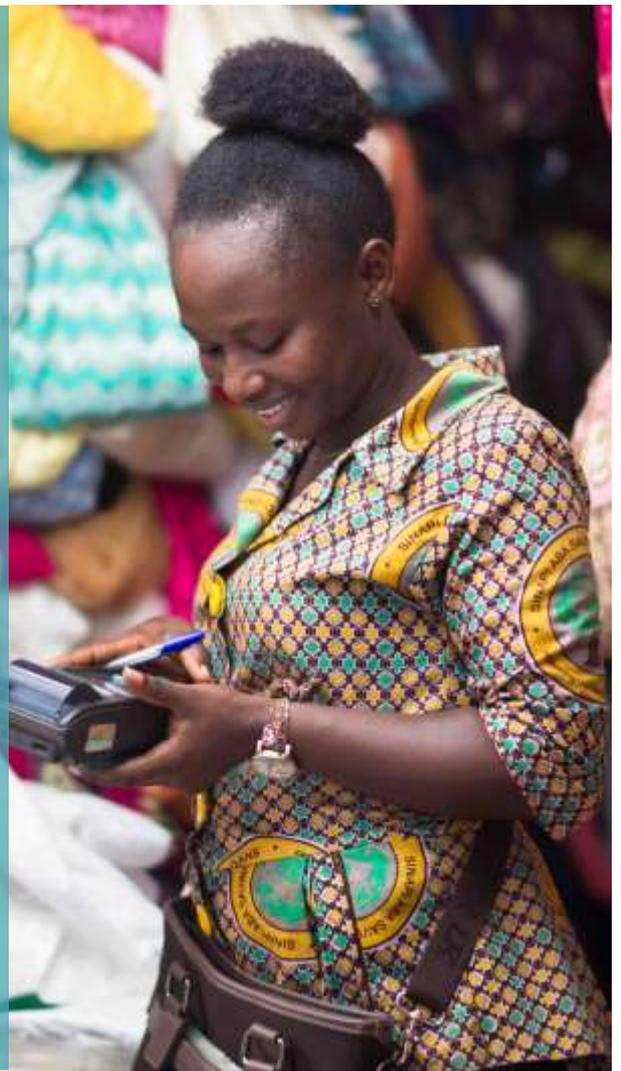


YOUR MICROLEAD



MICROLEAD

WELCOME TO THE MICROLEAD ANNUAL WORKSHOP, 2017!

In 2016, MicroLead (MLE) partners continued moving forward in expanding access to finance to the previously unbanked. And we all have lessons learned to share.

Our goal for this document is to generate discussion and facilitate information sharing.

Thank you all for your amazing work. Here's to 2017!

Photo (top) via Sinapi Aba and Opportunity International.



ALIDÉ AND FREEDOM FROM HUNGER – BENIN

Linking Savings Groups

In Benin, MFI and MicroLead partner ALIDÉ, supported by TSP Freedom From Hunger, is experimenting with the investment/return balance for linking savings groups. What is the bare minimum that financial service providers (FSPs) must invest to create and maintain a successful linkage? And specifically, do savings groups *need* formal financial education to succeed? Or might a media campaign explaining the process suffice?

The experiment began in January 2016. Savings groups in the targeted communities are exposed to seven financial education sessions delivered via agents using cell phones prior to opening an account. The financial education content was developed and based upon Alidé's market research.

Other test groups are only exposed to a media campaign. Negotiations are currently underway to deliver Alidé new financial education content via local radio stations covering two of the three communities targeted by the project. The experiment is still in process, and results are expected by the end of 2017.

Alidé also recently changed their digital financial services (DFS) strategy. Instead of using the CARMES transactional platform, they decided to use a mobile solution integrated with their recently adopted core banking system (MICROFINA). These new group savings accounts will be distributed once the financial education is delivered.

Photos (top and bottom) courtesy of Freedom from Hunger.

CONSORTIUM ALAFIA AND CPEC – BENIN

Leveraging Susu Collectors

In Benin, Coopérative pour la Promotion de l'Épargne et du Crédit (CPEC) decided to create its own team of Susu collectors to provide doorstep banking in rural areas. "Susu," meaning "small-small," is one of West Africa's oldest methods for people to informally save small amounts of money. These private Susu, or "tontinier," collectors go door-to-door, collecting daily savings, mainly from low-income populations.

CPEC began their experiment two years ago, incorporating Susu-style collectors into the CPEC team. The business model appears to be working. "It took us a year of talking to informal Susu collectors before determining a business model that works," says Télésphore Afouda, Marketing Director of CPEC. "It is important to spend time identifying the needs of the Susu collectors and the risks and opportunities you can share with them. Only then can you propose a strong business model."

As of October 2016, CPEC's Susu collectors are serving 9,607 clients, who have opened over 26,000 accounts. Clients are opening multiple accounts to save toward different goals. For example, a client might have an education savings account in addition to a general savings account. CPEC's clients clearly understand the importance of goal-based saving.



RCPB & FREEDOM FROM HUNGER— BURKINA FASO

RCPB is the oldest cooperative network of savings and credit institution in Burkina Faso and one of the oldest networks in Africa. It is also the largest microfinance institution in Burkina Faso. Along with SOFIPE, it is part of an innovative savings group (SG) linkage project supported by financial education. The two FSPs are deploying their own staff to supervise “community agents” directly responsible for forming groups and building linkages. This is an innovative approach when compared to the more-typical method of relying on an external, NGO partner in charge of creating and linking savings groups.

RCPB is also utilizing mobile agents and digital financial services using its own digital platform, Intercaisse, an application initially developed to link its credit union databases. Intercaisse also has the capability of providing mobile money services, so savings groups can have access to their accounts wherever they are.

RCPB is currently in the process of deploying its own network of agents equipped with cell phones to allow savings groups to conduct their financial transactions. Most of the agents are roaming agents, and all are proprietary to RCPB. However, RCPB expects that some existing Mobile Money agents may be interested in working with the institution. In this case, the design of the agent network must first be approved by the regulator. RCPB is now engaged with the central bank in that regard, with a focus on the security of the network and agents.



SOFIPE & FREEDOM FROM HUNGER— BURKINA FASO

SOFIPE’s mission is to promote the financing of micro and small businesses in Burkina Faso through a range of products and innovative financial and non-financial services. To achieve this, SOFIPE utilizes digital financial services and an existing network of mobile agents. The FSP partnered with AirTel, the largest mobile network operator in Burkina Faso. AirTel has over four million subscribers, and roughly a third utilize its mobile money solution. SOFIPE and Freedom from Hunger are working now to integrate the AirTel Money platform with SOFIPE’s MIS.

Like RCPB, SOFIPE also links savings groups. These groups were 100% women, however, SOFIPE uncovered strong demand from men as well. So SOFIPE went ahead at their own cost (i.e. outside the MicroLead budget) to form groups composed of men. They’ve noticed that where they’ve been creating male groups, it’s easier to recruit female groups. The lesson: don’t assume you know your market!

Photos courtesy of Freedom from Hunger.



CRDB BANK, BURUNDI

CRDB Bank Burundi SA began operations in 2012 and is a subsidiary of CRDB Bank Plc, one of the leading financial services providers in Tanzania. Created in 1996, CRDB Bank Plc is headquartered in Dar es Salaam and listed on the DES (Dar es Salam Stock Exchange).

CRDB conducts market research by collecting data from small income earners in targeted business locations. Data is then segmented by sector, types of business, services offered, credit facility packages, etc. CRDB Bank has found that local commercial institutions offer nearly the same service/products. However, they differ in their channels. They also found most institutions offer weak service after a customer or business was acquired, leaving an opening for CRDB to differentiate itself. CRDB is, therefore, focusing on user-friendly technologies, including ATMs and mobile phone banking.

CEC, CAMEROON

Established in Cameroon in 1994, Caisse d'Epargne et de Credit du Cameroun (CEC) is a private financial institution licensed under Cameroonian law. CEC is organized as a member cooperative with ten branches and over 56,000 active members and works throughout the country.

Through UNCDF's MicroLead program and supported by technical service providers BASIX and Pamiga, in April 2015, CEC began rolling out digital financial services using a proprietary agent network. Agents offer real-time account openings, deposits and withdrawals using smart phones. Based on the success of the pilot, CEC purchased 100 additional POS devices that it is deploying in a phased manner across its branch network. In 2016, CEC rolled out its new alternative delivery channel, training, equipping, and deploying 85 agents in the field with smartphones and Bluetooth printers. The use of agents has enabled CEC to reduce many operational risks, such as fraud, to optimize operating costs, and to increase outreach and the percent of women served. CEC also provides real-time monitoring of its agent network.

One challenge the program faced was financial education, particularly around the technology being used. Now, agents can narrow down the clients' concerns and address them through Q&A sessions, during which they educate clients on the benefits of digital doorstep collection and the processes it involves.

A3C, CAMEROON

In Cameroon, A3C received its license from the Ministry of Finance in 2007 to undertake financial intermediation. The overall objective of the project is to facilitate access of financial savings and credit services for the underserved population which was excluded from the formal financial system with customer-centric products delivered sustainably.

With assistance from BASIX and Pamiga through the MicroLead program, A3C's existing savings product was refined. The project's greatest successes are the computerization and 25% increase in the compound annual growth rate of voluntary savers, as well as the percent increase in women clients. The project also helped A3C upgrade its MIS, computerizing member data.

As of December, 2016, 78 village banks were members of A3C, with a total combined outreach to 35,312 active members. Members receive financial services such as loans (groups and individual), savings and micro insurance. Most village bank members are involved in agriculture, particularly the cocoa sector.

Photo courtesy of BASIX.



UCCGN, CAMEROON

Established in 2006 and licensed in 2007 by the Ministry of Finance, UCCGN operates in Cameroon's two northern regions through 52 village banks with over 433 groups. As of December 2016, UCCGN has 30,216 active members, receiving financial services including loans (groups and individually) and savings. Through MicroLead, UCCGN developed a special savings plan for women and computerized the MIS of their member village banks.

Unfortunately, many of the village banks (27) have stopped functioning, due to the actions of Boko Haram in the Cameroon "red zone." Despite this, UCCGN has achieved a compound annual growth rate among its voluntary savers of 21% and has increased its percentage of women clients.



BUUSAA GONOFEE & BASIX/PAMIGA, ETHIOPIA

Founded in 1999 as a private, non-bank financial institution, Buusaa Gonofaa started its life as a credit-focused MFI. With help from the MicroLead project, the MFI began actively pursuing voluntary savings clients. They started their deposit-mobilization journey by focusing on understanding the market and product design. Their TSPs, BASIX and PAMIGA, led staff and consultants in a mini-market survey to identify Buusaa Gonofaa's customer needs, the competition, and staff preparedness to expand voluntary savings. The MFI began testing new products, coupled with a test of a POS system to make doorstep banking more efficient and sustainable.

"As we rolled out the POS to the test branches," said General Manager Teshome Yohannes, "we were also pushing the staff to increase savings deposit mobilization, so some of the branches started offering doorstep collection. They just did it. It was risky, yes, but we were pressuring them to increase deposit volumes, so they went to the doorsteps. The POS has really changed the whole game and the whole business model.

"I went to each branch several times just to understand what this branch was doing. But the staff had advanced quite well, so we had to come back to the drawing table and quickly follow them, asking how can we learn from what they're doing, do it more systematically, and strategically introduce doorstep savings as an option?"

The door-step deposit collection is undergoing further fine-tuning by adding a feature where customers are asked to articulate a self-defined savings goal – e.g. for festivities like Easter or 'Eid, for school fees, buying households assets like a refrigerator, expanding their businesses, etc. This goal articulation has been a powerful motivator for clients to save towards a concrete goal. At the same time, it has also contributed to more steady growth in deposit balances, a win-win situation for clients and Buusaa Gonofaa.

(Photo courtesy of Buusaa Gonofaa).

WASASA & BASIX/PAMIGA, ETHIOPIA

Wasasa was founded as a private, non-bank financial institution in Ethiopia's Oromia region and targets the rural poor. With help from MicroLead and its TSPs, BASIX and PAMIGA, Wasasa expanded their voluntary savings with new product designs based on its marketing research. The MFI tested three new products: passbook savings, time deposits, and planned time deposits, which enable customers to save in periodic installments.

Wasasa focused on understanding their clients at a highly-detailed level – clients' cash flow patterns, their needs, and which savings product features mattered to them.

"MFIs have to identify their niche market and have appropriate products to fit their needs," said Wasasa's General Manager, Amsalu Alemayehu. "MFIs need to know their customers much better – their cash flows, their cash needs, how they're going to finance their cash needs, what kinds of programs MFIs can design to tap that."



FIDELITY BANK, GHANA

Fidelity Bank has been working with CARE International to link Village Savings and Loans Associations (VSLAs) in Ghana's three northern regions and the Brong Ahafo region to the bank through a combination of agents and mobile banking. Now, VSLA members can use a mobile phone to access their accounts.

Fidelity's agents are third-party providers, working outside the bank, and conduct cash-in/cash-out transactions for savings groups. To ensure clients get quality customer service, Fidelity retains an agent support officer, who works in the field to monitor agents.

To design their VSLA savings products, CARE and Fidelity initially developed the products together, based on their assessment of the VSLA linkages. They tweaked Fidelity's existing SMART accounts, for example, removing the charges for VSLAs.

However, there were technological challenges with the network, software, and mobile platform. Lessons learned? "One," says CARE Ghana project manager, Noel da'Cruz, "you must test your products in different environments to ensure they can work everywhere. For example, some products work very well in urban areas, but not in rural areas. Another thing we realized was that due to the changes we made to the fee and transaction charges to VSLAs for the SMART savings accounts, agents' commissions were affected. This resulted in demotivating the agents because it reduced their profits per transaction. It became a major challenge. So we decided to restore some charges and redesigned the products."

GN BANK, GHANA

Ghana's GN Bank is one of the newest members of the MicroLead family, partnering with CARE International and MicroLead in 2016. "Due to network and other challenges faced by Fidelity Bank it was obvious that we would not achieve our targets solely through Fidelity Bank," says Noel Da'Cruz of CARE Ghana. "We therefore brought on board the other banks who have more visibility in our operational areas."

As with Fidelity Bank, CARE worked with GN Bank to link savings groups. The VSLA accounts link directly to GN Bank branches, though the groups don't go to the branches. Instead, GN mobile bankers use a mobile phone to collect account data at the field level, and this is transferred to the head office. The mobile bankers are GN staff, who deposit into their branch every day and act as an interface between the savings groups and the head office.

GN Bank has a broad and deep network of branches and is one of the more visible banks in the country. "When people see the physical structures of the bank," says Noel, "they develop some trust, rather than just seeing some people who say they're from a bank in Accra. So we approached GN Bank, which already had mobile bankers looking for clients on their own, and proposed helping them link with VSLAs."

Because of CARE's previous experience with Fidelity, the team decided not to make changes to GN Bank's existing products. "We looked at their savings products," says Noel, "and they were close to the VSLA model. They also came with the highest interest rate in the market and life insurance of 1,000 Ghanaian cedis." However, unlike GN Bank's typical savings account, VSLAs can make withdrawals four times for free (two times for regular customers).

Photo below and next page courtesy of Opportunity International. Below: Sinapi Aba's client journey mapping.



SINAPI ABA AND OPPORTUNITY INTERNATIONAL, GHANA

Sinapi Aba is a savings and loan institution based in Ghana. With technical assistance from Opportunity International, 2016 was a year of innovations for the institution.

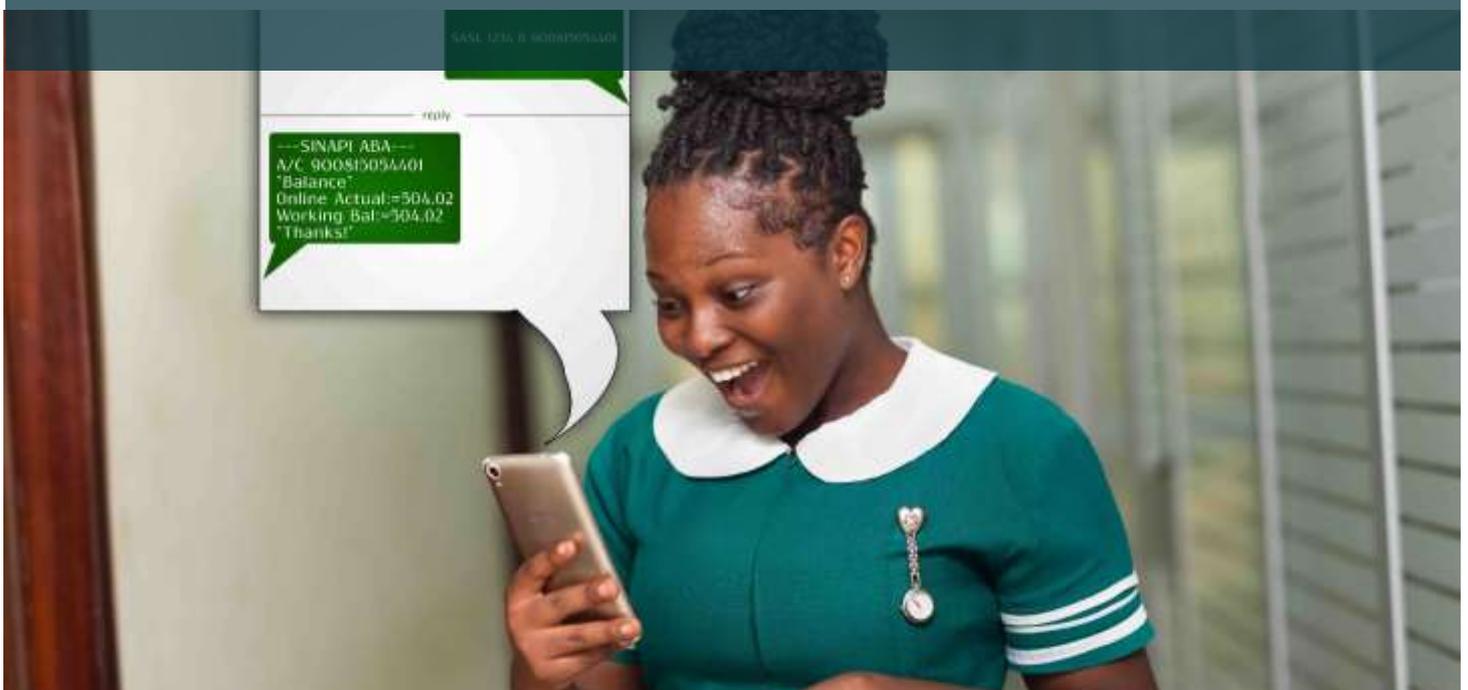
On the digital finance front, Sinapi Aba rolled out xtigi mobile phones to its roaming agents (Mobile Bankers) to support the collection of deposits. Digitizing the “susu collection” brings additional convenience to customers who receive this door-to-door service. Sinapi Aba also launched a partnership with all the leading telcos in Ghana, making Sinapi Aba a “Super Agent” to support the various Telco agent networks. In doing so, Sinapi Aba is extending its impact through its roaming agent (Mobile Banker) network by helping reload e-float for Telco agents. Additionally, the institution launched an electronic and digital term dedicated to helping smooth Sinapi Aba’s path toward digitalization and especially its digital services to customers. Finally, Sinapi Aba fully launched its SMS banking product to give customers easy access to statements, transaction receipts, alerts, and notifications.

The savings and loan also took dramatic steps to create more customer-centric products. As a result of a customer journey mapping exercise and a customer satisfaction survey that took place in early 2016, Sinapi Aba took the following four actions:

1. It conducted a significant in-service training for mobile bankers to tackle the inconsistency of Mobile Banking services, confusion around savings and loans services, and SMS alerts.
2. It removed the monthly mobile phone SMS fee to ensure transparency and increase client satisfaction.
3. It launched the Sinapi Online Loan Application System (SOLAS), a back-end loan application system to shorten the loan approval process for customers.
4. It launched international transfers to any country and banker’s drafts in collaboration with partner banks to address the business needs of many SME clients.

Its customer-centric approach is ongoing. Monthly, Sinapi Aba staff at all levels of the organization talk to clients and potential clients to gather feedback and learn how to improve their products and services. Listening to people on the ground, in addition to a high focus on staff capacity building, remains a key priority. And through a new partnership, Sinapi Aba and CARE Ghana worked together to fine-tune Sinapi Aba’s saving product, tailoring it to meet the needs of savings groups. A pilot was launched linking four savings groups to formal financial services offered by Sinapi.

These customer-centric approaches continue in Sinapi Aba and Opportunity’s joint efforts on social performance management. In 2016, through SPM data collection, quality validation and analysis, the institution gained a greater understanding of its clients in a several areas, such as women’s empowerment, food security and health. This data is crucial for creating a regular and evidence-based mechanism for SASL to validate and improve its products, services and business practices. It is also a key piece of Sinapi Aba’s client protection efforts.





WOCCU, LIBERIA

From 2013 to mid-2016, World Council of Credit Unions (WOCCU) worked to revive the credit union system in Liberia through the development of four regional credit unions (RCUs) like TSCU. The MLE project, in collaboration with stakeholders, succeeded in working with the government of Liberia for the passage of Regulations for the Licensing and Operations of Credit Unions in Liberia in 2015. Now, the Central Bank of Liberia has the authority to regulate and supervise the credit union operations in Liberia.

Key to WOCCU's strategy for working in this post-conflict environment was fostering local partnerships. Local leadership within interim RCUs managed the RCU start-ups and initiated awareness campaigns. However, the RCUs still faced suspicion from local communities.

But the RCUs persisted, reaching out to community leaders and working directly with communities to select and train volunteers. They also worked closely with village savings and loan groups, helping them upgrade their operations, and hired local staff who were well-regarded within the communities they served. And they aired local radio ads to build awareness. Adding regular savings and withdrawal services at a secured POS has also restored community confidence in credit unions like TSCU. By "keeping it local," the credit unions were eventually able to gain the communities' trust.

The project also initiated digital financial services. Though the service needs to be widened to involve remittances, savings, credit, etc., its introduction has reduced costs (especially travel costs) to both members and RCUs.

TSCU photo – courtesy of WOCCU Liberia

NBS BANK AND WOMEN'S WORLD BANKING, MALAWI

NBS Bank is the fourth largest commercial bank in Malawi. In 2009, realizing that its target market of urban corporate business was no longer sustainable, NBS Bank decided to deepen its outreach to rural areas and mobilize low-cost deposits. It partnered with Women's World Banking, an international NGO with expertise in developing products and channels to reach women, and developed a unique savings product opened at the customer's doorstep and serviced through a network of proprietary agents called Bank Pafupi.

Its product development research focused on how unbanked rural women saved, why they saved in different ways, and what they would expect from a savings product from a bank like NBS. This helped the bank define what type of rural women they should serve. Using focus groups and interviews, the bank developed client profiles for different target markets, e.g. low-income entrepreneurs and cooperative farmers. This research helped NBS Bank understand the barriers to reaching various segments, and this in turn informed product design, which focused on simplicity.

From this, NBS developed the Pafupi product, a mobile savings account designed to remove the barriers to formal savings for low-income people in rural areas, especially women. Accounts can be opened in under ten minutes at the clients' doorstep, no paperwork required, and it enables women to bank in their own neighborhoods. Clients can withdraw or deposit cash at any shop that serves as an NBS Bank agent, and they also receive ATM cards. Financial education was important, so NBS designed marketing materials with financial literacy lessons in the local language. NBS discovered that to reach women, designing marketing materials that targeted them specifically was critical.

ACCU, MYANMAR

ACCU, the Association of Asian Confederation of Credit Unions, operates throughout Asia with the mission is to improve people's lives through credit unions offering self-help, self-governance, and self-responsibility.

Working with the MLE program, they began greenfielding operations in Myanmar. By December, 2016, they had nearly 19,000 members in 36 savings and credit co-ops. Additionally, 97% of its Myanmar operations are in rural areas. The savings and credit co-ops are all owned and managed by their members.

With any start-up, understanding the market is key. ACCU segmented its target clients into nine main groups: salary earners, religious groups, entrepreneurs, farmers, students, professionals, youth and children, low-income and unemployed, and retirees. Currently, it focuses on reaching out to self-help groups, which then link into the group network. In addition to loans, ACCU offers voluntary savings that can be withdrawn at any time, as well as term savings accounts, and "Youth Bee" savings, for children saving in school. Like many development finance institutions, ACCU has identified a knowledge gap when it comes to financial literacy, and is focusing now on savings and credit plus education to help members change their financial behavior for the better.

WOCCU, RWANDA

World Council of Credit Unions (WOCCU) received funding through UNCDF's MicroLead program to support the consolidation of Rwanda's Umurenge SACCOs (U-SACCOs). The goal? To promote increased sustainability of these small institutions, automate the U-SACCOs, and increase access to savings in rural Rwanda. When WOCCU Rwanda discovered that savings groups were spontaneously linking to its U-SACCOs, it sought to discover why and how to better leverage these groups. WOCCU Rwanda took a client-centric approach, developing a marketing plan and tailoring products based on satisfaction surveys, assessments of internal strengths and weaknesses. Satisfaction and savings group studies found that clients wanted increased access to loans and interest-bearing savings accounts, faster response time on loan applications, extended operating hours, and automation to provide transparency, efficient service and mobile payments. In response, policies and procedures were streamlined and new products were developed, with corresponding policies incorporated into parameters for transactional software in anticipation of U-SACCOs automation.

ALLIANCE, AMFIN AND BASIX, MYANMAR

Alliance began operations in Myanmar in 2014 with technical assistance from AMFIN and BASIX. In-depth interviews were conducted to understand the asset-building strategies of potential clients, as well as their financial vulnerabilities, current use of financial tools and services, and overall financial knowledge. The program has maintained a strong focus on customer research, for example researching demand for micro-insurance and agricultural products, and conducting regular client satisfaction studies.

In 2016, the program began implementing financial education. Once again, market research was a critical component in developing a strong program. Alliance's research questions focused on the demand for financial education and what types of financial education were needed, as well as the financial education touchpoints, methods and messages. Through this, the team identified client knowledge gaps to determine the best delivery chain for financial education. Today, financial education is incorporated into the group lending process and is provided as an extra service to individual clients.

Alliance also receives regular feedback on clients' financial literacy and continuing education needs segmented by location and target group.

As of December, Alliance has reached 32,230 clients. Eighty-eight percent of its clients are women.

ASA, MYANMMAR

ASA's operations in Myanmar began in May, 2016 with the objective of reaching 290,225 clients in five years. Its focus is savings-led microfinance services and strengthening local institutional capacity. The institution has already far exceeded its target of 54,000 depositors by March, 2017, with 76,230 depositors as of December, 2016.

Demand for savings products in Myanmar are high. However, regulations restrict deposit-taking. ASA is continuing to ready itself to offer savings however, and its savings study of 500 low-income households in Yangon Township revealed that nearly 95% of respondents were interested in long-term deposits, and nearly 49% in a savings product for their children's education.



Photo courtesy of WOCCU Rwanda

MCB Tanzania and CARE

Mwanga Community Bank (MCB), started its operations in 2000 after receiving its Regional Unit Financial Institution License from the Bank of Tanzania. In 2009, MCB obtained a regional banking license, allowing it to operate throughout the entire Kilimanjaro region. MCB also works with several mobile service providers to promote mobile banking. It is now expanding operations in rural areas, enabling local Village Savings and Loan Associations (VSLAs) to open accounts and transact with the bank. MCB also plans to establish ATMs in rural areas to support transactions for VSLAs and other rural clients. By December 2016, the field team had formed 1,250 new VSLA groups using CARE's franchisee model, with 1,417 total groups linked to banks.

With the goal of increasing financial inclusion in the Kilimanjaro region, **CARE** has acted as a TSP for MCB. CARE supported MCB in the development of a new savings product for VSLAs as well as integrating new products, services, and technology into its operations. To expand outreach and better onboard existing VSLAs, a critical component was training. CARE trained MCB staff in product delivery to VSLAs.

UGAFODE, UGANDA

UGAFODE, supported by the TSP, MEDA, has taken a partnership approach to group savings, finding existing Community Based Organizations (CBOs) and facilitating linkages with Field Agents (FAs) or Private Service Providers (PSPs). By December, 2016, it had 17,841 borrowers and over \$5.7 million in voluntary deposits.

“When an FSP links to a savings group,” says UGAFODE’s Nathan Barigye, “it’s opening one group account, but it has the opportunity to open accounts for each of the 18-20 group members. FSPs also have the ability to cross-sell other products within groups. Finally, members of savings groups already have a savings culture. This enables them to more easily maintain a savings account.

“However, cross-selling remains the greatest market opportunity. For UGAFODE, our cross-selling is doing well, because individual customers can open accounts where they don’t have a limit, security is high, and they have access to more services. Then, outside the group, these new customers are individually able to access a range of formal financial services, including alternate savings options.”

In order to better understand these clients, UGAFODE recently completed a customer satisfaction survey in September, 2016.

Photo (below) courtesy of UGAFODE.

