A Global Learning Network

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

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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
Introduction

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
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?
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

<table>
<thead>
<tr>
<th></th>
<th>LINK Up</th>
<th>POWER</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Groups Linked to FFS</strong></td>
<td>13,284</td>
<td>12,048</td>
<td>25,332</td>
</tr>
<tr>
<td><strong>Members in linked groups</strong></td>
<td>318,816</td>
<td>341,898</td>
<td>660,714</td>
</tr>
<tr>
<td><strong>Total Individuals Linked to FFS</strong></td>
<td>46,521</td>
<td>160,088</td>
<td>206,609</td>
</tr>
<tr>
<td><strong>% Women</strong></td>
<td>81%</td>
<td>71%</td>
<td>73.2%</td>
</tr>
</tbody>
</table>
## The learning piece: methods

<table>
<thead>
<tr>
<th>Country</th>
<th>Sample</th>
<th>Focus Groups</th>
<th>MIS</th>
<th>Additional quant data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rwanda</td>
<td>3,729 groups MIS 1,525 groups FSP</td>
<td>8 groups; 8 FSPs</td>
<td>X</td>
<td>FSP supplied data</td>
</tr>
<tr>
<td>Côte d'Ivoire</td>
<td>2,394 MIS 156 groups FSP</td>
<td>11 groups; 2 FSPs; 1 MNO</td>
<td>X</td>
<td>FSP supplied data</td>
</tr>
<tr>
<td>Kenya</td>
<td>6,080 groups MIS 5,672 groups FSP 186 members</td>
<td>14 groups</td>
<td>X</td>
<td>Linkage readiness Rolling baseline and endline External benchmarking</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1,205 groups MIS 7,363 groups FSP 186 members</td>
<td>18 groups</td>
<td>X</td>
<td>Linkage readiness Rolling baseline and endline External benchmarking</td>
</tr>
</tbody>
</table>
## Product Overview

<table>
<thead>
<tr>
<th>Product Characteristics</th>
<th>Tanzania</th>
<th>Kenya</th>
<th>Cote d’Ivoire</th>
<th>Rwanda</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NMB</td>
<td>Access Bank</td>
<td>Equity Bank</td>
<td>KCB</td>
</tr>
<tr>
<td>Channel Features</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remote KYC collection</td>
<td>✅</td>
<td>✅</td>
<td>✅</td>
<td>✅</td>
</tr>
<tr>
<td>Access via Bank Agents</td>
<td>✅</td>
<td>✅</td>
<td>✅</td>
<td>✅</td>
</tr>
<tr>
<td>Access via IANO Agents</td>
<td>✅</td>
<td>✅</td>
<td>✅</td>
<td>✅</td>
</tr>
<tr>
<td>Group Savings Features</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group to / from individual fee</td>
<td>Free</td>
<td>Free</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td>Minimum balance</td>
<td>$14</td>
<td>$5</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td>No monthly fee</td>
<td>✅</td>
<td>$1</td>
<td>✅</td>
<td>✅</td>
</tr>
<tr>
<td>Group Credit Features</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit product interest rate</td>
<td>-</td>
<td>-</td>
<td>15% / annum</td>
<td>NA</td>
</tr>
<tr>
<td>Loan term</td>
<td>-</td>
<td>-</td>
<td>3-9 month</td>
<td>-</td>
</tr>
<tr>
<td>Max loan amt</td>
<td>-</td>
<td>-</td>
<td>3x savings</td>
<td>-</td>
</tr>
<tr>
<td>Average loan amount</td>
<td>-</td>
<td>-</td>
<td>$1900</td>
<td>-</td>
</tr>
</tbody>
</table>
Chigata group in Tiassalé, Côte d’Ivoire
Today’s 11 Insights

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.

“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](chart.jpg)
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.

- Côte d'Ivoire: $11
- Rwanda: $22
- Kenya & Tanzania: $40-$55

*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

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
Increasing access - closing gender gaps

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.
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.

“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
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:

- **Low proportion of women:** $283.38
- **Moderate proportion of women:** $328.44
- **High proportion of women:** $337.92

- Rwanda
- Côte d'Ivoire

- **$39.60**
- **$63.00**
- **$102.60**
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
For more information about SEEP’s Savings-Led Working Group, contact Eloisa Devietti: slwg@seepnetwork.org
www.seepnetwork.org
SEEP Announcements

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!