



An Empirical Risk Assessment of Savings Groups: Main Findings and Implications for Facilitating Agencies

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MODERATOR

Ashley Wheaton, *Co-facilitator, Savings-Led Working Group, The SEEP Network*

SPEAKERS

Courtney O'Connell, *Senior Program Advisor, Savings for Life, World Relief*

marc bavois, *Senior Technical Advisor, Microfinance, Catholic Relief Services*

QUESTIONS

Q: As per your data, active SGs seem to have multi-membership members than inactive SGs. So at this point, can multi-membership be considered as a determinant of survival?

Ashley Wheaton: The data for members of multiple groups is for active groups only, so based on the available data this conclusion cannot be drawn.

marc bavois: Multi-membership can give rise to cross-group borrowing, which is associated with default, which is itself associated with group dissolution.

Q: When analyzing member-level data, would it be more telling to use percentages as opposed to numbers? Are all groups approximately the same size?

AW: Unfortunately data on group size was not collected. But yes, most groups are around the same size (approximately 20 members).

Q: What is the state of play developing consumer protection initiatives for Savings Groups – within SEEP, CRS and World Relief

AW: SEEP aims to mobilize evidence and knowledge and engage stakeholders towards the development and application of effective consumer protection practices. CRS and World Relief are currently reflecting on the findings of the risk assessment in order to identify ways to respond to the risks that they feel are of greatest concern to the groups they work with.

mb: CRS has taken the following steps following the study (including responding to risks not mentioned during the webinar, but documented in the report):

- Significant changes in savings policies and how savings practices are introduced to members, in order to increase savings flexibility and reduce dropout / group dissolution.
- New section of the FA Guide on cash safety and cash management
- Clearer guidance on the importance of holding regular, secret-ballot elections

CRS is still in reflection concerning higher-cycle interactions between groups and trainers, since it is generally higher than what we would want it to be, yet we have also seen that lack of trainer support is associated with group dissolution.

Q: How did you reach this many groups in the survey? Group visitation can be quite time consuming.

AW: A team of enumerators in each country visited groups individually. The surveys took around 45min to complete and were carried out over a period of around 3 weeks.

Q : Pour prévenir les impayés, comment vérifier et s'assurer la solvabilité d'un membre? Est-ce possible d'avoir une liste des personnes avec des crédits en cours au niveau d'un village? Au niveau des autorités locales?

AW: Interesting idea. We did not come across any such records at the village level. Some groups mentioned finding out as much as possible about new members, but as far as we know they did not have access to any type of credit history.

Q: Are there examples of groups who were dismantled restarted later again? And if so, why did they start again and did they do things differently?

AW: No such examples emerged within the study.

Q: Did the survey compare the quality of groups and risk of disintegrating for groups that had literate secretaries and for those that had not but had to depend on village agents for support in records keeping?

AW: The survey did not assess the literacy of secretaries so this analysis has not been done.

mb: There were, however, questions aimed at determining whether non-MC members could independently interpret their own records, or sample records.

Q: From this risk assessment, is financial inclusion through savings and loans fully effective in reducing the poverty cycles of women groups or are other components needed in these programs?

AW: This question cannot be answered using the data from this risk assessment. The scope of the study involved looking at risk in terms of how groups operate, and not at their impact on poverty levels.

Q: The default reported by groups from Tanzania at 94% is quite high. Any insights as to what could have led to such alarming levels of default, could it be something systematic?

AW: The most likely reason is that the groups in Tanzania were, on average, quite a bit older. The longer a group operates, the more chances there are that a member may default on a loan.

Q: What are the reasons why theft in Burkina Faso is way above?

AW: Loss as a proportion of the previous share-out is much higher in Burkina Faso as a result of one group that had saved much more from one cycle to the next and had experience a theft in the latter cycle. As a result the loss was almost twice the total value of the share-out from the previous cycle.

Resource Links

An Empirical Risk Assessment of Savings Groups

<https://www.mangotree.org/Resource/An-Empirical-Assessment-of-Savings-Groups>