



Delivering Formal Financial Services to Savings Groups and their Members

Date: April 26, 2017

Time: 9:30 – 10:30 am (EST)

MODERATOR

Maude Massu, Independent Consultant, *IDO*

SPEAKERS

Ross Nathan, CEO, *Vision Fund Rwanda*

Hermann Messan, MicroLead Program Specialist, *United Nations Capital Development Fund*

QUESTIONS

Ross' Presentation

Why is product dev responsibility of the FSP only?

Maude: You are right, co-development is usually useful to ensure the product developed answers needs from both side. It would be interesting to hear VF's vision

Ross: I would agree that Product development is responsibility from both sides, Product development involves various stages as Herman presented, The VA's /NGO do contribute on the demand side requirements and needs. My comments were mostly technical as FSPs involvement is major with costs involved in developing product in Core Banking system, Consultants/Developers costs, Regulatory approvals where required, Pilot /Testing costs, Channel costs. etc.

What percent of Vision Fund is comprised of SG at this point? And it would also be interesting to learn 1) If SG members use the client complaint service and 2) what kind of complaints/feedback do SG members have?

Ross: We have nearly 40% of our clients in SG. 1) Yes, SG members use client complaint services 2) We use multiple channels, eg. Toll free line, training on customer rights, contact number of managers, compliant register.

We have had good feedback from Clients on our system and it has also encouraged transparency, clients feedback and greatly controlled frauds.

Is it always the case that SGs require linkages for loans? Or this is just a case of the products that VisionFund is legally mandated to provide? I am asking this in the context of many cases of SGs with surplus cash after lending and the value of lending to such SGs. Has there been an analysis of the loan uptake in SGs before and during the linkage phase?

Maude: Hi, those are general answers, not for VF specifically. In some cases, SG only require linkages for savings. CARE has done some work on this, it seems to show that uptake of loans within the SG is higher once linked.

Ross: In our case, we offer both Savings and Loans, but loans is much in demand, due to many SACCOS in the country where they can park their savings.

From your experiences, what has worked well, group or individual linkages?

Ross: Group as of now

Maude: what is also interesting to consider is the % of group members who do manage/decide to become an individual client (usually on top of staying a group member as it doesn't offer the same advantages).

What makes a NO qualify for a Vision Fund Support?

Ross: Sorry what is a NO

National Office (NO)

Ross: Haha you know about VF...we have a great partnership with World Vision Rwanda and they link their matured groups to us and also provide us with capital

Thanks for answering that question on which level you link at. When you link at the group level, have you seen any issues with interrupting the dynamics of the existing savings group because this new lending product to the group from an external organization? Has it disrupted savings activity? Also, I'm assuming the linkages need to exist because the group can no longer provide the capital demanded/needed by the

group members. Do you have a sense of how much larger the loans are to the group than what was provided previously by loans given within the group?

Ross: We did develop a cost of Acquisition and sustainable loan size is around \$1200 for the whole group. Groups can afford up to \$30-100.

We work closely with VA's to continue assist us with Group dynamics issues with external debt to the group up to certain time, also the Village Agents trained by the NGO/VA continue to provide support.

What countries Vision Fund MFI operates in? Are there other countries other than Rwanda where vision fund operates?

Ross: Yes, we are in 40 + countries, in Africa, we are in Zambia, Tanzania, Malawi, Uganda, Ethiopia, Mali, Ghana, Senegal, Kenya, Rwanda, DR Congo

Ross what is the current number of clients being served currently?

Ross: around 15K as of now with more than a \$1.2 million+ disbursed as loans

Is there any link between VisionFund savings groups and other project by World Vision, such as water projects, in a country?

Ross: Yes, we do use this model for Wash and Small Holder farmers' loans

It will also be interesting to learn more about the FPS who started facilitating SGs themselves...do you see this happening?

Ross: We tried but could not sustain the cost...it best NGO's do it to a level of maturity.

Hermann: UNCDF supported several FSP that are engaged in the SG facilitation successfully and near to no subsidies but the approach is that they reach out to new and existing SG with no criteria on who is the facilitator NGO, they also use mass media to have a broader reach; finally, they have a concentric approach with an intense focus on one community/district before moving to a new community.

Hermann and Ross, are there any plans for you to stretch to Sierra Leone?

We do not have as of now...but you will never know.

Hermann's Presentation

Are linkages most commonly being used at the group level? What types of products are being tested already or are thought to be most applicable to Savings Groups? What are examples are common customized products mentioned in learnings?

Ross: We link at the group level and also in individuals where we have savings branches. We have tested Small business group loans, School fee loans and we are planning to test Well being loans such as Loans to build toilets/proper sanitation/bicycles/ clean flooring/Home renovation/ and we also want to try and reach out to Refugees with this methodology.

Hermann: Linkages are done first at the group level and in a second phase at the individual level in our experience.

Are the members of Vision Funds' SGs exclusively women? (Same Q for MicroLead)

Ross: No, for both, although we give importance to women and 70%+

How essential are wholesale credit products to ensuring the sustainability of linkage for the FSPs?

Ross: You need to work on cost acquisition, and work on cost effective delivery channel. And depends on Financial Eco System of your country too.

Hermann: We are cautious on focusing on wholesale credit to avoid destroying the group dynamics and to keep a focus on consumer protection principles and avoid early over indebtedness; once SG are mature enough to receive whole sale credit, that could be considered but I would strongly advise to consider added services such as payment facilities that could enhance the business case for the linkage instead of only factoring in traditional savings and loans services.

Have you heard of any group based digital finance products that allow for savings then transactions from that account? If so, what measures are in place to ensure the money is handled securely between the group members?

Hermann: We worked with Fidelity Bank in Ghana that implemented a single group account for savings and transactions. The account rides on Fidelity's traditional product leveraging on the digital finance capabilities of the bank. Agency banking allow seamless transactions through the network of agents that the bank is patiently deploying. Challenges have to do with technology, connectivity and rural agents' liquidity challenges.

For all panelists: Financial education has been mentioned as essential, but evaluations of financial education show a mixed record in terms of impact. How much effort do FSPs make to develop/select appropriate curriculums, and assess their impact?

Ross: There is a good guide in the SG handbook of SEEP.
<http://bit.ly/2pCTIQr>

Hermann: Because FSP are usually not aware of the peculiarities of the SG target, they need support in developing curriculum in that regard. However, the involvement in the same leveraging on guidance and resources available such as SEEP's SG handbook is essential in maximizing impact and relevance for both stakeholders of the linkage.

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Ross: I did hear of 3 pin technology developed by airtel Uganda...but still a challenge in other countries

Hermann: Some of MicroLead's partners developed the 3-pin technology in Tanzania but it was too challenging to implement especially as it required a new process at the agent level. Several partners are now using the traditional product only that the PIN is split between two leaders of the groups and the chip is held by a third leader.

For MicroLead-how many of the FPS will integrate SG linkage into regular service offering once MicroLead support ends? If you know...

Ross: We at Visionfund are doing it as a business strategy-with or without support.

Hermann: Over 80% of the partners who engaged in SG linkage are already deploying into across their branch network; the remaining 20% are making adjustment and twist but remain committed to move it beyond the pilot stage.

Have either VF or Microlead used human centered design tools in their market research and product design/prototyping?

Ross: No, I did not but interested in this.

Hermann: We used HCD with one partner in Uganda and that yielded a very interesting outcome. A case study that documents that experience will be released soon.

The technology question is very interesting...would be great to hear more, maybe as a follow-up to this webinar. For what aspects of SG linkage has technology worked well (record keeping, 3-pins, balance inquiry, etc.) and which aspects are still a big challenge?

Ross: We have a full-fledged Mobile banking and electronic wallet/push and pull technology but the uptake has not been encouraging given what we spent. But it is future and needs support and commitment from Country Financial Eco Systems actors

Hermann: The technology is one side of the equation but the business model and the business case need to be right to make the whole mechanism works.