

Savings at the Frontier (SatF)

A Mastercard Foundation partnership with Oxford Policy Management

Project Briefing: Emergent Payments – Expanding the Reach and Use of Formal Financial Services with the Maximus App for Group Funding



Introduction

Emergent Payments is a financial technology (fintech) company in Ghana which offers an electronic payment platform. SatF is supporting Emergent Payments to launch a new free-to-use mobile finance service, via its Maximus app, that helps self-formed savings groups and those saving through *susu* collection in peri-urban and rural areas to save money securely using their platform, via their chosen financial services provider (FSP). *Susu* collection is an important and popular financial industry in Ghana, particular for low-income, more marginal segments of the peri-urban population. *Susu* collectors go out on daily rounds to pick up savings which are returned to savers at the end of a monthly cycle.

Emergent Payments currently provides payment processing and reconciliation services to a variety of mostly urban/ peri-urban FSPs. Even before hearing about SatF, Emergent Payments had identified an opportunity to expand its business into the peri-urban and rural market because of the relatively manual systems that FSPs use to provide cash-in/ cash-out services to their clients. SatF support is helping Emergent Payments to target FSPs to offer better services to clients in these new areas.

What difference is SatF's support making?

SatF funding was initially used to finalise modifications to the working platform for Maximus and support rollout to the clients of their partner banks. By March 2021, Emergent was working with five partner banks by providing the technology needed to migrate existing savings groups and individual *susu* contributors onto the Maximus platform.

SatF is funding the ongoing costs of working with FSPs and marketing the Maximus platform to potential new FSP users. For the partner FSPs who have been onboarded so far, SatF funding was used to help with the change management required within the FSPs, for example by offering cash subsidies and an initial buffering of the transaction charges for servicing collection. SatF also provided funding to Emergent to respond to the Covid pandemic. This funding was used to develop Covid training materials and an interactive voice recognition (IVR) service to make remote customer interaction more effective. In addition, a Resident Adviser is working with one of the partner FSP to support the field agents to onboard customers onto Maximus.

How is this project benefiting ISM users?

Maximus is bringing formal financial services to people in peri-urban and rural areas who have not previously had access to them. It has offered some group members access to other payments and savings products supported by Emergent Payments, such as cross-sold pensions through People's Pension Trust (PPT), as it is linked to a mobile wallet.

At its heart, Maximus reduces the time and money costs of both the people saving, and those collecting those savings. If a way can be found for users to load individual wallets via the group wallet and vice versa (and the technical capacity is there to do this) some reasonable cost-sharing between FSPs, groups and group members should allow very low-cost, micro cash-in and cash-out in the

villages. This would make mobile wallets useable in ways that the high cost of individual travel to and from an agent and individual cash-in and out at an agent preclude.

Overall, we anticipate value being added to ISMs and their members, mainly in the form of increased outreach, enhanced transparency and strengthening trust in the technology and services provided, as well as in the functioning of the ISMs.

Can this be profitable for Emergent Payments and the FSPs they are working with?

The project is enabling Emergent Payments to support its FSP partners (mostly rural banks and microfinance institutions) to better serve the underserved members of their respective savings groups. If successful, Emergent Payments will extend the service to more FSPs, potentially leading to benefits for hundreds of thousands of customers. SatF deliberately set a low target for the project as we wanted to work with Emergent Payments to build a business case that looks at the economics of digital linkage: both for Emergent Payments as provider and for the FSPs that might use Maximus. The overall aim is that linked groups and their users will not pay anything to use Maximus: rather FSPs will be prepared to bear the cost as it will enable them to add digitised new business and will free up staff members' time as cash collection will no longer be manual. Modelling so far suggests that a business case can be made for a mid-sized rural bank, which is one of the FSP types Emergent Payments has targeted for the migration of its existing linkage business to Maximus. Emergent Payments is also targeting mid-sized Savings and Loans Associations and large retail banks with a financial inclusion focus. At this stage, the business case for working with this broader portfolio of institutions is less clear but we are planning to work with Emergent Payments to investigate these cases in more detail.

A critical issue is the change management needed to get FSPs to focus on a bigger customer value proposition than just linking groups with saving accounts and lending lines, as well as the wider business case. For the first three FSPs that were migrated to the Maximus platform, Emergent Payments used SatF funding to help with this change management by offering cash subsidies and an initial buffering of the transaction charges for servicing collection and disbursement of the new wider primary/secondary offer. These will wind down as freed-up staff begin to bring in more business.

Why the project was approved

SatF is excited to be supporting Emergent Payments to create a financially viable business-to-business (B2B) solution for banks and microfinance institutions with an interest in reaching lower income groups in peri-urban and rural areas. This project carries a real prospect of making savings-led linkage commercially viable, without cross-subsidy from the loan margin, in ways that previous efforts in Ghana have failed to deliver. The sort of FSPs likely to be interested in Maximus will probably have limited capacity to manage emerging technology: this barrier is removed with Emergent Payments managing that technology on their behalf and helping them reach a new customer base in the target areas. The benefit for SatF is that B2B models offer wider potential than just the direct SatF partners and we hope that our work with Emergent Payments on modelling will help more FSPs than SatF could deal with directly to find a business case for linkage.

Emergent Payments (formerly Interpay) is a financial technology (fintech) company that makes traditional transactions and ecommerce simpler, secure, and more convenient. They do this by making it possible for merchants to receive payments of bills, invoices, and fees anytime and anywhere through a variety of local and international payment channels. Visit <http://emergentafrica.com/> and follow Emergent Payments on Twitter @EP-Africa.



WITH SatF's SUPPORT, EMERGENT HAVE DEVELOPED THEIR WALLET PRODUCT MAXIMUS. EMERGENT PARTNERS WITH FSPs WHO USE MAXIMUS TO ENABLE USERS OF INFORMAL SAVINGS MECHANISMS TO SAVE FUNDS DIGITALLY AND RECIEVE VALUE FROM THEM VIA A MOBILE WALLET THAT FULLY INTEGRATES WITH MOBILE MONEY. MAXIMUS ALLOWS USERS TO ACCESS A BROAD RANGE OF FINANCIAL SERVICES, REDUCE TIME AND TRANSACTION COSTS AND ENHANCE THEIR RELATIONSHIP WITH THE FSPs.

