

Hosted by



A Global Learning Network

Markets that provide opportunities for all people to engage and prosper.

seepnetwork.org/Members



The Outcomes of SG Bank Linkages – Emerging Evidence

November 16, 2017 | 9:30 – 10:30 EST



Moderator:
David Panetta
The SEEP Network



Speaker:
Christian Pennotti
CARE International



Speaker:
Ruth Orbach
CARE Canada



David Panetta
The SEEP Network
panetta@seepnetwork.org

Webinar Series:

The Market for Commercial Relationships between Savings Groups and Financial Service Providers



Webinar 1 – April 5

The Demand for Formal Financial Services by Savings Groups:
Financial Behavior, Needs, and Market Opportunities

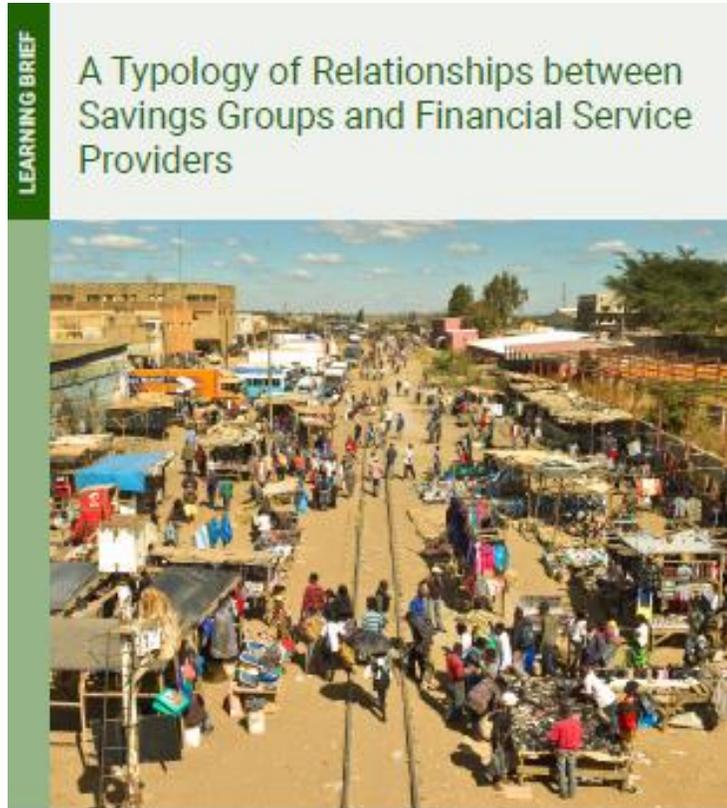
Webinar 2 – April 26

Delivering Formal Financial Services to Savings Groups and their
Members

Webinar 3 – November 16

The Outcomes of SG Bank Linkages – Emerging Evidence

A Typology of Relationships between Savings Groups and Financial Service Providers



In the field of SG-FSP relations, there is sometimes more heat than light.

We call too many different things “**linkage**”. Need to be clearer, or more granular.

Typologies are human creations – they don’t exist in the real world.

The test of a good typology is – **is it useful?**

A Typology of Relationships between Savings Groups and Financial Service Providers

We look at two variables:

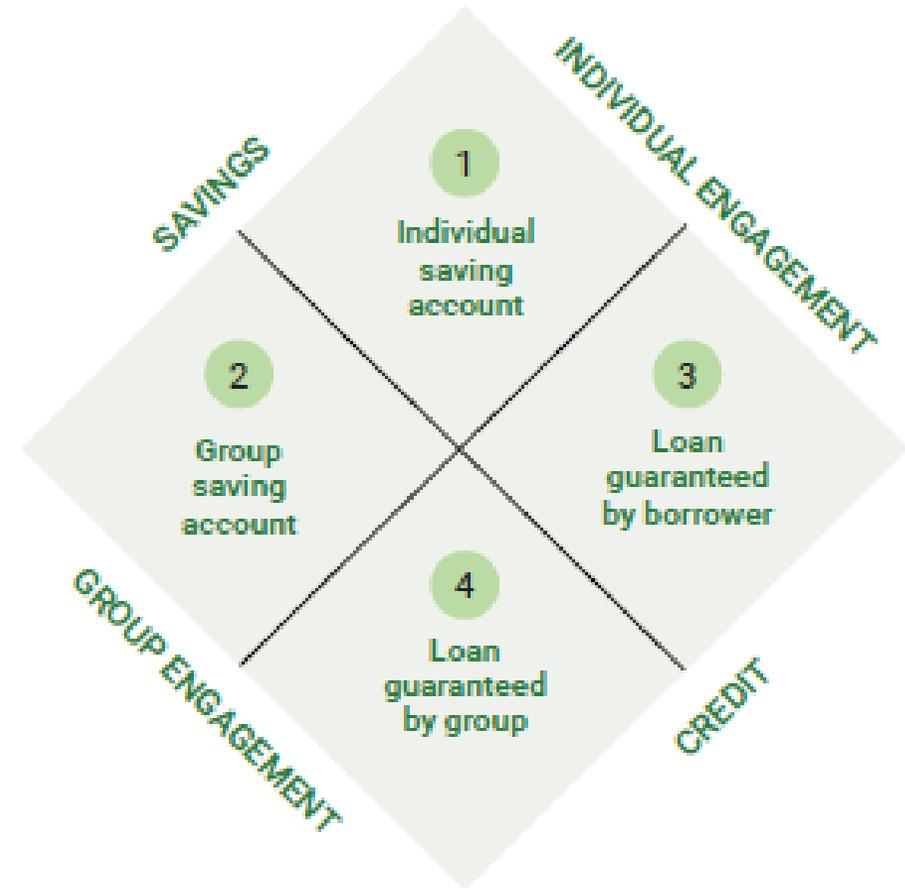
DIRECTION OF LIABILITY

(savings v. credit)

LEVEL OF ENGAGEMENT

(individual v. group)

We kept it simple...for starters.



Ruth Orbach
CARE Canada
Ruth.Orbach@care.ca



Christian Pennotti
CARE International
Christian.Pennotti@care.org

The learning piece

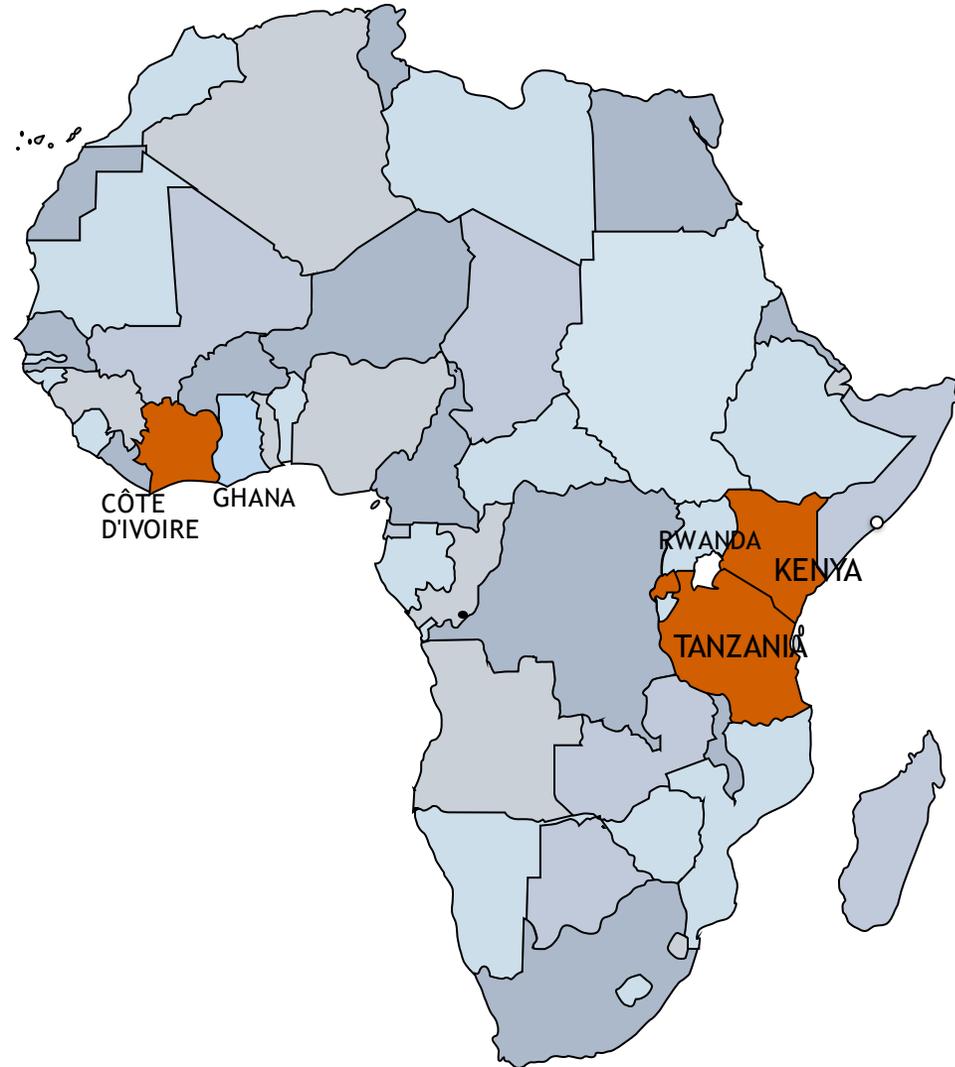
5-country study through POWER
African and LINK Up programmes

Assessing

Impact of linkage on group savings,
businesses and cohesion.,

Impact of linkage on member savings,
livelihoods and empowerment.

Feasibility of serving savings groups
profitably and at scale.



Top line results

	LINK Up	POWER	Total
Total Groups Linked to FFS	13,284	12,048	25,332
Members in linked groups	318,816	341,898	660,714
Total Individuals Linked to FFS	46,521	160,088	206,609
% Women	81%	71%	73.2%

The learning piece: methods

	Sample	Focus Groups	MIS	Additional quant data
Rwanda	3,729 groups MIS 1,525 groups FSP	8 groups; 8 FSPs	X	FSP supplied data
Côte d'Ivoire	2,394 MIS 156 groups FSP	11 groups; 2 FSPs; 1 MNO	X	FSP supplied data
Kenya	6,080 groups MIS 5,672 groups FSP 186 members	14 groups	X	Linkage readiness Rolling baseline and endline External benchmarking
Tanzania	1,205 groups MIS 7,363 groups FSP 186 members	18 groups	X	Linkage readiness Rolling baseline and endline External benchmarking

Product Overview

Product Characteristics		Tanzania		Kenya		Cote d'Ivoire		Rwanda		
		NMB	Access Bank	Equity Bank	KCB	ADVANS	PAMF	Vision Fund	UOB	Duterimbere
Channel Features	Remote KYC collection	✓	✓	✓	✓	✓				
	Access via Bank Agents	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Access via MNO Agents	✓	✓	✓	✓	✓				
Group Savings Features	Group to / from individual fee	Free	Free	Free	Free	Free	Free			
	Minimum balance	\$14	\$5	Free	Free	\$10	\$9	\$2	\$3.50	\$1.17
	No monthly fee	✓	\$1	✓	✓		✓	✓	✓	✓
Group Credit Features	Credit product interest rate	-	-	15% / annum	NA	1.6% / month	3% / month	2.5%	2.5%	2%
	Loan term	-	-	3-9 month	-	6 months	3-9 month	6 months	6 months	6 months
	Max loan amt	-	-	3x savings	-	3x savings	\$21,500	200% of share out	200% of share out	200% of share out
	Average loan amt	-	-	\$1900	-			\$2,236	\$2,094	\$2,793



***Chigata group
in Tiassalé, Côte d'Ivoire***

Group-level impacts

1. Meeting consumer demand
2. Improving returns to participants
3. Largely neutral effect on cohesion

Member-level impacts

1. Increasing access; closing gender gaps
2. Improving control, increasing ability to achieve goals
3. Increasing women's influence on household decision-making
4. Improving confidence and trust in formal financial services

Areas for growth

1. Moving beyond savings
2. Segmenting among VSLAs
3. Deepening focus on women's barriers
4. Rethinking digital uptake

Groups and members feel that their money is **safer** in a bank account than in the group's box. This encourages groups to save more and allows female VSLA members more control over their income

Plot 18: Proportion of Respondents Who Feel Money is Safer in Accounts

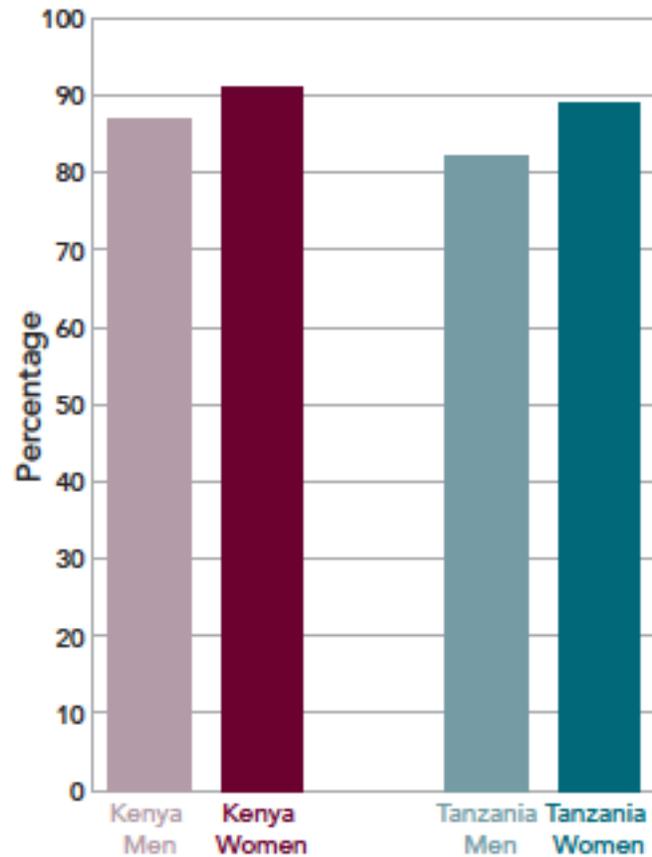


“My bank account secures my money and gives me privacy because only I can see how much is in my account”

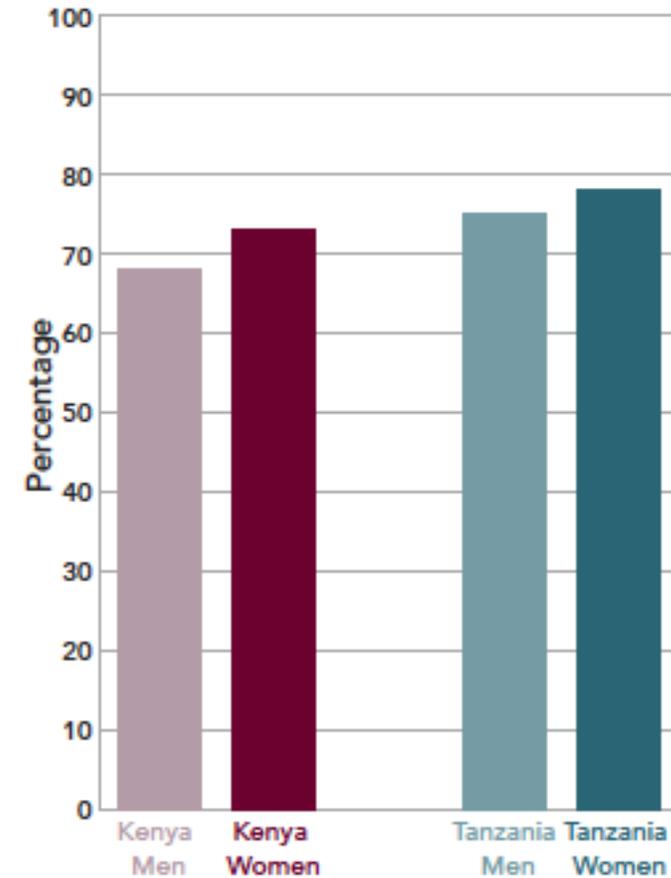
- VSLA group member, Korhogo, Côte d'Ivoire

Meeting Consumer Demand

Plot 24: Rate of Likelihood to Recommend Group Account

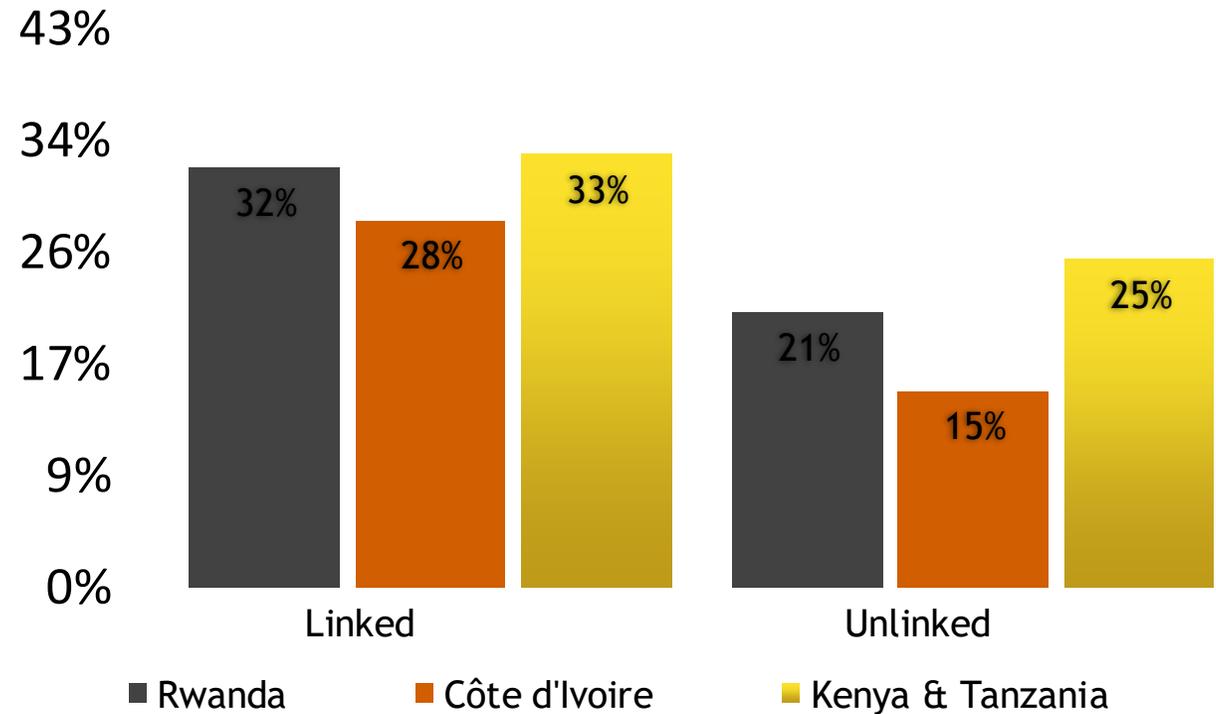


Plot 25: Rate of Actually Recommending Group Account



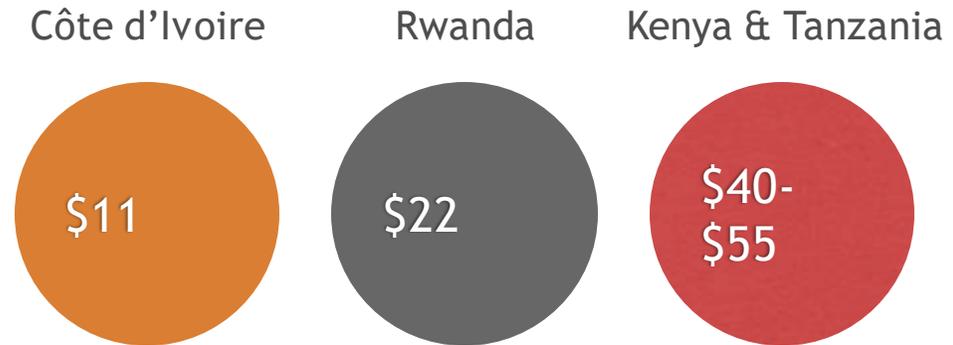
Members of linked groups save and earn significantly more money than members of groups that are not linked, even when controlling for group maturity and baseline share out values

Return on Savings: Linked vs Unlinked SGs



Members of linked groups save and earn significantly more money than members of groups that are not linked, even when controlling for group maturity and baseline share out values

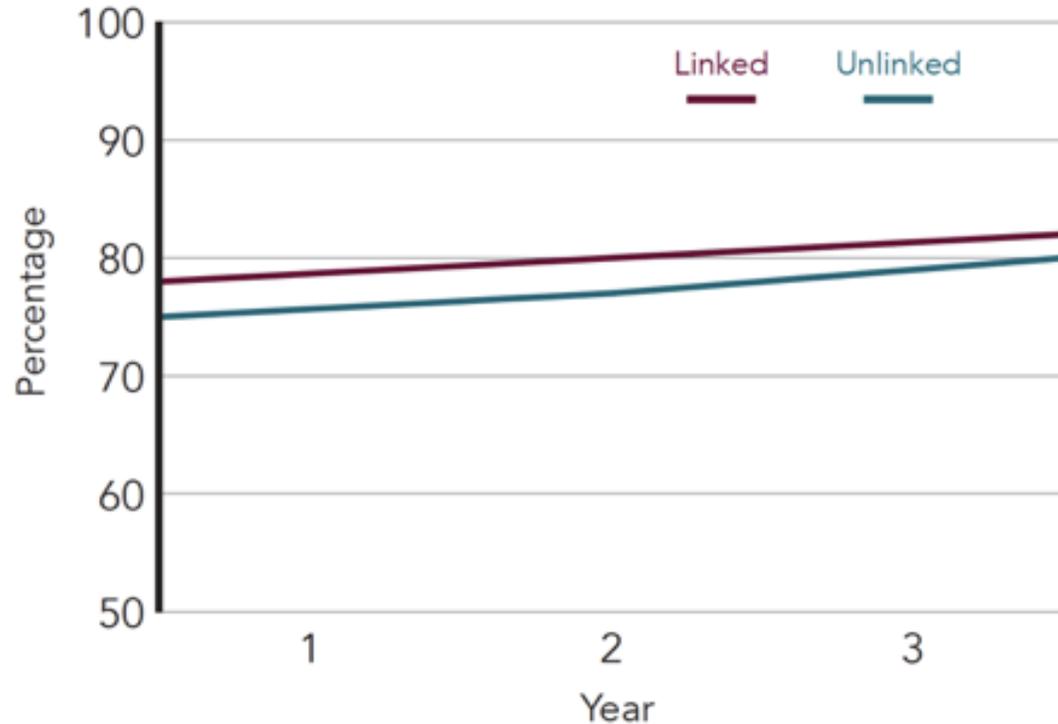
Linked groups are able to earn more on average than non-linked groups, resulting in higher share out amounts for members.



difference in amount a typical member of a linked group earns at share out compared to a member of an unlinked group

Largely neutral effect on cohesion

Attendance rates over time (Link Up)



Attendance as predictive factor?

In Kenya and Tanzania attendance rate for both linked and unlinked groups is steady over time, with a slight increasing trend. In Rwanda and Côte d'Ivoire, attendance rate has less correspondence to group performance.

The support and exchange of ideas is an extremely important part of VSLA membership for members, particularly for women. This does not change post linkage.

“Group meetings encourage unity among women in the community. This helps us to access formal credit and to encourage each other’s businesses”
- VSLA group member, Korhogo, Côte d'Ivoire



Does VSLA linkage
increase access for
individual members?

Is this closing the gender
access gap?

Women's individual accounts ownership in linked VSLAs increased from **11%** to **38%** in Tanzania and **16%** to **45%** in Kenya.

Over the same period, women's account ownership nationwide grew from just **7%** to **13%** in Tanzania and **15%** to **30%** in Kenya.

In Côte d'Ivoire and Rwanda women's individual account ownership went from **6%** to **19%** (CIV) and from **32%** to **42%** in Rwanda

44% of female members in Rwanda have their own bank accounts. This is increasing at a rate of roughly **2%** per quarter.

Improving control, increasing ability to achieve goals

Linkage, particularly to mobile money, enables women to have greater control over their assets to direct towards their businesses.

Women are able to transact increasing amounts safely, securing stock and allowing them to diversify their businesses.



“Mobile money helps me to safely manage my business transactions during periods of high sales”

- VSLA member, Abidjan, Côte d’Ivoire

Increasing women's influence on household decision-making

Within female headed households, there was an 26% increase in women with decision-making power around their savings and within male headed households, there was a 75% increase (Kenya and Tanzania)

At baseline, > ¼ of HH decisions were made jointly by partners. At endline over half of these decisions were made jointly.

	Kenya				Tanzania			
	Baseline		Endline		Baseline		Endline	
	M	F	M	F	M	F	M	F
Myself	31%	49%	26%	55%	47%	32%	30%	45%
Myself and my spouse together	67%	38%	68%	42%	47%	48%	65%	50%
My spouse	0%	7%	0%	1%	0%	16%	0%	3%
A different person	2%	5%	6%	2%	6%	3%	5%	2%

Who makes HH decisions

“Opening an account creates independence in the household. Overdependence on men is tiring- when I ask for something from my husband I usually do not get it immediately. When I am independent this is improved.” (Woman, Siaya, Kenya)

Improving confidence and trust in formal financial services

Majority of women across all 4 countries are opening bank accounts for the first time, overcoming fear and mistrust of institutions.

Members report increased confidence in financial institutions, encouraging them to use their accounts, save more, and open individual accounts



“Initially, some members did not have an account because we believed accounts were only for the employed. Now with the opening of my account, I have developed a lot of confidence when I go to the bank to make deposits”

(Woman, Nyamira, Kenya)

Moving beyond savings

Access to credit is the most significant motivator for groups to link: groups have strong interest in formal credit to invest in business.

8.5% of individual members have taken formal loans in Rwanda

Loans, or the potential for loans, influence saving and business behavior. Groups deposit more money into their accounts to increase their eligibility for larger loan amounts.

Other financial services in demand include insurance, individual credit, business accounts.



“We are motivated to save more so that we can get a formal loan from ADVANS. This would be a dream for us” - female VSLA member, Abidjan, Côte d’Ivoire

Areas for Growth – Segmentation

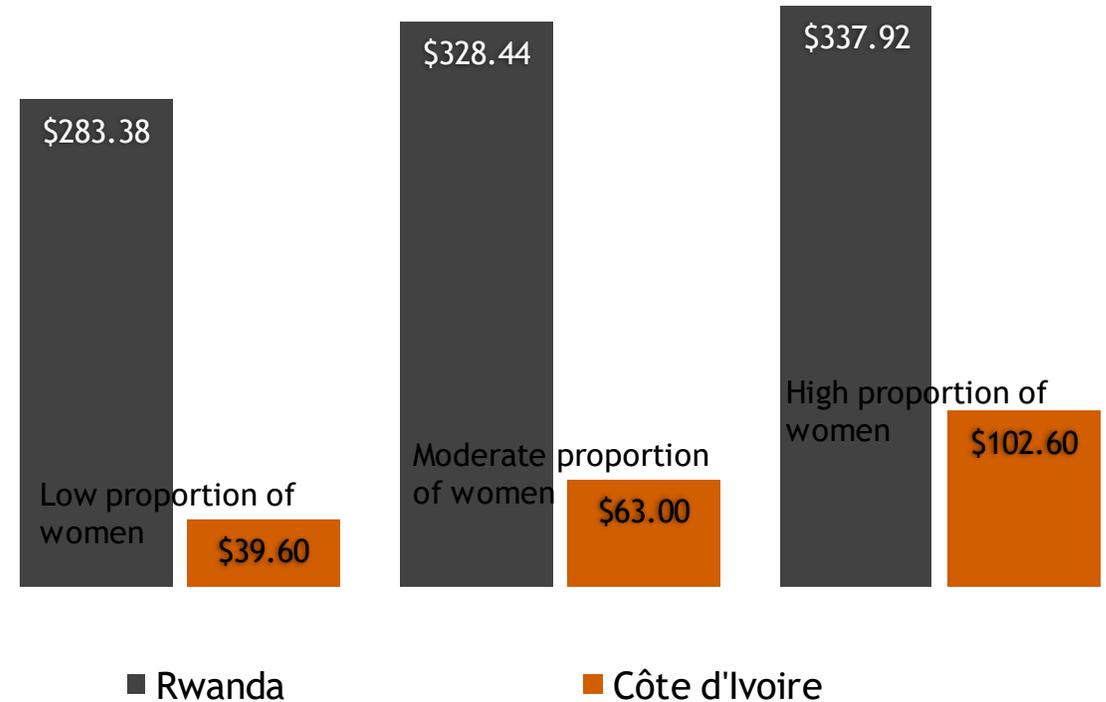
Who benefits most from linkage? Is it always appropriate?

The more women are in the group, the more likely the group is to save and use their account regularly.

Groups with seasoned entrepreneurs maintain consistently high account balances.

Groups in extremely rural areas do not benefit from linkage at this stage.

Average bank balance per proportion of female VSLA members



Deepening focus on women's barriers

Linkage is often women's first opportunity to gain access to financial services and business growth typically reserved for men. Accounts increase women's control over their savings through the privacy of their accounts and the ease of use through mobile money.

Increased confidence to speak in public; change in community status for women.

But linkage by itself does not address gender norms. There are still significant gaps: businesses types, control over bank accounts, decision making



“I always tell my husband when I take a loan because we have to complete each other and while I am not around he is the one who go to the bank to pay the loan” - female VSLA member, Rwamagana, Rwanda

Rethinking digital uptake

When does mobile banking work for groups and individual members?

High prevalence of mobile money and e-wallet platforms in all countries, but these are typically not linked to bank accounts.

Low uptake of account-linked platform in Kenya and Tanzania due to lack of confidence

Increase in access and account usage for women through linked mobile money and bank accounts through ADVANS and MTN in Côte d'Ivoire



“At first we didn’t know that we could have our own mobile money accounts, but after we saw other group members using their mobile money and visiting the bank, we see that it is a positive thing. We have more confidence now, and we will open our own accounts” - female member, Korhogo, Côte d’Ivoire



*Members of the Nyakweng'rere Womens Group
in Nyamira, Kenya*

Thank you!



Q & A



David Panetta
The SEEP Network



Christian Pennotti
CARE International



Ruth Orbach
CARE Canada

Thank You!



David Panetta
The SEEP Network
panetta@seepnetwork.org



Christian Pennotti
CARE International
Christian.Pennotti@care.org



Ruth Orbach
CARE Canada
ruth.orbach@care.ca

For more information about SEEP's Savings-Led Working Group, contact Eloisa Devietti: slwg@seepnetwork.org

www.seepnetwork.org



SG2018

**THE POWER OF SAVINGS GROUPS
INCLUSION. RESILIENCE. EMPOWERMENT.
KIGALI, RWANDA | MAY 22-24**

Convened by  seep
leading collaboration & learning

Registration for SG2018 is now open – take advantage of the Special 2017 Rate today!

For more information, please visit
www.SGConference.org

**Thank you for your
proposals!**