



Digital Savings Groups for Scale, Sustainability and Impact

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Time: 9:00 – 10:15 am (EST)

MODERATOR

David Panetta, *The SEEP Network*

SPEAKERS

Karen Vandergaag, *CARE USA*

Saqib Nazir, *Emergent Payments*

Shema Steve, *Exuus*

Mark Reilley, *Pact*

QUESTIONS

Q: How adaptable are solutions such as Chomoka to variations of the VSLA methodology? Can such a platform be tweaked and customized or do we need to develop our own platform?

Karen: Chomoka allows a certain amount of customization for variances by country or context. As we expand to other countries, we will do careful user and localization research to understand what needs exist in the savings group space in that market.

Q: How do you ensure inclusive digitization?

Mark: At Pact, our WORTH program is aimed primarily at women and adolescent girls for whom we provide literacy, numeracy, entrepreneurship and technology training; we also translate the app to local language and use a phone with bare minimum specs that works well enough but is also not very expensive.

Q: How were you able to handle the language barrier that makes all inclusive? How will those who cannot read and write understand their account statement?

Karen: Chomoka operates in both English and Kiswahili the local language here in Tanzania. We spent a lot of time to ensure that that language is appropriate and in the vernacular to which savings groups relate. For lower-literacy users, we are continually working to bring in audio and visual cues to support.

For those who cannot read, they are still able to receive their statement by SMS and users often rely on a friend or family member to help them to confirm figures and totals.

Mark: At Pact, some of our WORTH members come to us not even knowing how to sign their name but we provide literacy, numeracy, entrepreneurship and technology training; we also translate the app to local language and use a phone with bare minimum specs that works well enough but is also not very expensive. We have had most success with users who are comfortable with technology.

Q: Is Chomoka available in the public domain and is it independent of MNOs?

Karen: Chomoka is a proprietary CARE product, but we are very eager to engaging with other facilitating agencies to support Savings Groups more broadly.

Q: Is there a vetting process for the marketplace options in Chomoka? How do you ensure that the offerings are relevant for the group members?

Karen: Yes, we select marketplace vendors based on their product suitability and value offerings to savings group members.

Q: Does Chomoka run on Internet data or can it be done offline?

Karen: Chomoka operates without internet connection. It does require a smartphone for the user interface. The application can run without connectivity, but data back ups and member summaries are sent by SMS.

Q: CARE used to employ e-recording. Why did you stop with that – what does Chomoka offer that e-recording did not?

Karen: CARE has learned a lot through earlier experiences with eRecording and Ledger Links. A combination of factors led us to decide to build Chomoka. Chomoka operates with lower network requirements, a streamlined user interface, and has a business model to support our sustainability over the long-term.

Q: How are illiterate rural women able to use Chomoka?

Karen: We are continuously working to reduce the need for literacy to use Chomoka. The application minimizes text and relies heavily on visual, memorable cues to support trust building and digital literacy – even for low-literacy users.

Q: How will they continue their digital financial services after program support?

Mark: at Pact, we are just transitioning members from our pilot myWORTH program to a self-sustaining model. Many of our WORTH groups have sustained for years without support from us (which is the whole point) but we are working on the best ways to ensure the digital groups can be just as self-sufficient.

Q: How much does it cost a group to use Chomoka? Does it make group formation more costly than without digital?

Karen: Chomoka groups pay their local trainer for support in onboarding to Chomoka. They also purchase the basic smartphone required to run the application. As Chomoka scales through CARE and others' programming, we will aim to understand and quantify the cost implications of adding digital.

Q: Can you discuss Chomoka's engagement/partnership with financial institutions and your ability to offer financial services to their users?

Karen: Chomoka is in conversations with several Financial service providers to build connections to support Savings Groups' access to formal financial services. Currently, we are piloting with NMB in Tanzania to give groups and their members information and education to support their path to financial inclusion. Chomoka aims to give groups and members a competitive marketplace whereby users have digital guidance and support to select the financial service that is most appropriate for their needs.

Q: Do you provide the handset and the software for using Chomoka?

Karen: Groups purchase their own smartphone for their recordkeeping purposes. Chomoka can operate on the most basic smartphone, which can be purchased here in Tanzania for about \$45. Groups are willing to spend this collectively to access a tool like Chomoka.

Q: Have you tried using Chomoka with illiterate clients? How have you overcome constraints of costs of smartphone, network connectivity and MFI linkages?

Karen: We have not yet worked with a group comprising of only illiterate clients. We find that group members support each other, with the most literate taking the lead. We have worked in remote locations, and groups are satisfied with the app's ability to operate offline.

Costs of ownership is borne by the group, and groups have not expressed objection to purchasing either the phone or the airtime to operate, given the tradeoffs and benefits that Chomoka offers.

Q: Are DSGs a means to replace all hard documents?

Mark: At Pact we would like to go paperless due to the cost savings and the time savings but we always anticipate some groups using paper ledgers due to its easy accessibility.

Karen: Most Chomoka groups keep a hard copy ledger alongside Chomoka, particularly in their first digital cycle. This is part of their trust building process as they gain digital literacy. We expect that as confidence grows in the digital recordkeeping, groups will reduce their desire to have a paper copy.

Q: Is there a fear that the incorporation of DSGs would decrease the interaction and discussions from groups that are so important to creating mature, strong groups?

Mark: At Pact, in our 1-year pilot with 2000 members, we found cohesion to be stable. Members liked being able to participate and vote even if they were not in attendance. Using the app also saved time in the meetings that could be used for building relationships. They also built market and personal relationships by using apps like WhatsApp.

Karen: Early user reactions to Chomoka have shown that increases transparency of group operations and reduced conflict surrounding recordkeeping. Previous CARE research has shown that increased transparency in recordkeeping actually strengthens group cohesion and boosts attendance. Furthermore, Chomoka reduces the time that is required for the business portion of the meeting.

Groups appreciate the time savings that Chomoka offers, and some groups find that members are attending more frequently, as the time burden of attending is decreased.

Q: Who meets the costs of the Chomoka SMS?

Karen: The group bears the cost of SMS for Chomoka. Each meeting would require between 3-30 SMS messages. For most groups, the cost of this is less than \$0.25 per meeting

Q: Who pays the Chomoka agents?

Karen: Chomoka agents are trained by Chomoka to support groups to onboard to the Chomoka app. They then deliver this training on a fee-for-service basis to savings groups.

Q: What are the costs to use USSD for feature phones?

Q: Shema: what is the volume of credit amount available to beneficiaries. Secondly, who is the custodian of these savings – is it managed independently so that users can have confidence in savings?

Shema: 1. Our partner bank offers cash backed loans (Overdrafts). SGs are encouraged to block a small portion of their savings that serves as collateral while generating interest at the same time. There is no limit per se.

2. Yes, we manage SGs savings and SGs have direct access to their funds whenever they need it. This is formalised via both the app user agreement & privacy policy when they start using the app.

Q: Can this system be integrated with other existing MIS Excel Based systems (mostly used by CARE International) or SAVIX (Mostly used by World Vision)?

Q: What experiences do you have for working together with MMOs in these processes?

Q: For Exuus and Maximus, how many groups are using the solutions?

A: Today almost 200 groups with about 20 members per group.

Q: What is the key in getting FSPs (rural and commercial banks) to come on board?

Saqib: We put out an EOI and we got a lot of positive responses from all sectors of the banking ecosystems, including commercial banks.

Q: Saqib, are financial services (saving account or credit) part of the 'sell' to savings groups? What do they observe as the real incentive for the groups to use the platform?

Q: Considering that mobile wallets are still not linked up, is the collected cash stored in the group account? Who handles that? Is it a bank, and is the cash carried to the bank by the Community Agents?

Q: Does every group member need a smartphone for MyWORTH/Pact?

Mark: Our preference is that they do all have their own phone and are investigated models where a partner provides phones or members "pay as you go." We know that is not always realistic. We've

experimented with one shared tablet or phone per group which worked well enough but was a little time consuming. Preference is to have one phone per member.

Q: How do you think financial education can be tackled through the different innovations you are currently running? Is there a space for or appetite from investors to invest in this through technology?

Mark: At Pact, we do a lot of capacity development so our plan is to leverage existing content into a mobile e-learning platform with curricula, quizzes and certification.

Q: What sort of regulatory, technology ecosystem, government policy/procedures around AML/CFT need to be there in order to scale?

Q: I realize that most of the solutions as presented are pegged on mobile money as an engine for transfers. The challenge for me in Uganda is the MM costs are quite high and makes it unpleasant to the end consumers. So, what other options are in the pipeline for problem areas like this?

Q: Saqib, what are you doing to help savings groups in rural areas where the distribution of mobile agents is limited and the liquidity is low?