

Sustainable Savings Mobilization for Low-Income Women: Combining Personal Service with Digital Efficiency

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MODERATOR

Mary Pat McVay, Research and Knowledge Manager, *Opportunity International*

SPEAKERS

Jeff Abrams, Senior Associate, *Bankable Frontier Associates (BFA)*

Kwaku Acheampong, Corporate Planning Manager, *Sinapi Aba Savings and Loans*

QUESTIONS

Kwaku's Presentation

How do you define Sinapi's clients? As savers aspiring to start an SME or as entrepreneurs who are saving from their business activities?

In general, the mission target population is the "economically active poor." For Susu savings, the topic of this Webinar, this is the general population. People operating a microenterprise in identifiable marketplaces, sometimes workers in a larger business. The percentage of clients that are "rural" (which includes small towns) is 70% and the percentage who are women is 81%. However, Sinapi has been innovating in reaching deeper into rural areas using its mobile bankers (roving staff) in the Susu model. At the same time, when Sinapi the MFI re-branded as Sinapi Aba Savings and Loans, Sinapi developed and marketed services appropriate to more middle class customers and SMEs, in part to take advantage of the business opportunity for serving this population. A key commitment in mobilizing the savings of low-income clients is to safeguard that savings by managing a financial viable institution, and serving the middle class is part of this. In addition, Sinapi is currently in expansion mode on SME financing, to help fill the "missing middle" in the financial services market for SMEs that generate employment and stimulate the local economy. Opportunity International in Canada and the Knowledge Management team at Opportunity are pleased to be supporting this expansion, which will help us fulfill our global goal to create and support 20 million jobs.

What would be the other options in the area wherein the mobile bankers do not have internet service to all the mobile companies in the country?

Partnerships between financial services providers and mobile network operators is a significant challenge for financial inclusion. UNCDF's Mobile Money for the Poor program works with both stakeholders to develop models and find solutions to this dilemma. One of the causes for slower

then hoped-for role-out of digital solutions for Sinapi has been challenges in negotiating feasible terms with various MNOs – bearing in mind that different MNOs are stronger in some locations, and that networks have technical challenges from time to time. Because Sinapi established the paper-based system first, paper remains the back-up. In case of non-service for both MNOs on the phones used by mobile bankers, they always have paper receipts they can issue, and they submit these with the cash to the branch when their cash reaches a threshold amount, or at the end of the day.

Is the susu client from a different demographic or economic background than other clients? Are they from lower economic backgrounds? Are a higher percent female? How about rural?

Susu clients represent the "typical" but diverse, historic client base of Sinapi Aba: the economically active poor. However, by offering great services with Susu savings, Sinapi attracted a significant number of new clients to whom Sinapi is now marketing credit services. So, with Susu, Sinapi was able both to offer a new services (door-step savings accounts) to existing customers, but also to attract new customers in the same basic demographic group. (Note: Sinapi is in the process of systematizing "social performance measurement" which includes client poverty level measurement using the Progress out of Poverty (PPI) tool. As of now, this data is only available for pilot branches and is not representative of all branches.) As end 2015 • 51% of savings clients were previously unbanked; 85% women; 74% rural, meaning being served out of a branch located in a town, rather than the major cities in Ghana.

What is the cost of digitizing the mobilization process on the client at Sinapi Aba & Opportunity?

The investment cost in this situation is hard to estimate, because it was bundled with a significant institutional transformation from MFI to regulated Savings and Loans company, which in and of itself required major IT upgrading/investment. In addition, testing different technologies and systems and learning lessons takes a tool that – when building on what other institutions have learned – another institution won't encounter.

One purpose of digitization is to reduce the transaction costs overall, thus impacting the financial viability of the savings and loans business. This is not a "pass the cost on the customer" situation.

Initially, Sinapi was charging Susu savers to receive sms alerts affirming that their deposit was made, but later Sinapi eliminated that charge as it was unpopular with customers who are very price sensitive. In effect, digitizing Susu with the use of POS's to mobilize and sending confirmations through SMS alert comes at no cost to the customer.

During the transformation process, how do you balance social and economic mission? What are the key challenges?

Governance is really the key to maintaining this balance: having equal top pressure in both directions.

I refer you to the case study @ www.opportunity.org/km for a very full discuss as this is the main theme of the transformation. One key is Sinapi's strong organizational culture of being a large, secure Christian family. Normally during transformations like this, there are significant staff layoffs. Sinapi laid off fewer than 20 employees. Instead, thanks to significant support from UNCDF and others, Sinapi re-trained and re-positioned staff. Sinapi views its staff as a significant

asset and the founders on the board and senior staff promote this perspective. (BTW: the current CEO – Tony Fosu - started with Sinapi as a loan officer.)

In addition, Sinapi Aba Trust, an NGO, retained majority ownership of Sinapi Aba Savings and Loans, and the individuals who invested equity were linked to Sinapi Aba historically. External capital came in the form of loans from “impact investors” – so the original founders maintain ownership and control, and they hold Sinapi Savings and Loans to the mission.

At the same time, there are challenges. When mobilizing savings, institutions are rightly held accountable to the Central Bank to safeguard the savings through multiple financial measures including running at a profit, maintaining the right cash-flow and equity, etc. At the same time, “know your client” regulations became more strict. These business and regulatory pressures required greater “stringency” with staff and clients. Some historic clients felt the change, felt that Sinapi had become less flexible than before – for example, whereas staff may have had some leeway in the past to grant a longer grace period in case of a client facing personal challenges – that flexibility is now more limited. Whereas NGO partners and donors may be willing to receive a report a week late, the Central Bank charges significant fines for every day a financial report is late. This enhanced stringency required an adjustment in Sinapi culture, which is symbolized and communicated to staff and clients alike by Sinapi’s change in dress code, which became more formal, in Sinapi’s updated logo, Sinapi’s new branch locations @ street-level, with visible signage, security, formal teller windows, etc. Yet, this increase in formality also came with the launch of Susu door-step savings so that all clients do not have to go to the more formal branch. So, these are some examples of how the balance played out, but fundamentally governance is key.

How much does it cost the client to digitize the mobilization process? Are the clients paying more now as compared to previous charges?

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In the Susu Model, you target mostly market women. Is there any age bracket of those women?

There is no particular target age bracket for the Susu Model. However, women within the working age of (25-65) patronize the product. We find that the biggest portion of the Susu book tend to come from middle aged women who are in their most productive ages.

Do women that have taken part in this intervention graduate to be banked? How do you oppose this model to the savings groups models like SILC or VSLA? So, Susu clients have a bank account. This was not emphasized in the Webinar, but is explained in the case study in the UNCDF manual. Can you provide a link?

First, Mobile Bankers help a client open a savings account. 51% of Susu clients (as of Dec 2015) were previously unbanked. So, it’s a great service for stimulating financial inclusion in that

sense. Sinapi is becoming acting in linking savings and loans groups to formal accounts now. This will help Sinapi reach deeper into rural areas. Susu is a great product for dense market situations – whether daily or more rural markets that take place on specific days of the week. Some savings and loans groups, however, are based in villages and engage less economically active women (and men). Sinapi is working with CARE and others to adjust the model to engage these clients. (Statistics comparing the demographics of people participating in these two different services are not available, unfortunately).

Link: <http://www.unCDF.org/article/2046/digital-financial-services-toolkit-1-use-mobile-as-a-tool>

How easy and cheap is setting up a Sinapi without grant funding?

Sinapi Aba Savings and Loans was established by Sinapi Aba Trust, an NGO with a deep history as the first microfinance institution in Ghana. Sinapi Aba Trust received significant grant funding over the years. As the microfinance portfolio grew and loans were re-paid these grants transition into equity, owned by the Trust. When the Trust establishing the Savings and Loan Company, this equity was transferred to the Company (which is owned primarily by the Trust). The transition required significant equity capital, so individuals then also invested in Sinapi Aba Savings and Loans. Grant funds were very important in the transition a) beforehand, to get ready and get approved by the Central Bank, and b) during/afterwards for IT investment, for staff training, for construction of physical branches (which require specific building materials and IT and safes, etc. c). Outside of Sinapi, grants were used by a range of stakeholders to support changes in the regulatory and operating environment that enable Sinapi to function well. So, I'm not sure what you meant exactly, but no it is not easy or cheap to set up a Sinapi. If you have an established savings and loans company ... to set up mobile bankers to offer a product like Susu is not expensive (without the technology). While it is not "easy," the manuals/guides provided by UNCDF will shorten the learning curve.

For some country contexts or levels of financial and digital literacy where we can have women doing savings and borrow less, how can FSPs like Sinapi Aba can meet the cost for investment with this technology in use?

I am not clear on the question, but some of the above responses may help. If your question has not been addressed however, please contact panelist Kwaku Acheampong directly (kacheampong@sinapiaba.com).

Jeff's Presentation

For a webinar titles "Savings Mobilization for low-income women," I don't think I've heard anything about women specifically. Could Kwaku and Jeff please talk a little bit more about the differentiated access/uptake of both the savings and lending services by women and men? And the gendered impacts resulting from Sinapi Aba's transformation from an MFI credit led institute to a more holistic financial services provider?

MPM: I think this was asked during the webinar. The basic message for reaching women from this experience is this: go to where women are, use the way of interacting they are used to (in

this case, the human engagement of a mobile agent, circulating in the marketplace, this was traditional in Ghana), do not expect women to adopt new technology they are not used to just to use your financial services, instead leverage technology on the “back-end” – support the mobile bankers and develop good internal systems for cash control – the only IT the customer experiences is an sms message confirming a transaction, and most of these clients are used to sms. (Although there are still some complaints that the sms is in English, or they don't want the sms because it enables their husbands to see their transaction. Sinapi is working on this.)

Thanks Jeff for the presentation. You have talked about the reduced cost (origination cost) due to digitization, how easy has it been to drive clients in getting digital? How far does susu collection go from urban to rural? How cheap is digitization for the client other than the Financial Institution (Sinapi)?

The only technology Susu savers use is receiving an sms message, which is free. Sinapi also offers cell-phone banking, which is a different service. Susu savers can use cell phone banking, but that was not the focus of this webinar.

Is the cost of borrowing calculation based on cost of borrowing against amount borrowed or the cost of borrowing divided by gross portfolio?

The cost of borrowing is the average interest rate paid on borrowed funds, applied to the outstanding portfolio.

Featured Resources

<http://opportunity.org/news/publications/knowledge-exchange/sinapi-conversion-ghana>

<http://www.uncdf.org/article/2046/digital-financial-services-toolkit-1-use-mobile-as-a-tool>