

Savings at the Frontier (SatF)

A MasterCard Foundation partnership with Oxford Policy Management

Vision, mission and values

Why Savings at the Frontier? Financial inclusion for all

Informal savings mechanisms (ISMs) have existed for centuries in many parts of the world, often due to the attraction of community-based arrangements as well as the very low incomes of people living in rural areas, the distance required to travel to bank branches or a lack of trust or familiarity with banks.

An estimated nine million people in Ghana, Tanzania and Zambia who are excluded from the formal banking system are finding value in the informal services offered by savings groups (SGs) or clubs. Some of these groups have been facilitated by outsiders but many have emerged from local community efforts. However these groups can only address some of their users' needs.

Enabling low-income individuals to access a broader set of products and services can empower them with the knowledge, ability and tools to better manage their financial lives. It allows them to manage risk, save and invest for short- or long-term goals and provides other opportunities to improve their quality of life, through both formal and informal options.

The 2015 Global Findex notes that making the connection between informal savings groups and the formal banking system is one of the three most promising opportunities for financial inclusion and could bring an additional 70 million people in Africa into the formal financial system.

The time has come to explore a bold and innovative approach that appreciates the importance of informal mechanisms while also providing the choice to use more formal options.

In partnership with The MasterCard Foundation (MCF), the Savings at the Frontier (SatF) programme is at the forefront of this call to action – bridging the gap between the supply of formal financial services and ISMs' demand for them, and providing individual members with greater access to savings products that work for them.

The programme vision. Where do we want to get to?

Poor people have improved and increased access to and usage of financial services to meet their needs.

The SatF programme is specifically designed to target the populations facing greatest financial exclusion such as women, young people smallholder families and people living in remote areas.

Our mission. What will the programme do to achieve this vision?

To test and demonstrate whether financial service providers (FSPs) can use innovative and profitable business models to scale up financial services for rural and semi-urban households in Sub-Saharan Africa in collaboration with ISMs.

We believe that sustainable partnerships can be formed between FSPs and ISMs that improve the welfare of poor people.

The lessons learned will be shared with broader financial sector stakeholders, so that they can develop, implement and support effective solutions to improve the delivery of financial services to other marginalised populations.

What will SatF do?

Market analysis, awareness raising, and market coordination: gathering market information, conducting market analysis, identifying barriers to and opportunities for financial inclusion, facilitating relationships and raising awareness about the programme and opportunities for linkage.

Provide financial support to FSPs: around eight FSPs will be carefully selected and provided with funding and technical assistance.

Implement and monitor the programme: monitor the contractual and technical performance of FSPs, focusing on outcomes and impacts and proactively address the needs of FSP partners and any challenges they face. Funds will be disbursed based on reaching agreed milestones.

Research on supply, demand, and impact of linking ISMs and FSPs: The supported research will improve understanding around issues of informality, the financial service needs of the poor, technological innovations linking ISMs and FSPs, and the effect this can have on financial inclusion and social welfare.

Develop and implement a monitoring, research, evaluation and learning (MREL) framework: The objectives of the MREL function are: i) to facilitate internal learning to support adaptive evidence-based programme management; and ii) to contribute to an expanded knowledge base on what does and does not work, for whom and under which conditions.

Communicate programme learning: The role of communications is to ensure that lessons learned are used by other stakeholders in financial inclusion to develop sustainable financial products for poor people in frontier markets.

Our values in a nutshell

- Customer-driven, putting customers' financial, social and economic needs centre-stage;
- Market-focused, viewing issues through a pragmatic business lens; and entrepreneurial, taking calculated risks;
- Take a 'learning by doing' approach that fosters a deeper understanding of the opportunities available;

- Look for opportunities to unlock the potential of technology – using innovative solutions that offer effective channels for delivering savings;
- Foster local ownership by using local implementation partners and involving other stakeholders in understanding the local market and grounding the FSP projects in local contexts; and
- Be inclusive by reaching out to ISMs who engage with women, youth, vulnerable and disadvantaged groups.

We firmly believe that a prosperous community provides the basis for social, individual and economic development.

SatF Frequently Asked Questions

What is Savings at the Frontier?

Savings at the Frontier (SatF) is a six-and-a half-year programme working to improve the financial inclusion of low-income individuals and communities in Sub-Saharan Africa.

The programme aims to bridge the gap between the supply of formal financial services and Informal Savings Mechanisms (ISMs) demand for them, so that they have greater choice and access to products and services that best meet their needs.

SatF is a US\$17.6 million programme being implemented in Ghana, Tanzania and Zambia, led by Oxford Policy Management (OPM) in partnership with The MasterCard Foundation (MCF).

Why is this important?

Thirteen per cent of the adult population in Sub-Saharan Africa, or close to 70 million people, were engaged in informal savings clubs in 2014. In our three target countries, Ghana, Tanzania and Zambia, nine million people saved US\$191 million through informal mechanisms such as *tontines*, *esusu*, *stokevels* and others.

However, enabling low-income individuals to access a broader set of products and services can empower them with the knowledge and ability to choose how to best to manage their financial lives, through both formal and informal options. It allows them to manage risk, save and invest for short- or long-term goals and provides other opportunities to improve their quality of life.

What does SatF do?

The 2015 Global Findex notes that making the connection between informal savings groups (SGs) and the formal banking system is one of the three most promising opportunities for financial inclusion and could bring an additional 70 million people in Africa into the formal financial system.

SatF seeks to fulfill this ambition by supporting financial service providers (FSPs) to build sustainable partnerships with ISMs, their members and other organisations to improve access to a wider range of financial services.

What does SatF hope to achieve?

Our mission is to test and demonstrate whether FSPs can use innovative and profitable business models to scale up financial services for rural and semi-urban households in Sub-Saharan Africa in collaboration with ISMs.

We believe that sustainable partnerships can be formed between FSPs and ISMs that improve the welfare of poor people.

We aim to scale up financial services for at least 250,000 rural and semi-urban ISM users in Sub-Saharan Africa via innovative FSP-led business models.

The programme will identify high potential business models, including the innovative use of technology, and pursue opportunities by supporting FSPs that can become market pioneers and establish an effective link between the provision of informal and formal services.

By building an evidence-base on what does and does not work, SatF will contribute to the wider knowledge base on financial inclusion, helping to distil and disseminate insights for effective, scalable approaches that open the door to meaningful financial services for excluded populations around the world.

Where does SatF work?

The programme is being implemented in Ghana, Tanzania and Zambia, scaling access to financial services for at least 250,000 ISM users from rural and semi-urban households.

Who manages the SatF programme?

SatF is a US\$17.6 million programme led by Oxford Policy Management (OPM) in partnership with The MasterCard Foundation (MCF).

It is managed by a consortium led by OPM in collaboration with Bankable Frontier Associates (BFA), MicroSave, PSD Consulting, Development Pioneer Consultants (DPC) and Kadale Consultants.

Does the programme provide funding? If so, how can I apply?

The programme will deliver support, in the form of funds, knowledge and technical monitoring, to up to approximately eight carefully selected and high-potential FSPs across Ghana, Tanzania and Zambia, so they can test and implement new business models that deliver financial services to individuals who currently only have access to informal ones. It will scale access to financial services for at least 250,000 rural and semi-urban households to serve the needs of the financially excluded populations.

Due to the high volume of interest in the programme, we are unable to reply to unsolicited enquiries. Instead, interested organisations should monitor the SatF page on the OPM website at: <http://www.opml.co.uk/projects/savings-frontier>

How will SatF know if it has met its objectives?

A robust monitoring, research, learning and evaluation (MREL) framework will capture insights and share knowledge on what does and does not work in different contexts. By constantly feeding this knowledge back into design, the programme will ensure we are making the best effort to 'learn by doing' and course-correct as needed to achieve the greatest possible impact.

Where can I find more information?

To find out more, visit the SatF page on the OPM website. www.opml.co.uk/projects/savings-frontier