



Erste Group Bank

AUSTRIA

FUNDING

Policy objectives are most often multi-disciplinary and multi-stakeholder. It takes a variety of stakeholders in order to meet policy goals in a sustainable way. Erste Group Bank is one of such stakeholders, which has been contributing to EU-wide policy goals, especially those stated by the EU Programme for Employment and Social Innovation. These goals include promotion of employment, social inclusion and social innovation.

Erste Group Bank is playing its role in Austria, Slovakia, Czech Republic, Croatia, Hungary, Romania and Serbia. Founded in 1819, it serves more than 16 million clients across 7 countries and is one of the largest financial institutions in Central and Eastern Europe.

Over the past years, Erste Group Bank has implemented under the umbrella of Social Banking a number of initiatives in order to improve access to finance for vulnerable segments of the population, foster the development of social organizations and enable job creation and entrepreneurship. Its main initiative is the Step-by-step programme.

Main programme

Step-by-step programme, is a cornerstone initiative by Erste Group Bank that targets three main objectives: improve financial inclusion of low-income individuals, promote job creation and self-employment through entrepreneurship, and foster the growth of social organizations.

Problem being addressed	Target clients and outcomes	Financial support through tailored products	Non-financial support through network of local banks
15 million people at risk of poverty or social exclusion in Erste countries (almost 30% of adult population)	Low-income individuals in order to promote financial inclusion	Current and savings accounts Insurance Purpose loans (housing, debt restructuring)	Financial literacy Mentoring on budget management
High unemployment, especially of young people (e.g. Serbia 30%)	Starting entrepreneurs in order to support job creation	Access to loans (favorable conditions, microfinance) Favorable current account and payments services	Business training e-learning tools Mentoring sessions Networking
Underfinanced, grant-dependent social sector	Social organizations (NGOs and Social Entrepreneurs) in order to enable scaling up of their services to society	Working capital loans Bridge loans Investment loans	Capacity-building Mentoring sessions NGO Academy Accelerating programs

Implications

In August 2016, Erste Group Bank has expanded its financial services to entrepreneurs through the support the EaSI Guarantee Scheme.

As a result of this scheme, Erste has been able to provide micro loans for starting and rural entrepreneurs and loans to social entrepreneurs, which are contributing towards meeting the future goals of the bank in this segment. Overall, Erste is expanding its loan provision via Social Banking reaching 100 million EUR of disbursed loans by the end of 2017.

Eligibility for such loans include for example:

- Individuals that are unemployed or at risk of losing their job and are looking to create their own business (become self-employed) or any other starting entrepreneur with no access to standard bank financing creating at least 1 job.
- Social entrepreneurs and social organizations that look at growing their activities and solutions in the areas of labor, health, social care, education, environment or culture.

The EaSI support is contributing to a wider and improved access to finance from traditionally excluded segments – starting entrepreneurs and social organisations/ Social Enterprises. However, despite the increase in the availability of funding, a number of challenges remain well rooted within the client segments and geographical locations served by Erste.

The low-level of financial literacy and financial management capabilities among the client groups is one of the main challenges, which is being mitigated by Erste Group Bank through non-financial support in the format of financial education programmes, mentoring programmes, capacity-building and business support services. To scale up these services to cover all CEE and Erste countries more EU support would be needed (e.g. EaSI capacity building grants). In addition, as there are currently no support programmes on EU level for low-income private individuals (e.g. guarantee provision), it is almost impossible for Social Banking to provide services and financial support to this vulnerable segment: Current examples are a) building low-cost houses (e.g. housing opportunities for ROMA population) b) having access to cheap rental apartments c) getting social loans for house improvements (e.g. energy efficiency) d) getting out of over-indebtedness (e.g. debt advisory center).

The Step-by-step initiative is a core part of the strategic agenda of Erste Group Bank in the area of Social Banking. The rollout of this programme across all core countries of Erste – Austria, Czech Republic, Slovakia, Hungary, Croatia, Serbia and Romania – will be completed by 2019.

By then, Erste's contribution to EaSI's policy goals is not short of ambition. Clear objectives have been set: 5,000 jobs enabled, 500 social organizations financed and 25,000 low-income individuals financially stabilized.

More information

For more information about the Erste Group Bank, please visit the following [link](#)

For more information about EaSI policy goals, please visit the following [link](#)

Track record of Erste Group Bank

Program for starting entrepreneurs:

- 1000 clients
- 11 million EUR in loans
- 2,000+ jobs created

Rural microfinance in Romania:

- 9.000 microloans
- 64 million EUR in loans

Program for social organizations:

- 220 financed organizations
- 22 million EUR in loans
- 1,000+ final beneficiaries

Program for financial inclusion:

- 15,000 clients
- 350 volunteers
- 30 social organizations