



A Global View of Linkage: Reflections from the State of Linkage Report

17 February 2016



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Agenda:

Report Overview and Key Findings

Brendan Ahern, Senior Associate, Bankable Frontier Associates

Matt Wilson, AVP, Global Community Investment, Barclays

Barclay's Financial Inclusion: Experience working with savings groups

Melch Muhame Natukunda, VSLA Products Manager, Barclays Uganda

Joseph Fetaa, Assistant Vice President, Retail Assets & Customer Value Management, Barclays Uganda

Linking Savings Groups to Financial Institutions – Perspectives of the MasterCard Foundation

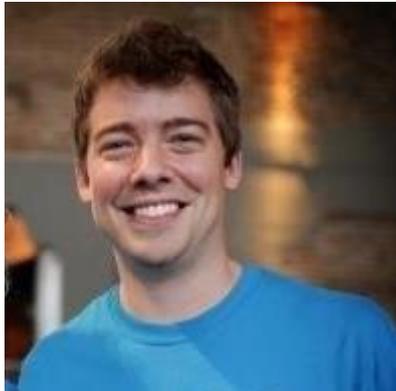
Prabhat Labh, Program Manager Financial Inclusion, The MasterCard Foundation



Report Overview and Key Findings



Brendan Ahern
Senior Associate
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Matt Wilson
AVP, Global Community Investment
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The [State of Linkage Report](#) provides, for the first time, a global mapping of linkage activity – the process through which informal savings groups are able to access products and services from formal financial service providers (FSPs).

The report identifies where linkage is taking place, the organisations that are currently offering group savings and credit products, and the kind of products being offered.



Top-Line Findings

The State of Linkage Report identifies 106 active savings group products offered by 95 financial service providers across 27 countries. A review of these products shows that:

- 1 (East) Africa is leading the way**
 - More than 60% of the savings group products are found in Sub-Saharan Africa
 - Nearly half of all group savings and credit products available in Africa are found in just three countries: Kenya, Uganda, and Tanzania
- 2 Retail banks are playing a significant role**
 - 9 in 10 group products are directly linked to a bank or MFI product of some kind
 - Two thirds of products are owned by a retail bank
 - Linkage appears to be driven almost entirely by banks operating at a local or national level
- 3 Products are savings-led**
 - Most of the products available to groups are basic savings accounts that impose zero or minimum account fees and opening balances
 - There are 41 credit products in total, but only 13 do not require groups to have a savings account
 - Only 5 insurance products
- 4 Only 12 products of the products identified in this report are linked to a mobile money product of some kind**

Barclays Financial Inclusion:
Experience working with savings groups

Melch Muhame Natukunda, Product Manager

17th February 2016 – SEEP Presentation





Barclay's Financial Inclusion: Experience working with savings groups



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Assistant Vice President, Retail Assets & Customer Value
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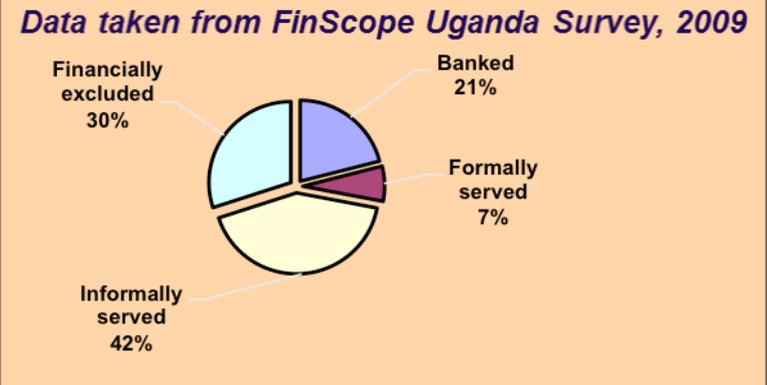
VILLAGE SAVINGS AND LOANS ASSOCIATIONS



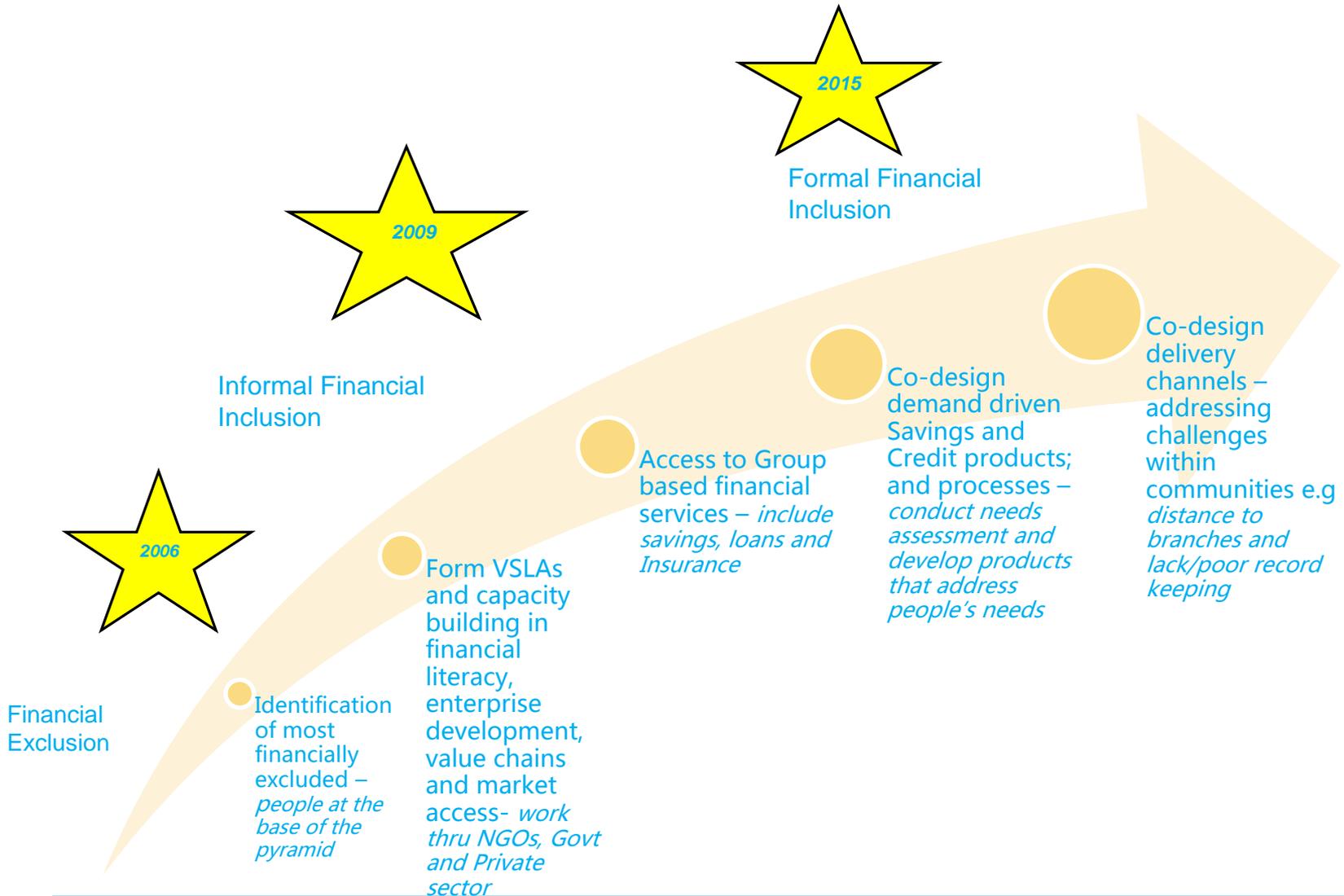
Self-selected, member owned association (usually unregistered) people, mainly women, who contribute their savings into a pool fund from which members can borrow. The money is paid back with interest, enabling the funds to grow.

VSLA Product attributes:

Loans, savings, micro insurance



Financial Inclusion thru Private – Public Partnerships



VILLAGE SAVINGS AND LOANS ASSOCIATIONS

VSLA Challenges

1. Everything in the group methodology revolves around paper journals which are physically kept in a box (savings strong box). This is prone to risks of loss, theft and inaccessible by the bank to readily assess group credit worthiness for a credit decision.
2. Need for security while moving with large sums of money to and from the bank – mobile wallet solution will address this.
3. Transparency amongst members is still an issue especially during cash transition to and fro the bank – instant SMS notification to members will address this.
4. Continued collaboration with other relevant stakeholders like governments & NGOs to expand access.

Proposed Solutions

1. Ledger Link which basically works as a mobile based tool that runs on Android system. This is used for tracking and recording data.
2. Group Secretary captures data during the meeting, its verified and sent to the bank.
3. E-keys is the other solution which basically works as a mobile money solution that facilitates secure account transactions via a mobile network operator (MNO).
4. One Group member travels to a mobile money agent while the other 2 members authorise transaction wherever they are.
5. Deposit is made on the group e-wallet account and SMS notifications sent to the 3 group members.
6. Where a group wants to withdraw, group e-wallet account is debited and cash is dispensed by the mobile money agent and SMS notifications sent to the 3 group members.



Discussion and Questions...

Linking Savings Groups to Financial Institutions

- Perspectives of The MasterCard Foundation

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Linking Savings Groups to Financial Institutions Perspectives of the MasterCard Foundation



Prabhat Labh

Program Manager Financial Inclusion
The MasterCard Foundation

MCF Savings Group Programs aim to address following question

Are we reaching the right people?

- Adaptations for reaching the poorest and most vulnerable populations

Are we serving them efficiently

- Development of fee for service models for training, certification of trainers

How can the groups be more effective

- Link groups to Financial Service Providers to enable access to a wider range of services

Are we addressing the sustainability

- Financial Service Provider-led approach for savings groups and support to facilitated as well as indigenous groups

Barriers to linkage

- Poor and expensive channels. Bank branches are too far away.
- High cost of accessing banking services.
- Lack of awareness, trust and comfort.
- Capacity of facilitators and FSPs.



Addressing the barriers

Distance

- Agency banking, mobile banking and alternate channels

Cost

- Technology
- Product development

Awareness

- Financial Education, Linkage training

Trust

- Linkage principles, Savings Charter

Capacity

- Training/ workshop
- Linkage handbook

How we see progress on charter

Charter and Linkage principles are mandatory for Financial Service Provider to partner with the Foundation.

Positioning will be key. Charter has to be positioned not as something that is nice to do but something that will contribute to building of trust between FSPs and its customers and customer acquisition.

Experience sharing from the FSPs about how they have gone about integrating the charter principles in their day to day operations is required.



Thank you for your participation!

The Linking for Change Savings Charter

Sets out international principles for effectively and responsively linking informal savings groups to formal banking products and services.

- 1. It's a win-win investment that brings social and economic rewards**
- 2. Banking the poorest is possible**
- 3. It starts with savings**
- 4. People come first**
- 5. Financial education matters**
- 6. No one can do it alone**

For more information about the principles and other resources please visit the Charter website:

www.careinternational.org.uk/linking-for-change/