANTEE PROFILE

## GRANT SUMMARY

**Grantee:** Diconsa  
**Amount:** \$3,584,983 (U.S.)

**Regions Served:** Mexico  
**Grantee Location:** Mexico

**Purpose:** To improve access to affordable financial services in rural Mexico through a series of pilot programs.

Most of Mexico's rural poor live far away from banks and financial institutions, making it difficult for them to gain access to basic financial services like savings accounts, loans, or insurance. Lack of basic, quality financial tools makes it even harder and more expensive for poor households to manage their money for daily living, to invest in opportunities like education, or pay for unexpected expenses.

A new pilot program is exploring ways to make vital, affordable financial services available to Mexico's rural poor at a place much closer to home: their local convenience store.

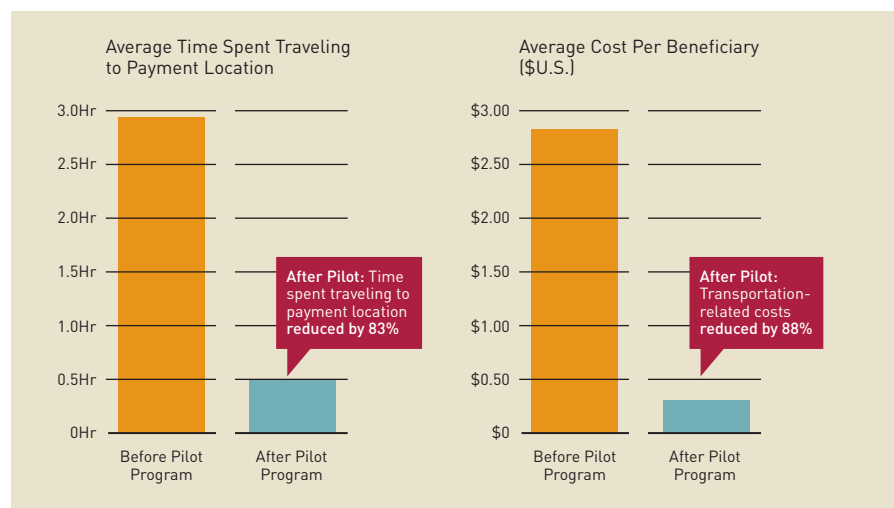
Diconsa, a Mexican government agency, manages a network of more than 22,000 community-owned stores, which sell food and other necessities in remote areas where some of the poorest Mexicans live. Diconsa believes the stores could also serve as a powerful platform to deliver social welfare payments and savings accounts to rural poor people.

To test its idea, the Mexican government, supported by the Bill & Melinda Gates Foundation's Financial Services for the Poor initiative, launched a pilot program in November 2008 to deliver government cash benefits, primarily Oportunidades payments, through Diconsa stores. Oportunidades payments are collected by an estimated 5 million poor Mexican citizens—including 60 percent of rural families—at distribution centers located mostly in urban areas. While

this is usually easier for those living in cities, beneficiaries in remote areas are often required to travel long distances to collect their cash payments. For many, it is a costly journey that lasts a full day.

The pilot program, which started with six test sites, has shown immediate benefits for both recipients and Diconsa store owners. Instead of traveling many miles to collect their payments on a fixed day, beneficiaries now have the convenience of picking them up minutes from home on any of five days during a designated distribution week. According to surveys, beneficiaries—typically women collecting payments on behalf of their families—reported that the new payment system saves them, on average, three to six hours of travel and \$3 (U.S.) in travel costs.

## IMPROVING ACCESS TO FINANCIAL SERVICES IN MEXICO



Source: Interviews conducted during Oportunidades payments and in Diconsa stores.



Diconsa store owners have benefited from valuable training to teach them how to operate the payment system. They also noted increased sales because of the added foot traffic to their stores by beneficiaries.

To roll out the program in all rural areas, Diconsa now needs to install Internet service and telephones in many of its stores to support point of sales devices, which manage payment distribution and enable shopkeepers to confirm the identities of beneficiaries using thumb scans and biometrically-encoded smart cards.

The aim is to expand the program to let an estimated 3 million rural families collect their benefits payments at Diconsa stores. At the same time, the Mexican government plans to explore partnerships with financial institutions to start offering savings accounts through Diconsa stores, giving clients a place not only to collect their payments but also to save and withdraw their cash as needed for expenses and investments, make payments, and gain access to other services.

Guided by the belief that every life has equal value, the Bill & Melinda Gates Foundation works to help all people lead healthy, productive lives. In developing countries, it focuses on improving people's health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, it seeks to ensure that all people—especially those with the fewest resources—have access to the opportunities they need to succeed in school and life. Based in Seattle, Washington, the foundation is led by CEO Jeff Raikes and Co-chair William H. Gates Sr., under the direction of Bill and Melinda Gates and Warren Buffett.

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