



The Outcomes of SG Bank Linkages – Emerging Evidence

Date: November 16, 2017

Time: 9:30 – 10:30 am (EST)

MODERATORS

David Panetta, Program Director, Financial Inclusion through Savings Groups, *The SEEP Network*

SPEAKERS

Christian Pennotti, Director, Access Africa/Financial Inclusion, *CARE International*

Ruth Orbach, Senior Monitoring and Evaluation Advisor, *CARE Canada*

QUESTIONS

CARE Presentation

In your experience, how do the groups prefer to deposit money to the FSPs? How frequently do they prefer to do this, is it after every meeting or is it after a period. Do the groups stop borrowing directly from the groups and borrow directly from the FSPs or do they maintain both borrowing both from the group and the FSP?

Christian: It really varies. What I think we've taken away is that you need to have options and expect that people will want choice. We see some groups adopt digital at high rates. Others will travel many many KM and go past agents on their way to the branch.

Are these accounts the members opening just the usual accounts the banks offer to the mass market? To what extent are they tailored for the particular segment using the groups? Lessons on how to make linkage add value to groups while at the same time not lose the benefits groups bring to members? Lastly, any word on consumer protection issues with vulnerable populations, e.g. poor, illiterate, etc?

Christian: Not ignoring your question about consumer protection. Happy to pick it up with you but briefly, we do focus on a lot of financial literacy, our "readiness assessment" tool and embedding a shared vision and organizational focus on the market in our partner selection process.

What about the security for VSLA money when they use MNO like it is in CIV?

Ruth: I think this depends on the partnership and the type of product the MNO uses. In CIV the groups are actually using the standard platform offered by MTN but this was challenging initially. The security has not been a problem. This is largely because of the training in how to use the technology and the devices. MTN gave specific, tailored training that allowed groups to really understand and work with the platform. This means that we had few situations where groups felt that the security of their funds was compromised

How are VSLA linkages with FSPs arranged? Does CARE facilitate, or local partners, or the group leaders directly approach the FSP?

Christian: It's a mix. CARE does some of this but FSPs take it on over time. Our approach is largely to help illustrate the market opportunity to FSPs, help them get to a certain degree of scale that truly demonstrates the potential and then push them to take on customer acquisition at broader scale and on a sustainable basis from there.

I am asking for some information on linkages in 1) metropolitan areas, 2) other cities, 3) rural towns, 4) villages (siebel@uni.koeln.de)

Christian: Hope we helped with this. Feel free to reach out if you'd like more information.

Were technology issues limiting the linkages, particularly where mobile wallets were linked to bank accounts?

Christian: Absolutely! Tech adoption was really variable. All the typical challenges are just as present here. Add to that larger withdrawal demands (for group share out) and low literacy, lack of experience among women, etc. and it's definitely tough. I'll add though that I think a lot of it is not unique to VSLAs or savings groups. The overwhelming majority of mobile money accts are dormant. On that metric, we see these accounts outperforming the norm.

Did you investigate which proportion of SG members linked for security and what the proportion of those were who linked in expectation of credit? If yes, what were the proportions?

Christian: We haven't done this, no. But, I can say that all groups want security of savings and most groups want credit. How well positioned they are to actually benefit from credit is a much bigger question. Some groups with low internal fund utilization rates are asking for credit, which makes no sense.

**My question is – If each member is obligated to deposit each month or is it free deposit?
That is because I'm implanting one base amount of deposit when they can sell their
product (in this case selling guinea pigs).**

Christian: It's all demand led. So, there is no requirement to deposit in the formal account. They choose.