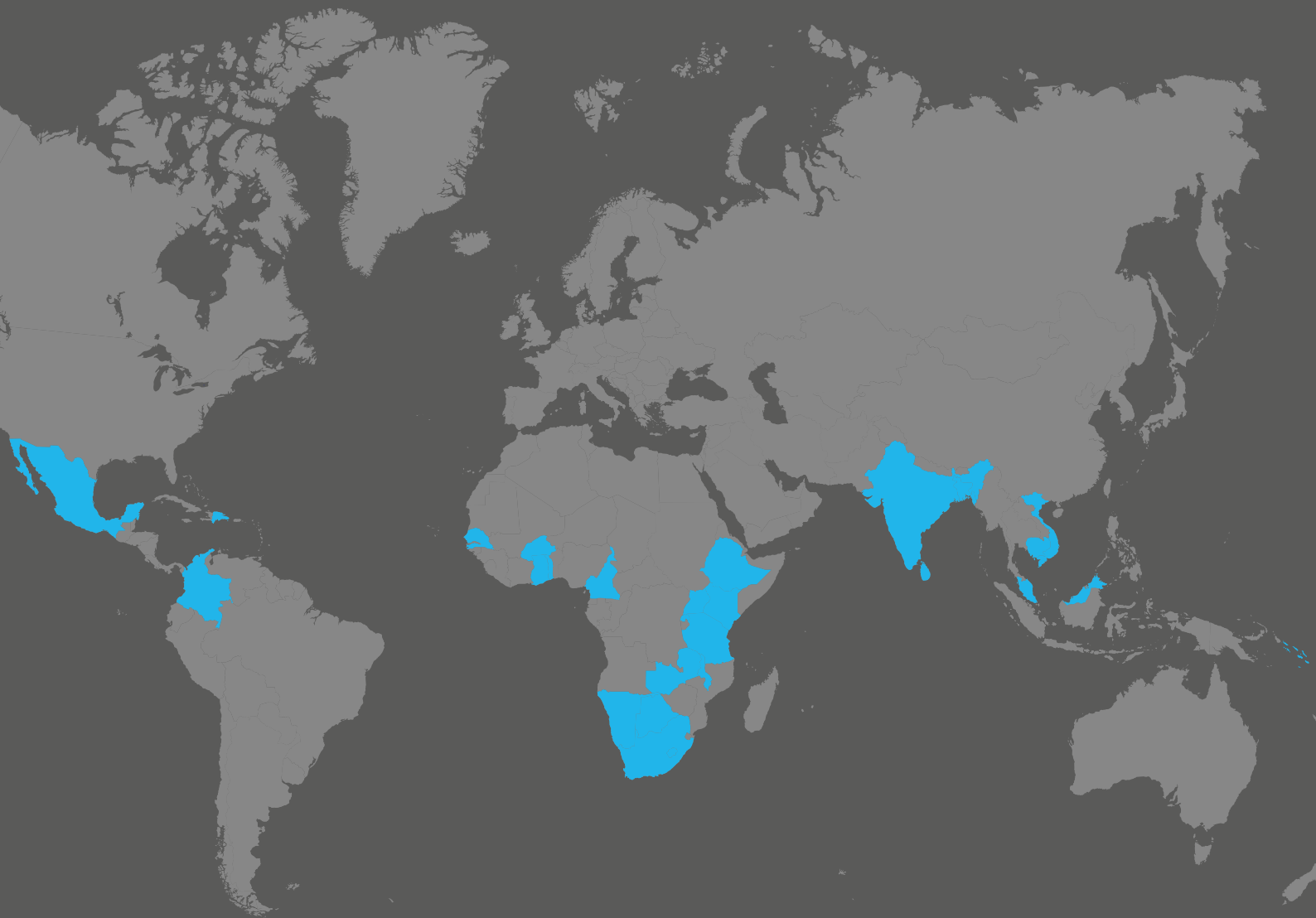




THE STATE OF LINKAGE REPORT

The first global mapping of savings group linkage



Plan



Care

The problem

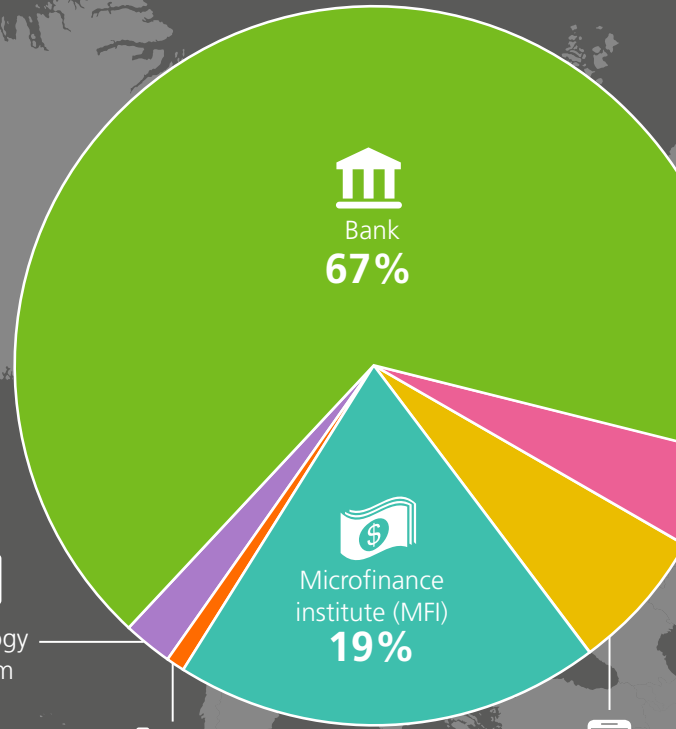


2 billion
people financially excluded



Two-thirds
of the adult population in
developing countries have no
access to formal financial services

Main distribution network for linkage products



Technology platform
2%

Retailer with
banking license
1%

Bank/MFI
with MNO
6.5%

Latin America



Africa



Key to main distribution networks:



Bank



Microfinance institute
(MFI)



Mobile network operator
(MNO)



Bank/MFI with MNO

The scale of linkage



95 financial service providers

offering formal financial services to informal savings groups



106 savings and credit products

currently offered to savings groups



Mobile network operator (MNO)

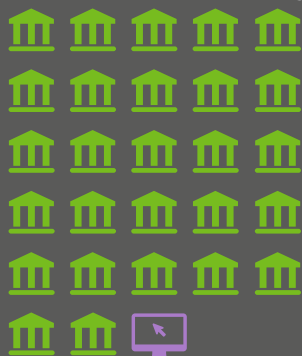
4.5%



27 countries

where savings groups are linked to formal financial services

Asia-Pacific



Technology platform



Retailer with banking license

The potential



At least

11.5 million

VSLA savings group members in 73 countries worldwide* (as well as millions more Self-Help Group members)



Africa

9.7 million

VSLA savings group members



Asia-Pacific

1.4 million

VSLA savings group members



Latin America

345,000

VSLA savings group members



\$116 billion per year

potential amount of savings of the 2 billion currently unbanked people**

* Only includes savings groups facilitated by international NGOs which use the VSLA.net management information system (as at August 2015)

** Potential amount of annual savings generated if 2 billion unbanked people saved US \$58 per year (the average annual savings of savings group members; *Breaking the barriers to financial inclusion*, CARE, Plan, Barclays, 2013)

Acknowledgements

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ABOUT THIS REPORT

The State of Linkage Report provides, for the first time, a global mapping of linkage activity – the process through which informal savings groups are able to access products and services from formal financial service providers (FSPs). The report was commissioned to identify where linkage is taking place, the organisations that are currently linking to savings groups and the kind of products being offered.

To compile the list of organisations participating in linkage the report relied on desk-based research to collect any information available remotely and consultation with selected organisations known to be participating in or facilitating linkage. It also used findings from Banking on Change, a global partnership between Barclays, CARE International and Plan UK. Banking on Change has taken a savings-led approach to microfinance since 2009, working with savings groups in multiple countries to break down barriers that prevent access to formal financial products and services. Telephone interviews were also conducted with institutions in Ghana, Uganda, Mexico and India to develop case studies that illustrate innovative approaches to linkage.

This research has underlined how challenging it can be to identify organisations participating in linkage, or to acquire up-to-date, detailed information on the products they offer to groups. This brings into perspective the difficulty savings groups face when trying to access and compare linkage products and make informed decisions about which are most suited to their needs. It is equally difficult for organisations participating in linkage – financial institutions, mobile operators, non-profits and donors – to understand the scale of this activity, compare products with their competition, or identify opportunities for collaboration. This report acts as a starting point for addressing this knowledge gap.

The report was commissioned by Barclays, CARE International and Plan UK in support of the Linking for Change Savings Charter. The Charter, launched in 2014, sets out international principles for effectively and responsibly linking informal groups of savers to formal banking products and services. The Charter also aims to build a powerful global alliance of leading organisations who commit to developing and rolling out new savings products for poor communities in the developing world, and who agree with the Charter principles:

1. It's a win-win investment that brings social and economic rewards.
2. Banking the poorest is possible.
3. It starts with savings.
4. People come first.
5. Financial education matters.
6. No one can do it alone.

For more information on the Charter visit: www.linkingforchange.com

INTRODUCTION

The World Bank's 2015 Global Findex database reveals that between 2011 and 2014, 700 million adults worldwide were able to gain access to formal financial products for the first time by opening an account with a financial institution or mobile money service.¹ Despite these gains, huge opportunities for further progress still exist – two billion people worldwide remain financially excluded, including nearly two-thirds of adults in most developing countries. Financial exclusion is typically highest amongst women, youth and the very poorest segments of society.

The low and unpredictable incomes typically earned by poor people make it difficult to open and maintain an individual bank account. Likewise, banks have historically struggled to find a business case for reaching the poor and unbanked with appropriate, relevant products. In the absence of formal financial products many people in poor communities have chosen to protect and grow their savings by joining various types of informal, community-based groups, such as Village Savings and Loan Associations (VSLAs) and Self-Help Groups (SHGs). These groups provide members with a safe place to regularly save their money and contribute to social funds that can be accessed to meet emergency financial needs. As the group's pooled savings grow, members are also able to access loans to make productive investments in healthcare and education, or to start or improve income-generating activities that raise household income. As a result, group members experience significant improvements in household health and wellbeing, and an overall improved quality of life.

As groups mature and grow, the need for new and diverse financial services becomes stronger. Cash, which is typically kept in a locked box within the community, can pose security risks as savings levels increase. Mature groups also face a higher demand for credit, particularly at the beginning of the savings cycle when group savings are low. To address these challenges, many groups are seeking to link to the formal products and services offered by financial service providers (FSPs) including banks, microfinance institutions (MFIs) and mobile network operators (MNOs).

With money secured in a formal account, members tend to save more and take on bigger loans from the group. Once linked to a bank the average savings per member increases by between 40 and 100 percent and the average profit per member doubles.² Data from Banking on Change shows that the average VSLA member saves US \$58 per year,³ indicating that the world's 11.5 million active VSLA members⁴ could accumulate over US \$660 million in savings annually. Individuals also graduate to the formal financial system – about 13 percent of group members are willing and able to open individual accounts once they have been linked as a group.⁵ Savings groups, therefore, offer a stable and cost-effective springboard from which poor individuals can start a journey to financial inclusion.

Banking savings groups often requires FSPs to develop new and bespoke products that are more suited to group needs. This could include: reduced or eliminated account fees, less-restrictive Know Your Customer requirements, simplified account opening procedures, and multiple account signatories. Even so, the economics of providing group accounts are attractive, as they spread the cost of opening and maintaining the account over the group's pooled savings, significantly lowering the

¹ Demircuc-Kunt, A, Klapper, L, Singer, D, and Van Oudheusden, P (2015), *The Global Findex Database 2014: Measuring financial inclusion around the world*, Policy Research Working Paper 7255, World Bank.

² CARE, Plan, Barclays (2014) *The Linking for Change Savings Charter*.

³ CARE, Plan, Barclays (2013) *Breaking the barriers to financial inclusion*.

⁴ Allen, H (2015) INGO Global Outreach, VSL Associates, <http://www.vsla.net/> This figure covers only savings groups run by INGOs which use the VSLA.net MIS; there will be many millions more members in groups which have self-replicated and groups set up by national and local NGOs which do not use the MIS.

⁵ CARE, Plan, Barclays (2014) *The Linking for Change Savings Charter*.

cost to serve.⁶ Many FSPs are also using mobile products, agent networks and point-of-sale devices to make products more accessible to groups that are distant from branches. Finally, there are numerous FSPs engaging local partners to identify and broker relationships with mature groups, and to provide vital training in financial literacy and bank literacy skills.

This report has identified 106 active savings group products that are offered by 95 formal financial institutions across 27 countries. Five of these financial institutions – Barclays, Bank of Africa, Kenya Commercial Bank, Opportunity International Bank and FINCA – offer products in multiple markets. A detailed list of this linkage activity, organised by country, can be found in the Table of Linkage Activity included in this report.

INSIGHTS FROM THE RESEARCH

Where is linkage taking place?

Nearly two-thirds of all linkage products identified are found in sub-Saharan Africa, while Asia-Pacific and Latin America account for 29 percent and 6 percent of the linkage products, respectively.

The prevalence of linkage activity in sub-Saharan Africa is not surprising considering the scale of savings group formation in the region, with 9.5 million VSLA members recorded at August 2015⁷ (representing more than 80 percent of the global VSLA membership). The research has identified 58 FSPs, spread across 17 countries, currently providing savings and credit products to savings groups. Of these, over 40 percent are found in just three East African countries: Kenya, Tanzania and Uganda. With a combined savings group population of at least 3.5 million, FSPs in these three countries have recognised the significant savings potential of this market, estimated to be close to US \$200 million annually.⁸ Products are also found in the East African countries of Rwanda, Ethiopia, and Malawi, though the availability of products remains relatively low despite high savings group populations. Outside of East Africa, only four countries appear to have more than one savings group product available in the market: Ghana (11 products), Zambia (6), South Africa (5) and Burkina Faso (2).

A total of 31 savings group products were identified in Asia-Pacific, across seven countries. A large proportion of these products are found in India (13 products in total), where the SHG model is the dominant form of microfinance and the number of SHG members linked to a bank is estimated to be over 80 million.⁹ Outside of India, group products have also been identified in

⁶ Accenture, CARE (2015) *Within reach: How banks in emerging economies can grow profitably by being more inclusive*.

⁷ Allen, H (2015) *op cit*.

⁸ Assumes each member saves US \$58 per year.

⁹ 'A review of SHG-bank linkage programme in India' (2011) *Indian Journal of Industrial Economics and Development*, Volume 7 No. 2: 1-10.

Bangladesh (6), the Solomon Islands (4), Sri Lanka (3), Cambodia (2), Malaysia (2) and Vietnam (1).

Finally, linkage activity was identified in just three countries in Latin America: Mexico, the Dominican Republic and Colombia. Each country has two active savings group products.

Who is currently offering group savings and credit products?

Whereas mobile money services are largely credited for the rapid increase in *individual* account ownership over the last few years, most notably in sub-Saharan Africa,¹⁰ this research indicates that formal financial institutions – including commercial banks, government and development banks, and MFIs – are playing a more prominent role in the delivery of group financial products. Nine out of 10 group savings and credit products identified in this report are directly linked to a bank or MFI product of some kind.

Furthermore, nearly two-thirds of the products identified are offered by retail banks (including commercial banks, credit unions, rural banks, housing banks, cooperative banks and postal banks), lending additional credibility to the assertion that there is a strong business case for banks to develop products and services for savings groups. The research also highlights examples of commercial banks fulfilling their role as Government-to-Person (G2P) payment providers by linking to savings groups, most notably in India. A further 20 percent of group products are provided by MFIs, and 7 percent are offered by government and development banks.

Interestingly, linkage appears to be driven almost entirely by financial institutions operating at a local or national level. The research only identified five institutions that are offering products across more than one market:

- **Barclays/Absa:** Ghana, Kenya, South Africa, Tanzania, Uganda, Zambia
- **Bank of Africa:** Kenya, Uganda
- **Kenya Commercial Bank:** Kenya, Rwanda
- **Opportunity International Bank:** Malawi, Uganda
- **FINCA:** Malawi, Tanzania, Uganda, Zambia

Further research could provide more clarity on why this trend exists, but it could be that local and national banks have a stronger strategic focus on reaching the ‘mass market’ within their area of operation; or that their branch and agent networks are more accessible to groups. Alternatively, this may simply illustrate that each market has its own distinctive selling points,¹¹ making it difficult to roll out successful linkage products from one country to another.

The research found relatively few examples of MNOs adapting or developing new mobile services for savings groups. In the absence of mobile products, savings groups must rely on the financial institution’s own distribution networks – typically bank branches or bank agents – to access their accounts, a process that is generally less convenient and more expensive for both parties. Only 12 of the products identified in this report are linked to a mobile money product of some kind; this includes seven products that use mobile money services to link groups to an account at a bank or MFI, and five products that are wholly-owned by MNOs (i.e. not linked to a group account at a bank or MFI).

The lack of collaboration between financial institutions and MNOs (in the group product space) is particularly surprising for sub-Saharan Africa, where approximately 12 percent of all adults report having a mobile money account (compared to just 2 percent of adults worldwide).¹² Many examples of cross-sector collaboration on select parts of the value chain exist between these sectors – for example, a number of banks in Kenya and Tanzania

¹⁰ Deming-Kunt, A, *et al* (2015), *op cit*.

¹¹ See, for example, EY (2015) *Sub-Saharan Africa banking review: A review of the 2014 calendar year*.

¹² Deming-Kunt, A, *et al* (2015), *op cit*.

have negotiated with MNOs to gain access to their agent networks, and the MNOs, in turn, have negotiated with banks to gain access to ATMs for their urban customers. This research may simply highlight that banks and MNOs have not yet made group linkage a focal point of their business relationships, a situation that should change over time as both parties better understand the business case for linkage. Case studies on organisations that are already taking a collaborative approach include Barclays, Grameen and Airtel in Uganda (see page 19); Fidelity and MTN in Ghana (see page 14); and FINO Paytech in India (see page 23).

Finally, there are many examples in the Linkage Table of financial service providers collaborating with NGOs to help broker relationships with savings groups and provide members with vital training in financial literacy, bank literacy and money management skills. Evidence from Banking on Change shows that this is a crucial part of developing a mature, informed customer base, and should be a key element of any linkage initiative.

What products are being offered?

The Table of Linkage Activity shows that most group products are basic savings accounts, albeit with a wide range of terms and conditions. Many of the accounts impose low account fees and require minimum balances, but these expenses are often balanced with other value-adding services such as SMS notifications, internet banking, ATM cards, free withdrawals, group passbooks, and interest on savings. Three commitment savings accounts were identified (two in Kenya, one in Lesotho), through which groups are required to adhere to a predetermined savings plan by making regular, fixed deposits.

Whilst savings accounts offer a springboard towards greater financial inclusion, as groups mature they need greater access to a wider range of financial products. Of the 106 products identified in this report, just under 40 percent offer groups access to a credit product of some kind. In India, both Dhanlaxmi Bank and Canara Bank offer credit to savings groups of up to four times the amount saved by the group. Kenya Commercial Bank allows groups to access loans worth 90 percent of their savings. In Cameroon, Afriland First Bank offers collective and individual loans to group members with interest rates that vary based on the purpose of the loan. Loans can cover a wide range of activities – such as agriculture, trade, housing, studies, traditional events, health costs, etc. – but the financing of income-generating activities is particularly encouraged. Only five FSPs appear to provide groups with insurance of any kind.

Encouraging the development of responsible credit products, as well as other products such as life, funeral, or agricultural insurance, may be key to achieving long-term linkage success. Insurance products represent an additional cross-selling opportunity for FSPs, while also guarding groups from economic shocks that often have a negative effect on savings deposits and loan repayments.







OPPORTUNITIES FOR FURTHER RESEARCH

The research conducted for this report raises a number of interesting questions that are worth further investigation. These include:

- What factors have led (with the exception of India) to linkage being concentrated in East Africa? Is this where NGOs facilitating linkage are focusing their efforts? Is it the result of a more competitive banking environment? Do other markets have restrictive regulatory environments that prevent group linkage?
- Given the prevalence of mobile money agents in many markets in Africa, have MNO networks been under-leveraged in terms of their ability to facilitate linkages to savings groups? If so, why?
- In which markets could other types of technology platforms be leveraged to expand linkage activity? How would platform providers without a banking or microfinance license work with financial service providers to facilitate linkage?
- Given that savings groups have existed for decades in Mexico, Colombia and other markets in the region, why are there fewer known linkage examples in Latin America relative to other regions?
- Are financial institutions viewing linkage as a commercial opportunity (e.g. to increase deposits, or as a long-term customer acquisition strategy) or is this still driven through corporate social responsibility? Can it be a combination of the two?

TABLE OF LINKAGE ACTIVITY

AFRICA

Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
Botswana				
	Botswana Savings Bank	Development bank		Branch-based savings account with tiered interest rates.
Burkina Faso				
P 	Fédération des Caisses Populaires du Burkina (FCPB)	MFI	Freedom from Hunger; UNCDF/ MicroLead	Pilot started in 2015, offering a formal savings account to savings groups using a mobile banking platform, with MFI staff serving as mobile agents.
P 	Société de Financement de la Petite Entreprise (SOFIPE); Airtel	MFI; MNO	Freedom from Hunger; UNCDF/ MicroLead	Pilot started in 2015, offering a formal savings account integrated with a mobile wallet and relying on the MNO network of mobile money agents.
Cameroon				
	Afriland First Bank	Commercial bank	MUFFA	The bank links to women's savings and credit groups via Mutuelle Financière des Femmes Africaines (MUFFA), a savings and credit cooperative created to provide poor and marginalised women with appropriate financial products. The savings account requires an opening and minimum account balance of CFAF 5,000, which may be reduced depending on the level of income of households in the community. Interest is paid on savings and rates vary from 2.5% to 4% per annum. MUFFA offers collective and individual loans to members; interest rates on loans vary from one group to another according to the purpose of the loan but are never above 12.5% per annum, exclusive of tax.
Ethiopia				
	Dashen Bank	Commercial bank		Basic transaction and savings accounts with cheque and ATM card access.
	Kifiya Financial Technology	MNO		Mobile money services to savings groups.

P = Pilot



Bank



MFI



MNO



Bank/MFI with MNO






Technology platform



Retailer with banking license

Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
Ghana				
	Barclays	Commercial bank	CARE; Plan	The Dwetri Current Account requires an opening balance of GHS 100 and charges GHS 1.5 per month in maintenance fees. There are no fees for account opening, deposits or withdrawals. To open an account groups must have an introductory letter from an NGO partner and three group signatories must be present.
	Fidelity Bank; MTN	Commercial bank; MNO	CARE	Transaction and savings account accessible via MTN Mobile Money agents, chip/PIN ATM card, or through internet banking. 'Smart Agents' located in pharmacies, convenience stores and utility vendors are able to open accounts as well as accept deposits and offer cash out.
	GN Bank	Commercial bank	CARE; UNCDF/ MicroLead	Offering a formal group savings account and individual accounts to savings group members using a mobile banking platform, with MFI staff serving as mobile agents.
	Hopeline Institute	MFI		Basic savings and loans products.
	LAMUSSIE Community Credit Union	Rural/ community bank	CARE; Plan	Basic group savings account.
	Microfin Rural Bank	Rural/ community bank	Plan	Group savings account with no monthly deposit or withdrawal fees. Requires groups to have a passbook, which can be bought for GHS 2. Microfin field officers can collect and deposit money on behalf of the group. Groups can request credit during their second savings cycle, which is given 7-8 months before share-out. The maximum loan amount is GHS 5,000 and the interest rate is 4% per month (flat). Term of loan and repayment schedule is decided by the groups. There is no collateral or security – risks are managed by the fact that MicroFin Plus officers interact with the groups throughout the loan cycle.
	SASL	MFI	CARE; UNCDF/ MicroLead	Offering a formal savings account to savings groups using a mobile banking platform, with MFI staff serving as mobile agents.
	Sissala Rural Bank	Rural/ community bank	CARE; Plan	Basic group savings account.

Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
	Sonzeli	Rural/ community bank	CARE; Plan	Basic group savings account.
	Tumu Credit Union	Rural/ community bank	Plan	Basic group savings account.
	Wa Cooperative Credit Union	Cooperative bank	CARE; Plan	The Savings Group Account has a minimum balance of GHS 5; savings attract interest of 5% per annum, calculated quarterly; and the account includes free deposits and withdrawals. Loans are given to individuals through the group (requires group guarantee) with phased interest between 3-4% based on number of savings cycles completed. Funeral and agricultural insurance is also available to group members.

CASE STUDY: Fidelity Bank, Ghana

In 2013 Fidelity, Ghana's fastest growing indigenous bank, established a Financial Inclusion Directorate to increase access to financial services in a way that addressed overcrowding in branches, the high cost of transportation to the branch, and limited payment options. In Ghana 70 percent of the population is financially excluded and there is currently one bank branch for every 20,000 people. Fidelity began linking to Village Savings and Loan Associations (VSLAs) in 2013 across three northern regions of Ghana. This work was carried out in partnership with CARE's Access Africa programme and the United Nations Capital Development Fund (UNCDF).

To help extend their products and services to savings groups in a more accessible, cost-effective way, Fidelity developed a pioneering Bank Agency model that uses a network of Smart Agents to help groups transact within their community. Smart Agents can open a new group account in less than five minutes by using a mobile handset to verify identification documents, take digital photographs, and send group information to Fidelity's back office. Once the account is activated, all group members

receive an SMS notification that the Group Smart Account is active. The group's Smart Account can also be serviced at grocery stores, supermarkets, pharmacies, phone shops, through Smart Agents that are recruited, trained and certified by Fidelity Bank to conduct basic banking transactions on their behalf. These agents are equipped with point-of-sale (POS) terminals, with which they assist clients in making deposits, withdrawals, bill payments and other basic banking transactions. Through a partnership with MTN, Fidelity has also expanded its distribution network for providing cash-in/out services to groups by integrating the members' mobile wallets with the group account.

Fidelity considers these initiatives to be a success to date, having opened Smart Accounts for over 3,100 VSLAs. There is also evidence that group members go on to open individual savings accounts with Fidelity. Key challenges to further scaling up of the initiative include: limited connectivity in remote areas; lack of population density in VSLA areas, making them harder to reach in an efficient manner; and the relatively high costs (US \$500) of POS devices.



Bank



MFI



MNO



Bank/MFI with MNO










Technology platform



Retailer with banking license

Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
Kenya				
	Bank of Africa Kenya; Safaricom (M-PESA)	Commercial bank; MNO		Savings account allowing groups to deposit/withdraw via M-PESA; when a member transacts all are notified by SMS and can check group balance. Groups must be registered as businesses to access credit (up to 3x savings).
	Barclays	Commercial bank	CARE; Plan	The Uwezo Savings Account requires no opening balance and has no maintenance, deposit or withdrawal fees. Groups receive interest on savings, a cheque book, free statements, and free transfers from a group account to a member's account within Barclays.
	Chase Bank	Commercial bank		Group savings account providing bundled services to members, including: internet banking, mobile banking (Mfukoni app), debit card, credit, insurance and electronic funds transfers.
	Equity Bank	Commercial bank	CARE	Group savings account; three members of group receive access to 5-digit PIN. Free deposits at Equity agents, fees for withdrawals at ATMs and for transfers. No minimum balance.
	Family Bank	Commercial bank	CARE	Group savings account for 5-35 members; minimum balance (US \$50) to open account; groups qualify for loans after six months of savings.
	Faulu	MFI		Group savings account which offers 5% interest per annum and provides access to group or individual loans up to 10x cumulative savings. Targeted to groups/members buying land and other types of assets. Groups can also access a fixed deposit account with interest of 12% per annum and a minimum deposit of KES 5,000.
	Kenya Commercial Bank	Commercial bank	CARE	Groups must be registered as companies to qualify for savings account and must have six months of history with a financial institution. Linked credit for 90% of amount saved available.
	Kenya Women Finance Trust; Safaricom (M-PESA)	MFI; MNO	CARE	Tujiunge provides access to loan facilities and offers fixed interest schemes (up to 24 months). Minimum balances of KES 2,000. Partnered with M-PESA, also offers mobile banking.
	K-Rep	Commercial bank	CARE	Basic group savings account.
	National Bank	Commercial bank		The Super Chama Savings Account requires US \$15 deposit to open; groups are eligible for a loan of up to 3.5x amount saved.

Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
	PostBank Kenya; Safaricom (M-PESA)	Postal savings bank; MNO	CARE	The Save as You Earn account is a contracted savings account for groups of four or more people which has a minimum monthly contribution (per group) of around US \$5. The account pays a tiered interest rate and does not carry a ledger fee. Groups can make deposits at PostBank branches, M-PESA agents or PostBank agents.
	Universal Traders SACCO	SACCO		The Mwehweya group savings account is a basic, interest-bearing savings account with no minimum balance or monthly ledger fees.
Lesotho				
	Lesotho PostBank	Postal savings bank		The Ngatana Subscription Deposit is a commitment savings account in which a group must save for six, nine or 12 months.
Liberia				
	Regional Credit Unions	Credit Union	World Council of Credit Unions; UNCDF/ MicroLead	Basic group savings account.
Malawi				
	FINCA	MFI		Village Bank is a group loan from which loans are disbursed individually to each member. Village Bank members do not need to pledge collateral in order for them to access this loan. Benefits include: lower and competitive interest rates, no collateral required, flexible loan repayment periods, increased subsequent loan amounts, guidance and financial training offered.
	Opportunity International Bank of Malawi	Commercial bank	CARE	Basic savings product with group-based agricultural loans. The average loan values are US \$670 per VSLA; the group deposits 10% with the bank as collateral and pays 2.97% monthly interest.
Namibia				
	Bank Windhoek	Commercial bank		Group savings account with reduced fees for over the counter withdrawals at branches.



Bank



MFI



MNO














Bank/MFI with MNO



Technology platform



Retailer with banking license

Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
Rwanda				
	KCB Rwanda	Commercial bank	CARE	The Twisungane Account is a basic savings account developed for 'Ibimina' savings groups. Deposits are not subject to any monthly charges and serve as a guarantee for group loans.
	TIGO	MNO	CARE	Group savings product with reduced fees and adapted security for group accounts.
	Umutanguha	MFI	CARE	Provides a number of products and services to groups including loans, voluntary savings, leasing, funds transfer services and training and consulting.
	Urwego Opportunity Bank	MFI		A group savings account offering solidarity group loans; savings are tied to credit products, i.e. groups save at the time of each loan payment.
	Vision Finance	MFI	CARE	Savings and credit products are extended to VSLAs.
Senegal				
	PAMECAS	MFI		Group savings account with the ability to access loans.
South Africa				
	Absa (Barclays)	Commercial bank		The Club account is a branch-based savings account offering tiered interest rates, no monthly charges and reduced fees. Must give 32 days' notice before withdrawing funds.
	FNB	Commercial bank		Stokvel account: a branch-based group savings account offering 10 free transactions per month if average balance is above US \$400.
	NedBank	Commercial bank		Branch-based savings account providing a passbook, US \$9 minimum opening balance, US \$4.50 ongoing balance requirement, with US \$90 balance to earn interest.
	PostBank South Africa	Postal savings bank		Bakgotsi account: a passbook-based group savings account with US \$4.50 minimum opening balance and fees for both deposits and withdrawals.
	Standard Bank	Commercial bank		Society Scheme account: a branch-based savings and cheque account allowing free deposits via cash or cheque and two free cheque withdrawals and two free cash withdrawals for the group each month. No monthly service fee on balances over US \$300.




Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
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Tanzania

	Azania Bank	Commercial bank	Plan	Savings account with minimum balance of TZS 10,000, TZS 1,000 monthly ledger fee and tiered withdrawal charges. Interest rate of 4%, accrued annually. Credit is available to groups if they can provide a tax identification number, a business license and 20% guarantee.
	Barclays	Commercial bank	CARE; Plan	The Ujasiriamali Account is a basic savings account with no minimum opening balance and no account fees.
	Credit for Rural Development Bank (CRDB)	Rural or community bank		Groups must open a savings account at CRDB in order to access credit; this is provided once 25% of total loan amount is saved in the account. Groups first have access to a three-month loan worth TZS 200,000 and can progress in stages to a maximum of TZS 2,000,000.
	FINCA	MFI		The small group loan is designed to finance groups of five to 10 entrepreneurs. This loan falls within the range of TZS 250,000 up to TZS 5,000,000. Individuals must have valid businesses that have been operating for at least six months; no collateral needed as other group members guarantee loan. Loan instalments can be transferred through mobile phone. Flexible loan term up to 12 months and free insurance provided.
	Mwanga Community Bank	Rural or community bank	WE Effect; UNCDF/ Microlead	Basic group savings account.
	Mwanga Community Bank; Vodacom	Rural or community bank; MNO	CARE	Savings account linked to a mobile wallet, offering free cash-in, fees for withdrawals at mobile agents.
	National Microfinance Bank	Commercial bank	CARE	Group savings account with no minimum balance, no management fees, and 3% interest per annum.
	Tanzania Postal Bank	Postal savings bank	Plan	Branch-based current account with mobile, POS and internet banking facilities.

Togo

	Etisalat	MNO		Flooz: a mobile money account which users can access as part of a loyalty programme to encourage rural women and communities to use Weena Etisalat's mobile services; savings groups are targeted as a distribution channel and gain access to mobile money in the process.
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	Bank		MFI		MNO		Bank/MFI with MNO		Technology platform		Retailer with banking license
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Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
Uganda				
	Airtel Uganda	MNO	Plan; Grameen	Group mobile wallet that requires three PINs to mimic the three-key system of the VSLA lockbox; all members receive a text when deposits or withdrawals are made.
	Bank of Africa Uganda	Commercial bank	CARE	Savings account with an opening/minimum balance of UGX 10,000, no monthly fees, free deposits, and no minimum account balance to earn interest. Other benefits include a VSLA Chama deposit book, financial literacy seminars organised by the bank, and access to loan facilities after having consistently saved for six months with the bank.
	Barclays; Airtel	Commercial bank; MNO	CARE; Plan; Grameen	Group savings account with no account fees and interest on savings. Groups are able to apply for an overdraft facility after six months of savings in their account. Groups can also sign up for mobile apps that allow them to send digital records of their savings and loan activity to the bank, or use an Airtel mobile money wallet to make deposits/withdrawals through mobile money agents.







CASE STUDY: Barclays, Uganda

A major challenge for banks and other financial institutions seeking to link to savings groups has been the relatively high cost of reaching rural savings group members, who often live far from branches. Several large commercial banks in Africa have begun partnering with MNOs to extend their reach into more remote areas in a cost-effective manner.



In Uganda, Barclays has partnered with the NGO Grameen Foundation Uganda and MNO Airtel Uganda to develop a mobile product called 'eKeys', which links a group's mobile money wallet to a Barclays savings account. This allows savings groups to make a deposit or withdraw funds by visiting any of Airtel's nearly 30,000 mobile money agents, rather than travelling to a branch. In the same way as groups require three keys to open their metal savings box, the mobile app is designed so that three separate group members must enter a PIN before funds can be accessed.

Another mobile product, called 'Ledger Link', is helping groups build a credit history with Barclays by enabling them to submit digital records of their savings and loan activities. After six months of saving with Barclays, these records can be used to assess the group's credit score and provide access to an overdraft facility. In line with the traditional savings group model, the group (not an individual) is responsible for lending out the funds from the overdraft and collecting loan payments from individual members.



Barclays has seen migration of individuals from relatively mature savings groups into individual savings accounts, suggesting that savings group linkages are a viable, long-term strategy for reaching and providing services to individual low-income customers across multiple markets. A key lesson for Barclays has been the need to develop tailored products which are responsive to the evolving needs of the savings groups.





Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
	Centenary Bank	Commercial bank	CARE	Centevsla savings account: a group savings account through which savings can be used as collateral for loans.
	Finance Trust Bank	Commercial bank	CARE	Basic group current account.
	FINCA	MFI		Savings account for SACCOs, groups, associations or clubs with a UGX 50,000 opening balance. Free of charge withdrawals and deposits at all FINCA Uganda branches and POS locations across the country; UGX 1,000 monthly maintenance fee. A short-term or medium-term credit facility that can be accessed through a group with a minimum of five and maximum of 10 active entrepreneurs owning individual businesses. Loan amounts of up to UGX 10,000,000, flexible repayment terms, periods of 4–8 months, and no collateral requirements.
	Opportunity Bank	Commercial bank	CARE; Stromme Foundation; MBUGO/LWR; NUDIPU; AVSI	Basic savings account targeting VSLA groups with a minimum deposit of UGX 50,000, no ledger fees, and interest for balances above UGX 100,000. Solidarity loans between UGX 1,000,000 and 10,000,000 without formal collateral are offered to mature groups (two years or more).
	PostBank Uganda	Postal savings bank	CARE	Basic savings product with the option to qualify for a credit product that includes death-benefit insurance and 'loan graduation' for best performing groups.
	Ugafode	MFI	UNCDF/MicroLead	Piloting a group savings product called GroupSave, and a mobile product call AirSave.

Zambia

	Barclays	Commercial bank	CARE; Plan	A community account with no minimum opening requirements, no account opening fees, and no fees for deposits or withdrawals. Groups receive free monthly statements and a chequebook. Interest is paid for balances above K 5,000.
	Ecobank	Commercial bank		Savings account with no monthly charges, free withdrawals and interest earned on savings (3% after three months). Initial deposit and minimum account balance of K 500 required; a monthly charge of K 35 is applied to balances below this.

P = Pilot

 Bank	 MFI	 MNO	 Bank/MFI with MNO	 Technology platform	 Retailer with banking license
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Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
	FINCA	MFI		Village Bank is a group loan from which loans are disbursed individually to each member. Village Bank members do not need to pledge collateral in order for them to access this loan. Benefits include: lower and competitive interest rates, no collateral required, flexible loan repayment periods, increased subsequent loan amounts, guidance and financial training offered. Loans start from as low as K 150 to K 14,000.
	Zambia National Building Society	Housing bank		The Musika group savings account has a minimum opening balance of K 20, a minimum balance of K 10, no maintenance fees, and offers access to group loans.
	Zambia National Commercial Bank (ZANACO)	Commercial bank		Basic group savings account.
	Zambia National Savings Bank (NATSAVE)	Commercial bank		The Regular Savings Account has no monthly fees and an opening/minimum account balance of K 50. Withdrawals cost K 5 and the account must remain active on a monthly basis or be suspended. The Rural Savings Account has no monthly fees and a K 20 opening/minimum balance. Growth Savings Account has a minimum balance of K 30. Withdrawal allowed three times in a year.

ASIA-PACIFIC

Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
Bangladesh				
	Jamuna Bank	Commercial bank		Transaction account with SMS and internet banking.
	Meghna Bank Limited	Commercial bank		Basic transaction account, requires minimum balance of US \$64-120 depending on whether branch is rural or urban.
	Mutual Trust Bank	Commercial bank		Basic group savings account.
	NRBC Bank	Commercial bank		Fixed deposit account allowing saving for up to two years.
	Pubali Bank Limited	Commercial bank		Group transaction account with minimum deposit of US \$64; basic savings account limits withdrawals to US \$600 with interest; term deposit account requires seven days' notice to withdraw.
	Trust Bank	Commercial bank		Transaction account with ATM, debit card, internet banking facilities, along with SMS alerts of activities.
Cambodia				
	Prasac Microfinance Institution	MFI		Basic group savings account and term deposit account up to 36 months, with access to group loans.
	Sathapana Limited	MFI		Credit product offering loans up to US \$350 to Joint Liability Groups. At least one group member is required to provide collateral (typically title to house or land).
India				
	Axis Bank	Commercial bank		Savings account for savings groups ('societies'). US \$400 minimum balance.
	Canara Bank	Commercial bank		Credit product with loan amounts based on value of savings; varies from 1:1 to 1:4 leverage. Canara Bank also has a microfinance training institute to train SHGs.
	Corporation Bank	Commercial bank		The Corp Pragathi account is a basic savings account with no minimum balance. Account includes a passbook and allows for 10 transactions per quarter, only at branches.
	Dhanlaxmi Bank	Commercial bank		Credit product based on savings mobilised, providing 2-4x leverage; SHGs have to be rated before receiving credit.



Bank



MFI



MNO









Bank/MFI with MNO



Technology platform



Retailer with banking license

Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
	FINO PayTech India	Technology provider		SHG members can access savings, credit and insurance products via POS devices and smart cards.
	HDFC Bank	Commercial bank		Credit-focused linkages to SHGs via the bank's Sustainable Livelihood Initiative.
	ICICI India	Commercial bank		Credit product for groups who are eligible after saving for six months.
	Indian Bank	Commercial bank		Group credit facility to meet the educational expenses of the children of SHG members (two years or more); groups can access loans up to 6x the value of accumulated savings.
	Indian Overseas Bank	Commercial bank		Basic savings account available with or without cheque books. US \$1.50 minimum balance for accounts without cheque book.
	Kotak Mahindra Bank	Commercial bank		Transactional and term deposit accounts with free cash deposits, withdrawals, and monthly statements; phone banking and internet banking available.

CASE STUDY: FINO PayTech, India

FINO PayTech is an Indian company formed in 2006 to build and implement technologies and agent networks that enable financial service providers (particularly banks and insurance agencies) and government institutions to serve low-income, rural customers. Today they are among the largest branchless banking networks in the world, facilitating transactions for partner organisations as well as extending services to clients directly.


To facilitate reliable, low-cost transactions and provide doorstep banking to customers, FINO PayTech uses a robust network of agents and branch outlets that are equipped with in-house proprietary software operating on smartphones and desktop computers. Using the mobile app and the software operating in the branch outlets (branded as FINO Money Marts), customers can open savings accounts, make deposit and withdrawal transactions, and transfer money. The mobile devices require biometric and one-time password authentication from the customer.

FINO customers can also access other products such as credit, other savings products, and health and life insurance. This transaction platform is used today by the government as a tool for opening accounts and transferring payments to people living below the poverty line under the PMJDY (Pradhan Mantri Jan Dhan Yojana) scheme. These innovations address a number of challenges that FSPs face when serving low-income customers: illiteracy, information asymmetry, security and the high cost of service relative to transaction size.

FINO PayTech has initiated linkage with savings groups in conjunction with the Union Bank of India and currently works with a number of other banks (including IndusInd, IDBI, and Dena Bank) to extend credit and savings services to groups. In addition to accessing credit, group members banking with FINO PayTech can save in a one-year committed savings account which allows recurring contributions (weekly or monthly) and pays 7.5% interest annually. FINO currently serves 500,000 group members, two-thirds of whom are customers of partner banks and one-third of whom are clients of FINO's financial services arm.


Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
	NABARD Financial Services Limited	Government bank		Basic group savings account.

	Swarma Pragathi Housing Microfinance	MFI		Extends housing microcredit to SHGs.
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	Yes Bank	Commercial bank		Credit product that is provided with an unsecured loan from the Asian Development Bank.
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Malaysia


	Bank Rakyat	Cooperative bank		Can be opened by associations or clubs, term deposits last for 2-60 months.
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	Bank Simpanan Nasional	Government bank		Islamic investment account available to groups.
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Solomon Islands

	ANZ Bank	Commercial bank	Rokotanikeni Associates (all women savings group)	Group term deposit with renewable option. Cash collection travel costs subsidised by bank.
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	Bank South Pacific	Commercial bank	Live & Learn	Basic group savings account accessed through branchless banking agents.
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	Central Bank of Solomon Islands	Government Bank	Zarepe Saving Club	Treasury Bill of 181 days duration with option of reinvestment on maturity. A unique case of a savings group from a remote part of the country choosing to invest its members' savings in Government Treasury bills floated by the Central Bank.
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	Westpac Bank	Commercial bank	World Vision International; UNCDF/PFIP	Basic group savings account accessed at the branch or through branchless banking agents. Fees on withdrawals.
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Sri Lanka

	National Savings Bank	Government bank		Credit product offering group loans up to US \$7,500.
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	Regional Development Bank	Development bank		Credit product offering income-generating loans for women (Joint Liability Group model).
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	Sampath Bank	Commercial bank		The Samaja account can be operated as a savings, current or fixed account; Sampath Double provides an interest 'bonus' (up to 50%) on savings; internet and phone banking available; credit available on 'hit saver' account (up to 90% of savings).
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	Bank		MFI		MNO		Bank/MFI with MNO		Technology platform		Retailer with banking license
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Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
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Vietnam









Vietnam Bank for Social Policies (VBSP)

Government bank

Basic group savings account; in addition to savings product, on-lends to promoters who form savings and loan groups.



LATIN AMERICA

Main distribution network/s	Financial service provider(s)	Type(s) of FSP	Other partner(s)	Product description
Colombia				
	Corporación IED-Vital	Technology provider		Demand deposit account.
	E-kulki	MNO		Mobile wallet requires two PINs to make any transaction. Does not require that the savings group has a smart phone.
Dominican Republic				
	Banco Adopem	MFI		Demand deposit account. US \$0.50 minimum balance; flexible term; deposits at branches only; not linked to credit.
P 	Banco BHD León	Commercial bank	ADOPEM	Demand deposit account.
Mexico				
P 	AMUCSS: Asociación Mexicana de Uniones de Crédito del Sector Social	MFI		Demand deposit account.
	Banco Azteca	Commercial bank		Goal-based group savings account: group determines the length of the deposit (term product) and the goal deposit size per period. Comes with a Visa-branded debit card. Caters for both in-branch deposits and transfers (including interbank) as well as transfers via internet. Banco Azteca is using lotteries (MEX 100,000 per week) to drive deposit uptake.

P = Pilot

 Bank	 MFI	 MNO	 Bank/MFI with MNO	 Technology platform	 Retailer with banking license
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CASE STUDY: Banco Azteca, Mexico

In 2001 Grupo Elektra, a large retailer of household goods including furniture and electronics in Mexico, decided to leverage its decades-worth of customer information gained from offering in-store credit to open Banco Azteca.

Azteca branches, located in dedicated sections of Elektra stores, offer a group savings product called Guardadito Tanda to savings groups of at least five members. The product is a group savings account in which the group's manager (also a *tanda* member) chooses the length of time over which the group will make its deposits as well as the amount of each deposit. Guardadito Tanda includes a Visa-branded debit card that allows members to make deposits at affiliated supermarkets and receive payouts at most ATMs in Mexico (withdrawals are free at Azteca ATMs, with a small fee at other ATMs). All deposits and withdrawals are made by the *tanda* member or members in possession of the debit card; the cardholder is determined by the *tandas*

themselves. The account also permits group members to make account transfers (for which a fee is charged) at Azteca branches. Guardadito account holders are eligible for discounts at selected retailers (e.g. Starbucks) and are entered into weekly lotteries with the chance to win MEX 100,000 (approx. US \$6,500). The interest rate paid on savings is 0.25% APR before taxes.

Banco Azteca's experience suggests that in other markets where retailers can operate as a financial intermediary this could be a viable model for scaling-up savings group linkages. In South Africa, for example, several large retailers already act as pay points for remittances and government-to-person payments, and locations for performing cash-in/out on behalf of payment service providers or banks, technology companies and other financial entities which provide payment services. However, to date none appear to have linked to savings groups either directly or indirectly.

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