

**FROM IDEA**

Breaking New Ground



**TO MARKET**

in Reaching Underserved Savers

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LIFT

# Good Practices of Linking Savings Groups to Banks

Breakout Session #3

16:00 – 17:15, March 9, 2017

Noel DaCruz Quishinga, CARE International Ghana

UNCDF MicroLead Fourth Annual Peer-learning Workshop

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# GOOD PRACTICES OF LINKING SAVINGS GROUPS TO BANKS

Presentation by CARE International, Ghana



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# CARE'S VSLA PROGRAM IN GHANA



- CARE has been promoting VSLAs in Ghana since 2001
- Over 1500 VSLAs have been created and trained
- Cash flow problems during lean season and excess cash during bumper season
- In addition there has been a growing security concern for the cash in the box
- These situations have created a need for linkage of VSLAs to formal financial services

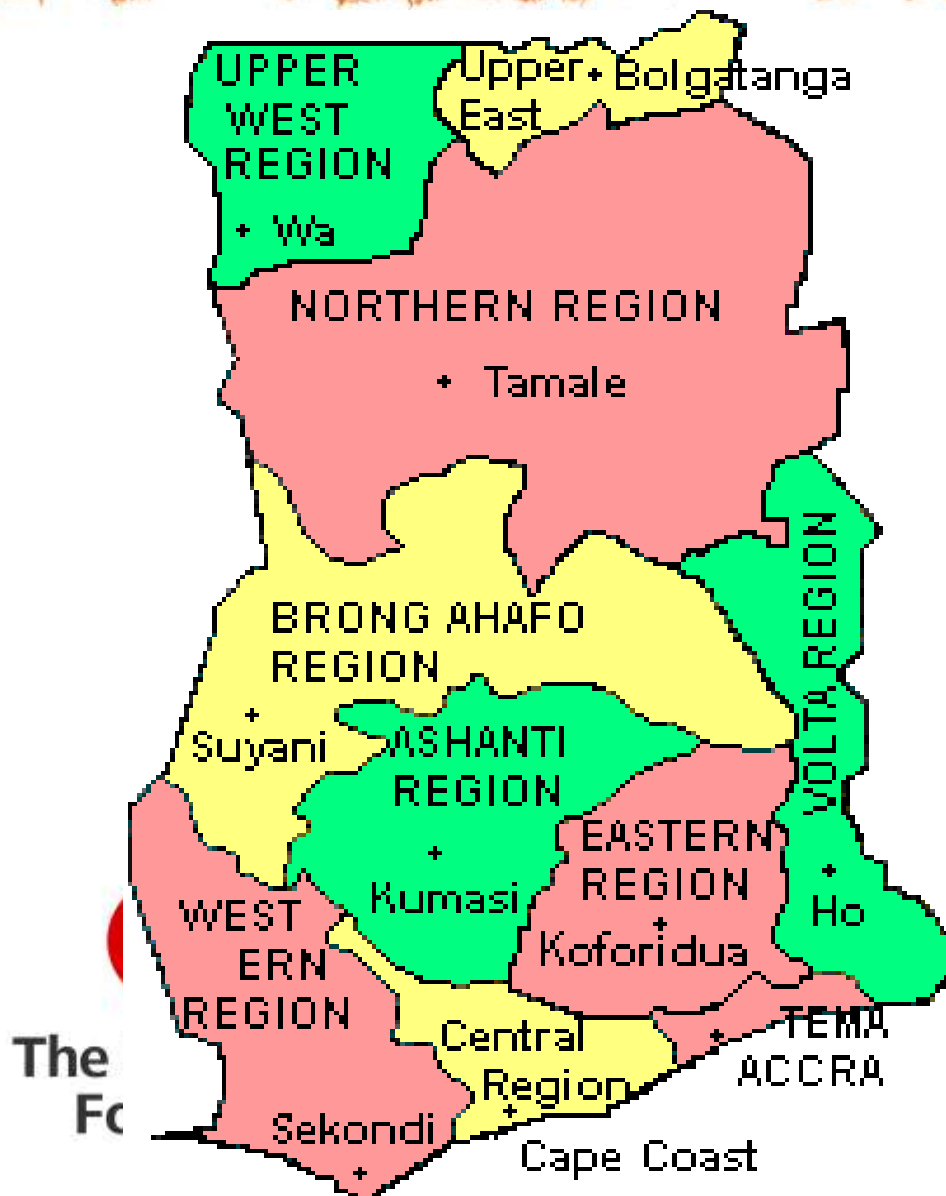


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# Where we work



- We work in areas that are -
  - Rural
  - Remote
  - Hard to reach
  - Dispersed

• These are the areas without access to basic social amenities including access to formal financial institutions

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- Access to formal financial services in Ghana is constraint by:
- Dearth of banks and
- Account opening requirements (KYC)
- CARE in partnership with Fidelity bank and MTN used technology to overcome these barriers through Fidelity Smart Account and MTN mobile money
- Designed customized products for VSLAs
- Supported FSPs and MNOs by mobilizing VSLAs for linkage
- Developed linkage manuals for training VSLAs
- Built the capacity of FSPs and MNOs on VSLA operations
- Integration of MTN mobile money with Fidelity Smart accounts

## With the use of technology:

- VSLAs can have bank accounts in their communities without visiting a physical branch of the bank
  - Only 1 form of approved national id is accepted
  - Accounts are opened real time in the communities and approved within 5 mins
  - Account opening process is simple
    - fill a form
    - Sign or thumb print the form
    - take a picture of person, the filled form and 1 national id
    - send to back office as MMS for approval
  - A pin and chip card is handed over to the customer which is the account – works on POS and ATM machines
- 5
- April 25, 2011
- the person can operate the accounts thereafter

# Linkage facilitation role of CARE

- To ensure maximum benefit for VSLAs CARE facilitates linkage by:
- Assessing and selecting best performing groups for linkage
- Preparing groups for linkage by linkage training
- Recommending selected groups to financial institution
- Identifying and recommending Agents for Fidelity bank
- Organizing village days for account opening
- Monitoring and reporting on use of linkage products
- Regular review meetings with FSP on linkage



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## Managing partnership

- CARE plays a major role in bringing together all stakeholders viz: FSPs, MNOs, CBOs, Donors and VSLAs and maintains a healthy relationship between these stakeholders by:
- Building capacity for all partners
- Holding periodic review meetings with all stakeholders
- Organizing partnership meetings for all partners
- Defining agreed code of conduct for all partners through signing of MoUs among the partners



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# Monitoring and Supervision role of CARE

- CARE ensures quality control by:
- Regular monitoring visits to CBOs, FSPs and MNOs
- Collect, collate and analyse data using mobile phones
- Data stored on web based SAVIX and available online
- Collected GPS data on the locations of all groups
- Prepare GPS maps of all VSLAs and stored on SAVIX
- Access to these sites available to partners to make inputs and review data



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# Achievements



- Created access to VSLAs in remote areas to have a bank account
- Introduced Fidelity bank to rural communities to link groups
- Now CARE has different linkage arrangements with GN bank and Sinapi Aba Savings and Loans, where VSLAs are linked directly to bank branches but transactions are done in the communities with mobile bankers and mobile phones installed with special applications that link the phone to the bank branch
- Over 1,500 VSLAs have been linked through these efforts



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## Challenges

- Systems failure and poor network strength
- Technology and software challenges
- Difficulty faced by Agents in liquidation of physical cash for e-cash and vice versa

# Solutions



- Introduction of Mistral
- Card less operations
- Repackage product
- Organize linkage around urban/peri-urban areas
- Recruit Smart friends and Agents solely for VSLAs



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## Lessons learnt

- Preparing groups before linkage is good
- Test Products in different types of environments before roll out
- We need to test our assumptions about poor people before designing products for them
- Products must be packaged and sold with a special need
- Using different approaches for linkage – direct and by technology



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