

Savings at the Frontier

Building Financial Resilience:

How Financial Service Providers can Help Low-Income Customers to Manage Risk

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Abbreviations

ASCA	Accumulating Savings and Credit Association
CBC	Customer Business Club
EBTL	Equity Bank Tanzania Ltd
FSP	Financial Service Provider
Fintech	Financial Technology Company
ISM	Informal Savings Mechanism
IVR	Interactive Voice Response
MFI	Microfinance Institution
NGO	Non-Governmental Organisation
ROSCA	Rotating Savings and Credit Association
SatF	Savings at the Frontier
VSLA	Village Savings and Loans Association

Summary

The cashflow of low-income households is volatile, based on small and often irregular income to meet both daily expenses and the occasional requirement for a lump sum (such as for weddings, school fees, medical expenses, or funerals). The finances of low-income households are subject to both predictable fluctuations and unpredictable financial shocks. Achieving financial ‘resilience’, i.e. the ability to sustain one’s livelihood by preventing or reducing the impact of financial fluctuations or shocks is therefore important. This requires people to have access to appropriate skills and tools for money management (to deal with predictable shocks) and risk management (to deal with unpredictable shocks).

Throughout the world, people have long used informal savings mechanisms (ISMs), such as *chilimba*, *stokvels*, and *susu*, as tools to manage risk and build financial resilience: different types of ISMs help low-income people prepare for, and recover quickly from, a variety of both predictable and unpredictable financial shocks.

Financial service providers (FSPs)¹ have an opportunity to support and enhance that resilience by developing services that enable ISMs and their members to manage risk better. FSPs can help ISMs and individuals to build greater resilience by offering them a diversity of client-centred products adapted to their needs, and leveraging the use of technology to ensure a viable business model.

Savings at the Frontier (SatF) partner FSPs have developed such customer-focused services. In this paper we showcase a range of these value offers and present reasons why ISMs and their members might find them valuable.

¹ A financial service provider is any business that manages money on behalf of customers. Examples include banks, microfinance institution (MFI), financial technology (fintech) company, insurance company, pensions company etc. SatF’s partners are banks, MFIs and fintechs.

Financial shocks

Financial diaries research² has shown that fluctuations in income and expenditure often pose the most significant challenge to the sound management of household and enterprise finance. This ‘volatility’ or variability of income and expenditure is usually the result of predictable fluctuations or unpredictable shocks, and possibly a combination of the two.

Predictable financial fluctuations are typically due to monthly, seasonal, and yearly ‘cycles’ in people’s activities and the related financial flows. In particular, the financial lives of rural people are heavily influenced by the timing of agricultural expenditures and sales, while the cashflows of urban people are influenced by the timing of their salary payments or those of their clients. Significant predictable fluctuations also include big expenses due to holidays such as Christmas or Eid and paying school fees.

Unpredictable financial shocks are the result of a variety of ‘risks’. At some point in people’s lives, sickness or deteriorating health has to be managed as well as economic shocks such as loss of employment or income sources, price fluctuations or theft, weather shocks, or political upheaval that leaves their enterprises and households financially exposed. Table 1 offers a differentiation between risks that typically cause shocks for a single individual or household (idiosyncratic risks), and risks that typically affect a whole community, region or nation (covariant risks).

Table 1. Unpredictable financial shocks

Types of risks/shocks	Idiosyncratic Risks affecting an individual or household	Covariant Risks affecting communities, regions or nations
Health	Illness, injury, disability, chronic health problems, old age, death	Epidemics/pandemics
Social/ political	Local crime, domestic violence	Riots, terrorism, civil war
Economic	Unemployment, harvest failure, fluctuations in demand and prices, over-indebtedness ³	
	Loss, robbery, fraud	Hyperinflation, balance of payments, financial or currency crisis, cybercrime
Environmental	Land degradation	Droughts, floods, pests, pollution, deforestation, nuclear disaster

Source: Adapted from World Development Report 2000/2001: Attacking Poverty.⁴

While the impact of idiosyncratic risks can often be managed with support from family members and ISMs, it is more difficult to manage covariant risks that affect a whole community, region or country. For example, an ISM member affected by drought cannot be helped by the rest of the ISM, since all members of the ISM will be similarly suffering; nor can the ISM as a collective help to relieve the resultant communal problems

The path to financial resilience

‘**Financial resilience**’ is the ability to sustain one’s livelihood by preventing or reducing the impact of financial shocks on income and expenditure. It requires people to have access to appropriate skills and tools for ‘**money management**’ (to deal with predictable shocks) and ‘**risk management**’ (to deal with unpredictable shocks).

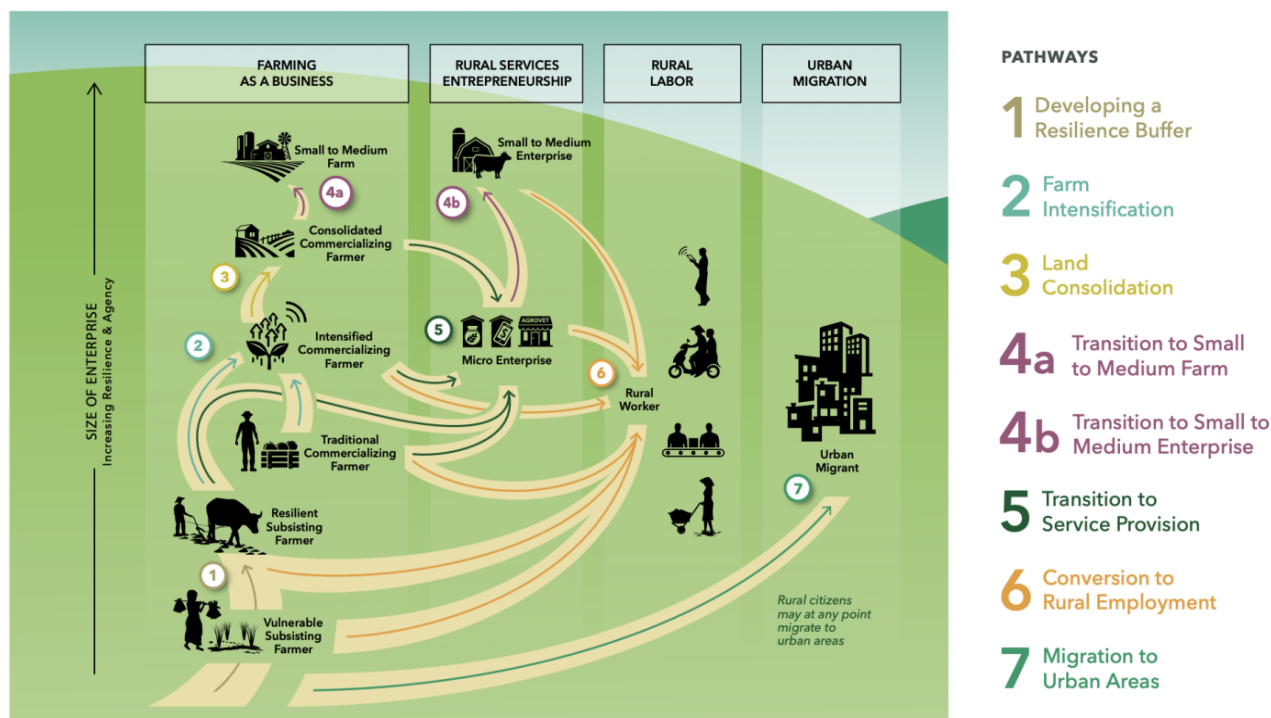
² For example, Anderson, J. and Ahmed, W. (2016) *Smallholder Diaries: Building the Evidence Base with Farming Families in Mozambique, Tanzania, and Pakistan*, Washington DC: CGAP.

³ In some cases, unemployment and the other economic shocks mentioned in this line affect a single person; in other cases, an entire sector or region is affected.

⁴ World Bank (2001) *World Development Report 2000/2001: Attacking Poverty*, New York NY: Oxford University Press. Licence: CC BY 3.0 IGO.

Rural households have diverse principal sources of income and pursue different pathways to achieve financial resilience.⁵ Figure 1 depicts four typical sources of income in rural areas (farming as a business, rural services entrepreneurship, rural labour, and urban migration), and seven different pathways that rural households may take (livelihood strategies they may pursue) to try and increase their incomes and resilience.

Figure 1. Rural pathways model.



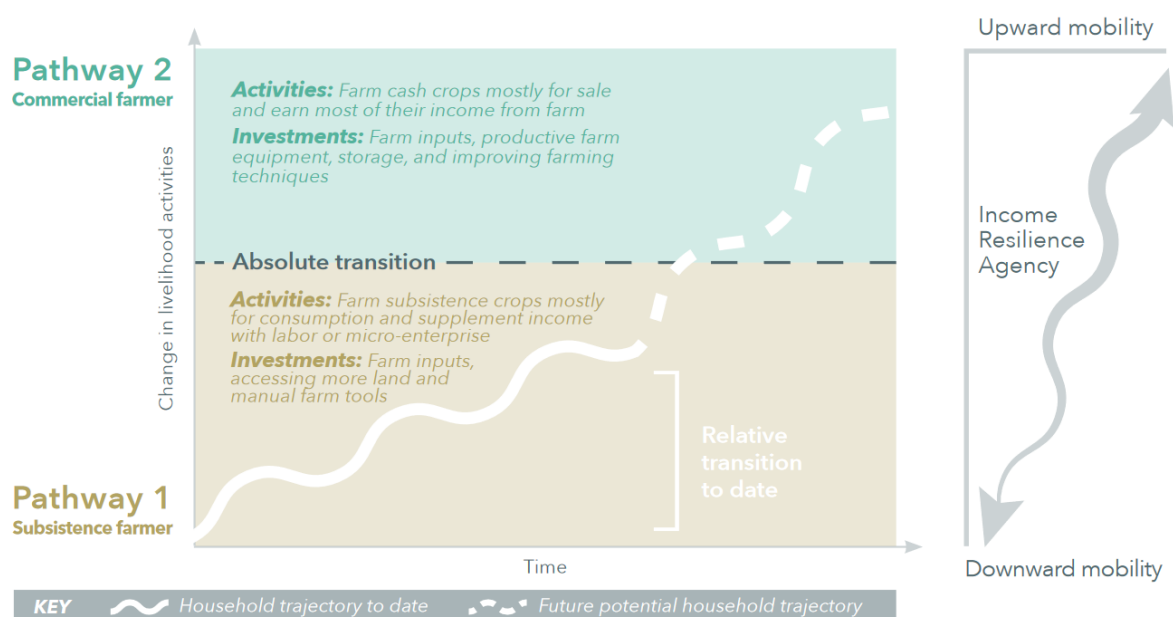
Source: Mastercard Foundation, Shell Foundation and FCDO (2021).⁶

Households may pursue relative transitions (within their pathway) and absolute transitions (between pathways). While they strive for upward mobility, financial shocks can make them drop back, as illustrated in Figure 2. This is why they need to build resilience.

⁵ Mastercard Foundation, Shell Foundation and FCDO (2021) [Understanding Rural Pathways Transition: Insights from Kenya](#).

⁶ *Ibid.*

Figure 2. Relative and absolute pathway transitions

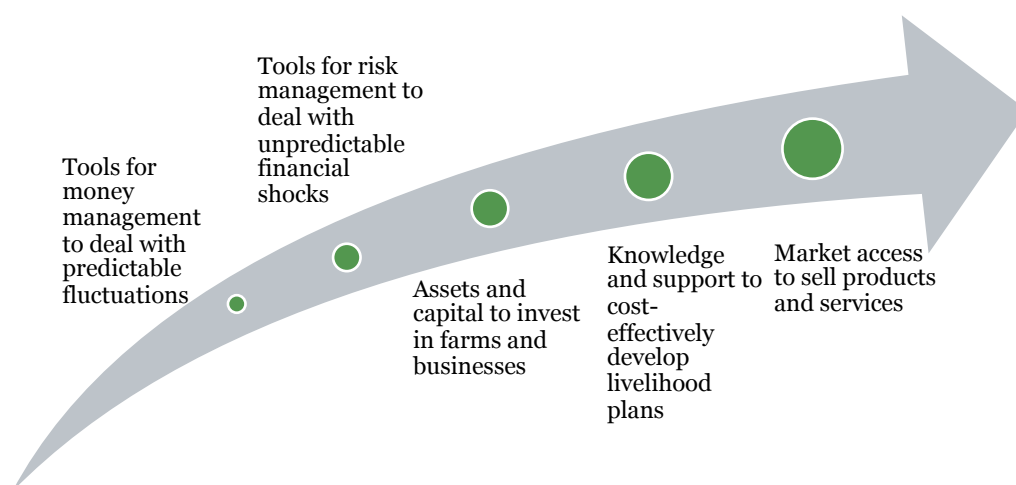


Source: Mastercard Foundation, Shell Foundation and FCDO (2021).⁷

Who will or will not experience relative or absolute pathway transitions largely depends on the ability to access enablers. According to the report, enablers – and consequently, support needs – differ across pathways. The transition of households that depend on subsistence farming or on income from a rural microenterprise, for example, is often inhibited by lack of access to assets and capital. For larger, more resilient smallholder farms and agri-SMEs, access to markets and price variability are a stronger concern. They also need access to a range of financial instruments that allow them to prepare for and deal with predictable fluctuations in their income and expenditures (tools for money management), as well as to prepare for and deal with unpredictable financial shocks (tools to manage risks).

Tools for money management include, but are not limited to, current accounts and commitment savings accounts. Tools for risk management include savings accounts that can be accessed in case of a financial shock, loans to purchase assets that can be sold, loans to diversify a household's sources of income, and insurance against a variety of risks. Figure 3 lists five broad categories of enablers.

Figure 3. Resilient transition enablers



Source: Adapted from the Mastercard Foundation, Shell Foundation and FCDO (2021).⁸

⁷ Ibid.

Informal savings mechanisms (ISMs)

Evidence from financial diaries research and financial access surveys, however, shows that low-income households typically have rich financial lives.⁹ SatF research finds that members of savings groups often mix formal and informal financial services, and even in rural remote locations have engaged with, or are making use of, some form of formal finance in Tanzania.¹⁰

In general, low-income households manage a complex portfolio of financial instruments which suit various needs and timings to manage their money, build assets, and handle risks. The majority of these are informal: they vary from simple financial mechanisms such as saving by putting money in a jar or getting a loan from a family member to more elaborate collective mechanisms, such as savings groups.

These ISMs are based on peer encouragement to make contributions and repay loans and follow the principle that larger sums of money can be deployed more productively and effectively than individual small-balance savings.

Some ISMs are facilitated by external individuals or organisations, while others are self-organised. There are many local variants of ISMs but all of them support the formation of groups and a set of rules and processes that guide their collective efforts. This was confirmed by research into ISMs undertaken by SatF in Zambia.¹¹

SatF partners often work with rotating savings and credit associations (ROSCAs) and accumulating savings and credit associations (ASCAs), which are two common group types.

- **ROSCAs** consist of members contributing a pre-determined amount on a periodic basis (usually weekly or monthly) and giving all the pooled funds to one member at a time. This continues until every member has received the lump sum. For group members who receive the lump sum towards the end of the cycle the process feels like saving, whereas for those who receive the lump sum at the beginning of the cycle the experience is similar to receiving and then paying back a loan. Once every member has received the lump sum, the group may either close or start a new cycle.
- **ASCAs** involve all members periodically depositing small savings with the group and letting them accumulate. Members may borrow from the accumulated funds at an interest rate; this in turn provides attractive rewards for those who only save. Non-commercial ASCAs are either closed-ended, with share-out of contributions and interest on a preset date, or open-ended, with individual members receiving their share when they leave the group. Village Savings and Loans Associations (VSLAs) often promoted by non-profit organisations are a version of a facilitated ASCA.

In Ghana, **susu** is a popular ISM whereby savings collectors visit markets or neighbourhoods to collect small deposits, often on a daily basis, and return them at the end of the cycle for a small fee. Customers can withdraw their savings at any time before the end of the cycle and, traditionally, *susu* enterprises might offer 'advances' to customers to manage shocks.

How ISMs help build resilience

The opportunities that ISMs provide to obtain capital, build assets, and benefit from peer exchanges play a role in household transition; for example, moving from being a subsistence farmer to one who sells cash crops and diversifies produce. However, the most valuable role of ISMs may lie in building user resilience through the provision of a coping mechanism and a safety net, from which all members benefit.

It has been suggested that one of the most important ways in which users of ISMs help each other to manage risks and deal with shocks is through social support and business advice. For example, they discuss and

⁸ *Ibid.*

⁹ [Portfolios of the Poor website](#).

¹⁰ Rippey, P., et al. (2018) [Insights on the Preferences and Usage of Financial Services by Savings Groups in Tanzania](#), Mastercard Foundation, FSDT and SatF.

¹¹ Laufer, H. et al. (2019) [Zooming in on Informal Savings Mechanisms in Zambia](#), Mastercard Foundation, FSD Zambia and SatF.

assess each other's investments, they share local knowledge and information such as current prices and other aspects of the market, and they provide moral support in times of crisis. Some ISMs help each other diversify their sources of income by running joint group enterprises or transferring skills.¹²

The degree to which different types of ISMs help low-income households build resilience through financial and non-financial services is unique. The lump sums provided by ROSCAs generally only allow members to purchase items or make investments in working capital following a planned schedule. ASCAs' financial mechanisms, on the other hand, also help people deal with regular and unforeseen shocks. In many ASCAs, the share-out is timed to coincide with covariant predictable fluctuations such as Christmas or Eid, when school fees are due, or to purchase agricultural inputs. Members can often borrow from their ASCA to cover idiosyncratic individual shocks related to medical expenses, funerals, or a failed income-generating activity. This is an important aspect of ISMs and can be found in various forms, such as loans and advances to ISM users.

While important for resilience, ISMs cannot help their users to manage idiosyncratic shocks entirely. The amount and frequency at which users can borrow from their ISM is limited by the contributions made by all users (and often their own) as well as group rules and competing demand by others. The loan term is limited by the length of the cycle. Conversely, the support to ISM users in managing covariant risks is limited.

When multiple users of the ISM are affected, support is often limited to non-financial resources as the demand for finance to smooth out consumption or access working capital might exceed the available amount.

The potential role of financial service providers (FSPs)

The Savings at the Frontier (SatF) programme has shown that FSPs can expand their customer base by providing ISMs and their users with formal financial instruments that complement the ISMs' value offer.

Traditionally, most FSPs serve customer segments with a certain level of resilience. In particular, many formal financial products are designed for salaried individuals or formal enterprises with relative stability and predictable income and expenditures.

SatF supported its FSP partners who recognise the opportunity of market development for lower-income segments to innovate and tailor individual savings and loan products to the more volatile and less predictable nature of low-income households, and to develop insurance products.

SatF has also encouraged FSPs to directly support the ability of ISMs to help their users build resilience and transition through a wide range of services. This includes group savings accounts, group credit facilities, digital applications to help manage group accounts, and services to build digital literacy, financial literacy, and business skills.

Examples of successful products that help to strengthen the internal processes and operations of ISMs as well as the financial resilience of individual ISM members are:

- **Savings products** – Equity Bank Tanzania Ltd (EBTL) has brought cost-effective and more secure savings services to groups and their members in peri-urban and rural Tanzania. It has achieved this by adding individual savings accounts to its group savings account, with free group-to-member and member-to-group transactions, and by offering other services through those accounts. Over time, EBTL expects the business of offering savings services to ISMs and their users to be profitable.
- **Digital applications** – Emergent Payments is a financial technology (fintech) company in Ghana offering a mobile money-based group funding and savings platform (Maximus) that facilitates linkages between FSPs and ISMs. SatF has supported Emergent Payments to improve and expand Maximus, which provides FSPs with the technology and support needed to digitise ISMs. This has increased security and transparency in a number of ways, as ISM members are now in greater control of the funds. Emergent Payments has also enabled FSPs to bring additional financial services

¹² *Ibid.*

to people in peri-urban and rural areas, services that they can use to prepare for or deal with financial and other shocks. For example, the system has been used to help customers manage the risks created by the Covid-19 pandemic and lockdowns through sharing protocols and health advice, as well as through promotion of the use of Maximus by farmers and small merchants for selling products safely to the community.

- **Credit** – DSS, another fintech company in Ghana, aims at digitising ISMs, with a focus on *susu* enterprises in Ghana. The core value offer of DSS is the complete digitisation of ISMs, in particular *susu* collection and operations, to overcome the many challenges resulting from entirely cash-based operations and the small, frequent deposits often made by hundreds of customers. DSS has tested a partnership with a microfinance institution (MFI) to provide loans to *susu* enterprise customers, most of whom are small business owners (traders, food vendors, hawkers, etc.) in densely populated urban areas. DSS has also developed Customer Business Clubs, which provide *susu* users with business advice and a peer network.
- **Insurance** – SatF has supported Access Bank Ghana to accelerate the growth of the number of peri-urban and rural ISM members it serves through its flagship women’s empowerment programme, the ‘W’ Initiative, with the LIVEB3TA group and individual savings account. Embedded in this interest-bearing account is a bundle of micro-insurance policies – life, hospitalisation, and outpatient – as well SMS contact with a doctor. The bank has made this service available to low-income customers who cannot afford a mobile phone by procuring mobile phones on behalf of customers and offering them on credit. LIVEB3TA is providing ISM users, particularly women on low incomes, with more secure, affordable, and transparent access to formal financial services and a wider range of products than they could access through their ISMs, including insurance products that help customers to mitigate against unpredictable, idiosyncratic health-related shocks.

Case studies

A. Savings products: Equity Bank Tanzania Ltd

Savings

Saving with an ISM carries risks of losing the accumulated funds to various threats, such as theft, fraud or fire. Due to the informal nature of the savings scheme, the funds cannot be guaranteed. Money saved at an FSP is much more secure. However, if ISM users must travel a long way to an FSP to deposit the accumulated funds, the risk of theft persists. Saving at an FSP can have benefits beyond security, including the potential of unlocking other financial services, such as insurance or credit products that may help users manage shocks.



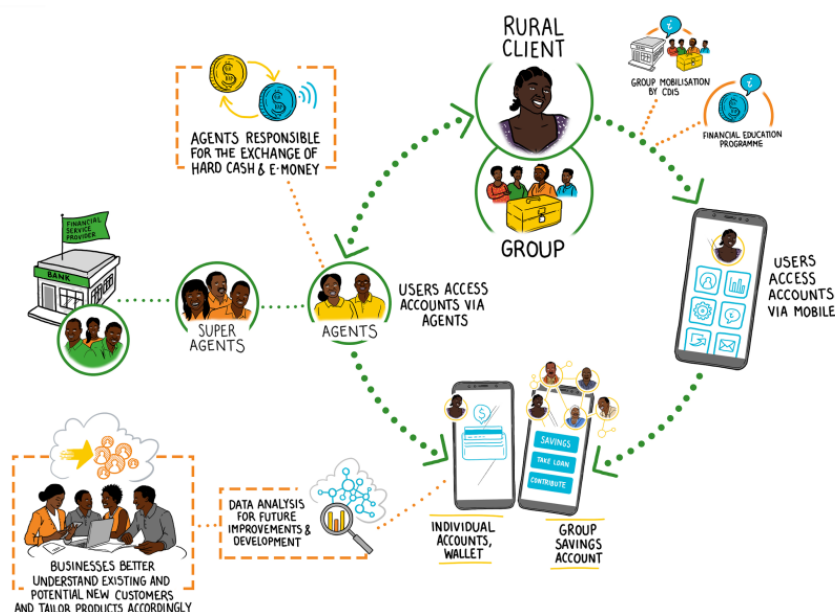
SatF has supported Equity Bank Tanzania Ltd (EBTL) to accelerate the growth of its rural customer base by making mobile banking accessible and secure in rural and otherwise underserved areas.

What services is EBTL offering?

The bank began by adapting its basic group savings account to include mobile individual savings accounts with free group-to-member and member-to-group transactions (Figure 4). This account is called the INUA Group Savings Account (*inua* is Swahili for 'lifting up') and pays interest on deposits over US\$150. EBTL decided to remove all bank charges from the INUA account in response to the price sensitivity of ISM users and to encourage transactions.

Once an ISM opens an INUA Group Savings Account, the group and its members are given access to the EazzyKikundi mobile banking app. EBTL has also invested in a tiered agent model in order to ensure good agent liquidity to encourage the digitisation of group transactions. This allows groups and their members to perform their banking transactions safely anytime, from anywhere.

Figure 4. INUA Group Savings Account model



EBTL also offers ISM users the choice to not only save with the group but also individually and for their children, through two types of accounts:

- **Jijenge** (Swahili for ‘building’) is a fixed saving account. Jijenge requires minimum monthly contributions, and the minimum lock operating period is six months (meaning you cannot make a withdrawal until six months after you open the account); and
- The **Super Junior Account** is a savings account for children (opened under the child’s name but managed by the parents) with the intention of saving to pay for their school fees.

EBTL also offers other services to groups. For example, once a group opens an INUA Group Savings Account, members receive financial education. They can also access group loans (if they have a group business) or individual loans that are guaranteed by the group.

How are these services helping ISM users manage risks?

EBTL has brought cost-effective and more secure savings services to groups and their members in peri-urban and rural Tanzania. Johanes Msuya, project manager of the SatF project at EBTL, explains:

Before, the members just made cash contributions to a box where the money was saved so there was a high risk of theft. The group members now have access to the EazzyKikundi platform, which they use to keep track of members’ contributions to the group account. This offers transparency and accountability and reduces the risk of fraud and theft.

Once an ISM opens an INUA savings account, its members receive access to the mobile app, and free financial education from EBTL. Through this, they are encouraged to use their accounts to save more than just their contribution to their ISM in order to become more resilient. While members are encouraged to plan investments that may help their households prosper or transition, they are made aware of the costs of borrowing and the risk of over-indebtedness. EBTL’s financial education helps ISM members understand that many of their short- and long-term goals can be achieved through saving.

The Jijenge account encourages people to build financial resilience as it offers higher interest than the INUA account and obliges them to save regularly, and it allows them to schedule withdrawals for when they expect a financial shock such as payment of school fees, business investments, or expenses for Christmas or Eid. The Jijenge account also gives people access to instant emergency loans against their savings.

The Super Junior Account is designed to encourage parents to save for their children's school fees to mitigate the financial shock this represents by allowing up to four free withdrawals per year. This means that when it is time to pay the school fees, parents are prepared.

Is there a business case for EBTL's savings services?

EBTL has prioritised the linkage of savings groups as a core part of its corporate strategy to build its footprint in Tanzania. As mentioned by Johanes Msuya:

This is a good business because we are creating our future customers. We are training groups and their members to grow with us, starting with savings accounts and then other bank products in the future.

EBTL needs funds to lend to its customers, and client savings constitute a competitive source of funds. However, finding and analysing the business case for serving ISMs and their users required investments in learning and experimentation. SatF supported EBTL from 2016 to 2020, which led to 2,100 INUA Savings Group Accounts and 41,623 individual ISM member accounts being opened by June 2021). EBTL data show that ISMs and ISM users are interested in other financial services and accounts that the bank offers, which will, in the longer term provide a more stable source of funds for the bank. Therefore, over time, EBTL expects the business of offering savings services to ISMs and their users to be profitable.

B. Digital applications: Emergent Payments (Ghana)

Digital apps

Digital apps that facilitate financial services are particularly useful for ISMs in peri-urban or rural areas that are seldom served by FSPs as they provide ISM users with easy access to mobile wallets and formal bank accounts. By making ISM accounts more transparent, they can protect users from the risk of internal fraud, and potentially improve the efficiency of meetings, as some or all transactions are now recorded automatically. Digital apps can also help customers to guard against the risks of over-indebtedness by prompting repayment reminders and by providing them with financial education.

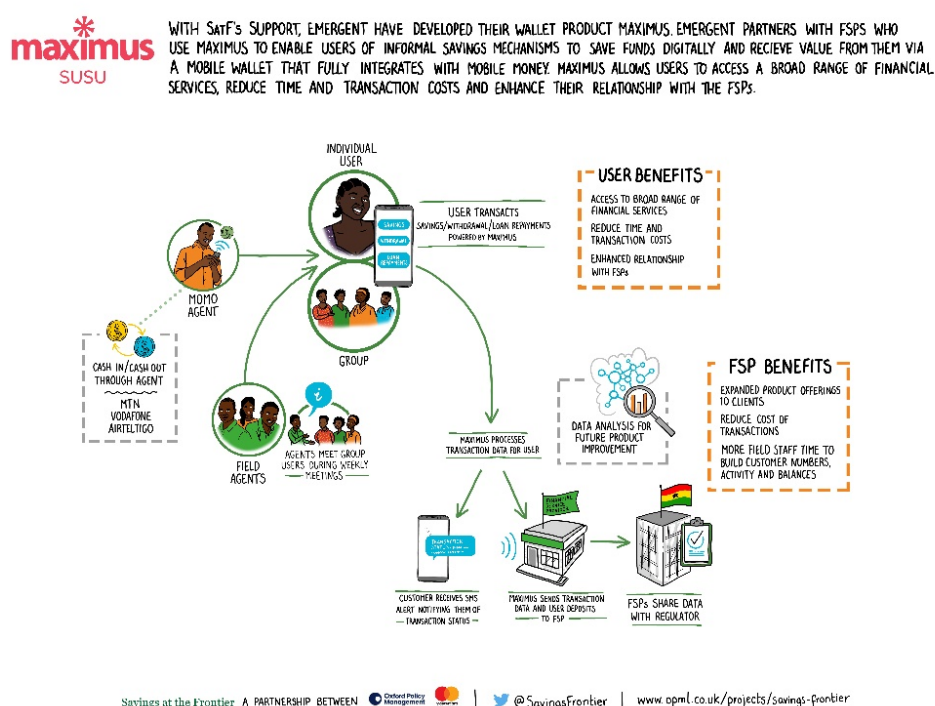


Emergent Payments is a fintech company in Ghana that offers an electronic payment platform facilitating linkages between FSPs and ISMs (including *susu* collectors and savings groups).¹³

What service is Emergent Payments offering?

With the support of SatF, Emergent Payments has improved and expanded its mobile money-based group funding and savings platform, Maximus (see Figure 5). It partners with FSPs by providing them with the technology and support needed to digitise ISMs. This enables ISM users to use an app to save funds via a mobile wallet in an account at an FSP, as well as to receive funds from the group or the FSP via the same wallet. The Maximus app reduces the need for individual users to travel to group meetings, and for group leaders or field agents to travel to branches to deposit or withdraw funds. Emergent takes care of payment processing and reconciliation.¹⁴

Figure 5. Maximus model



Groups and *susu* collectors who use Maximus open a mobile wallet for the ISM with any of the three main mobile network operators in Ghana. Members who have a mobile wallet must go to a mobile money agent to cash in, and can then use Maximus to transfer money from their mobile wallet to the group wallet for a loan repayment or for saving. They can also request withdrawals, for which the money is transferred from the group account into their individual mobile wallet.

Only about 40 per cent of the members of onboarded ISMs have mobile phones. Those who have one can cash in and cash out at an agent, make transfers to the group account, and request withdrawals. For those who do not have a mobile phone, Emergent has introduced a system that allows ISM members to make deposits on behalf of others to increase efficiency. It is not possible, however, to withdrawal money on behalf of others.

How is the service helping ISM users manage risks?

Security is a big concern for ISM users, as Alva Nii Ayitey-Adjin from Emergent Payments explains:

¹³ This case study is based on [Project Briefing: Emergent Payments – Expanding the Reach and Use of Formal Financial Services with the Maximus App for Group Funding](#) created by SatF and an interview with Alva Nii Ayitey-Adjin.

¹⁴ [Maximus Susu website](#).

Since I joined the Maximus team, I have heard many stories of ISM members losing money. At times, field agents have been robbed when travelling to the bank; other times there are issues with the suppression of funds because of field agents 'borrowing' some money and 'forgetting' to pay it back. One time, an ISM leader used the money for himself and bought a taxi with it! These are risks that ISM users are exposed to with the manual way of working.

Maximus allows users to view a digital statement where they can see the most recent transactions. The group leaders can see a fuller digital statement for the whole group, showing total deposits, total withdrawals, and total loan repayments: this helps them with reconciliations, keeping track of group data, and ensuring transparency. Users also receive notifications when they send their money to the group account, which they can show to the group to prove they have paid. We anticipate that this will have positive effects, especially for newly formed groups, to build trust in the ISM faster.

As a result of working with Emergent, FSPs are bringing additional financial services to people in peri-urban and rural areas that they can use to prepare for or deal with financial shocks. Besides offering a safer place to save, Emergent is piloting the cross-selling of pensions and life and health insurance products. These products help ISM members build the assets they need for the risk of no longer being able to work when they grow old, as well as to mitigate unpredictable health shocks. The Maximus platform is set up so that when ISM customers who subscribe to these products make a transfer to their savings account, a certain percentage of the transfer will go to their pension or insurance scheme.

When Covid-19 prevented ISMs from holding their regular meetings, and prevented field agents from visiting them, Emergent, with financial support from SatF, leveraged technology to facilitate customer interaction. Its Interactive Voice Response (IVR) service allows an FSP or Emergent to send out automated calls (robocalls) to Maximus users. This system has been used to help customers manage the risks created by the pandemic and lockdowns through the sharing of Covid-19 protocols and health advice, as well as through the promotion of the use of Maximus by farmers and small merchants for selling products safely to the community. The IVR service also enables FSPs or Emergent to ask multiple choice questions of its users; for example, it has been used to collect basic Know-Your-Customer (KYC) data as well as basic health data related to Covid-19.

Is there a business case for the Maximus app?

Emergent is currently working with five partner FSPs, rural banks, and MFIs. By the first quarter of 2021, the company had digitised about 20,000 ISM, individual *susu* user, and savings group member accounts.

By partnering with Emergent, FSPs can link with ISMs in rural and peri-urban communities in Ghana in an efficient manner, and thus increase their customer base and deposits, without having to invest in the development of digital technology themselves.

Currently, Emergent is only earning a revenue by charging ISM members 0.5 per cent on transfers from the group's mobile money account to the individual account for the purpose of withdrawal. Emergent has not charged FSPs for the use of the platform up until now, as SatF support allowed the fintech to experiment and test the system with a few partners, but is planning on reviewing this in the future in order to ensure a fully sustainable model for all parties. In general, the key to achieving a viable business case for Maximus will be to significantly increase the volume of transactions.

C. Credit: DSS Platform Ltd (Ghana)

Credit

Traditionally, FSPs have only offered credit for a single purpose (business), but increasingly we find that they offer different types of loans (value chain credit, school fees, asset purchase) and flexible loans that allow people to protect their savings from income shocks (loan top-ups, loan rescheduling).

There are multiple benefits for ISM users in accessing capital through FSPs:

- Microcredit from an FSP can be bigger or longer term than credit from ASCAs/savings collectors.
- Group credit from an FSP can allow a group to make a joint investment in assets or an additional income source that provides added resilience.
- Credit from an FSP can help guard against co-variant shocks such as Covid-19 (provided the FSP has a flexible loan product).
- Value chain credit from an FSP (e.g. input credit linked to a contract with a buyer negotiated by an FSP) can help people guard against shocks in market demand and variation in prices for agricultural products (for at least one agricultural cycle).



DSS Platform Ltd is a fintech company that digitises ISMs, particularly *susu* enterprises but also VSLAs, in Ghana.

What services are DSS offering?

DSS' core value offer is the complete digitisation of ISMs – in this case, the collection and operations aspects of *susu* enterprises. Due to the cash-based collections of small daily deposits – often from hundreds of customers – *susu* enterprises face a significant administrative burden, lack of transparency, and oversight. Consequently, in many cases, frequent cash suppression, fraud, and theft threaten the viability and sustainability of the ISMs. DSS, a former *susu* enterprise, introduced the digital platform to improve the effectiveness and efficiency of the *susu* enterprises, as well as the value offer for *susu* customers.

As shown in Figure 6, the digital platform allows *susu* enterprises, their agents, and customers to track transactions in real-time. It consolidates transactions, offers analysis, and prepares reports for *susu* enterprise managers. It also enables integration with other financial services, such as mobile money, payments, and loans.

Figure 6. DSS model without the newly added Customer Business Club and loan services

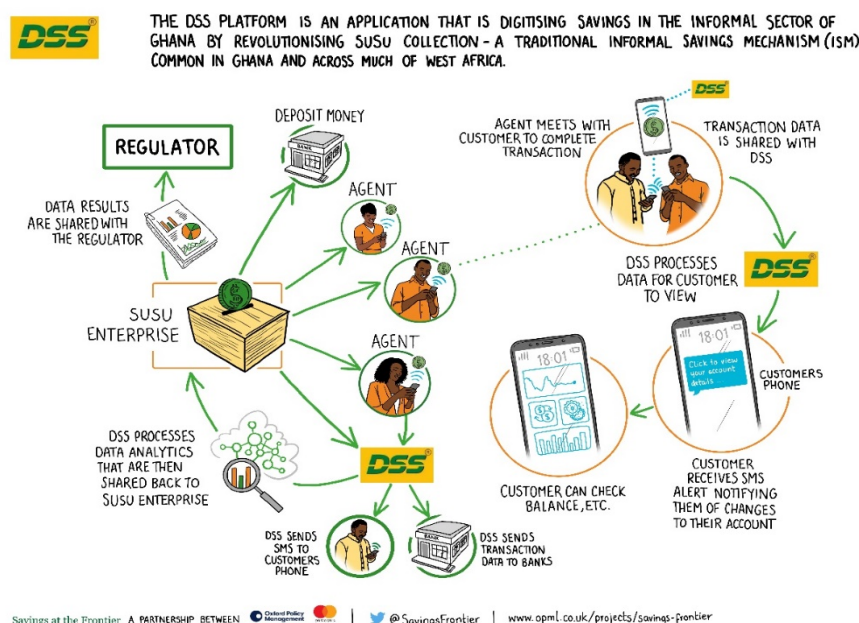


Figure 6. DSS core value offer illustration without the newly added Customer Business Club and Loan services

DSS began working in partnership with an MFI in 2020 to find a way to provide microloans to *susu* customers. Abednego Darko, Director and Founder of DSS, explains how he realised that in order to respond to the needs of lower-income urban ISM users, savings were not enough:

Customers are not disinterested in saving money, but they want to save money with someone who can help them when they need help. So the basis of every relationship with the customer is also our ability to provide help. Now what kind of help do they need? A loan, once in a while.

Following a 12-month pilot, DSS Platform Ltd is now offering loans to *susu* customers of participating *susu* enterprises. The *susu* enterprise owners facilitate the lending process on behalf of the partner MFI. They conduct due diligence, by leveraging existing relationships between *susu* customers and *susu* agents, and record and respond to loan requests. The initial due diligence is performed by the *susu* enterprise owner, and suitable applications are passed on to the MFI. A risk-sharing agreement requires the *susu* enterprise to co-guarantee the loans. In turn, the enterprises earn commission on loan repayments.

To offer additional support to customers, and strengthen peer networks of small business owners, DSS has introduced Customer Business Clubs (CBCs), which offer business training to groups of customers. Upon completion of the business training, *susu* customers benefit from a number of advantages, such as significantly reduced interest rates for loans. DSS is also developing an app that allows business owners to track revenue and expenses which will inform more tailored support through the CBC.

How are the services helping ISM users manage risks?

The DSS platform offers *susu* users improved transparency by providing SMS transaction records as well as account statements on-demand. This reduces the risk of fraud or theft by *susu* agents or mismanagement by enterprises. DSS also monitors to ensure that the collected funds are deposited in accounts at formal FSPs at the end of the day.

Furthermore, *susu* users can access formal loans and microloans which they can use to invest in working capital or assets or to buffer economic shocks. The record-keeping app for *susu* users incentivises customers to keep track of income and expenses, and manage their businesses carefully, which can lead to improved money and risk management and a greater ability to anticipate and mitigate fluctuation and shocks.

Through the CBCs, DSS provides *susu* users with practical business skills and a peer network. By becoming more aware of the ways that other business owners build livelihoods and deal with adversity, CBC members become motivated to expand or diversify their own income-generating activities. In the medium term, DSS hope that this will result in greater resilience and will increase the customers' ability to transition to more resilient or commercial pathways.

Is there a business case for DSS?

By June 2021, more than 56,000 *susu* customers were using the DSS platform, with 86 per cent of the accounts remaining active over a three-month period. The business case for DSS depends primarily on the viability and resilience of *susu* users as well as that of each *susu* enterprise it supports.

To date, over 200 *susu* customers are members of CBCs and 790 have taken out loans. The fact that *susu* users belong to a CBC and have access to loans is expected to result in customers' enterprises being more resilient. In turn, this will lead to a higher quality loan portfolio and – over time – larger deposits and more loan requests.

The digitisation of *susu* enterprises includes thorough consultation with *susu* enterprise owners to reduce their overhead costs, streamline operational processes, and increase their resilience.

The business model of traditional *susu* enterprises is based on high-frequency transactions and low margins, which means that additional financial services (and commission earned on them) are required to support resilient commercially viable entities. While DSS is working on the integration of its platform with mobile money services, and expanding the loan offer, the company also plans to add more cross-selling services and to ultimately connect rural and urban markets through the DSS platform.

D. Insurance: Access Bank Ghana

Insurance

Insurance offered by FSPs helps people guard against unexpected big expenses like long-term health problems or crop loss due to adverse weather, by spreading the risk over many more people. Despite the potential benefits of insurance, demand for these products remains low among people on low incomes.



SatF has supported Access Bank Ghana to accelerate the growth of the number of peri-urban and rural ISM members it serves through its flagship women's empowerment programme, the 'W' Initiative, with the LIVE B3TA group and individual savings account. Access Bank has enhanced the product by providing access through mobile money wallets, allowing free membership to group and group-to-member transfers, and embedding insurance.¹⁵

What is Access Bank offering?

LIVEB3TA is delivered to rural and peri-urban ISM groups via trusted local non-governmental organisations (NGOs) and field agents (who are from the community where the ISM is located and are identified by the NGOs). The NGOs and field agents provide the ISMs with financial education and training on the bank's products and provide guidance and support to the group.

Through LIVE B3TA, customers earn interest on their savings, borrow against their savings, and have access to a bundle of micro-insurance policies, as well as a SMS-based health consultancy service. The insurance offer is active once customers save enough to afford the premium, at which point it is automatically deducted from their savings account.

¹⁵ This case study is based on the SatF [Project Briefing: Access Bank – Providing Enhanced Savings Products to Women in Ghana](#) and an interview with Mac-Neil N.O. Bruce.

The insurance is offered as a bundle of three different policies: life, hospitalisation, and outpatient.

In addition, a 'SMS doctor' service is provided in various local languages that enables policyholders and their next of kin to seek advice on medical issues, and sends health tips via SMS at regular intervals.

Access Bank originally piloted two additional insurance services: maternity and disability insurance. However, prospective customers said that they were not willing to pay the premiums for either, reporting that, on average, they were too old for maternity insurance. Access Bank also learned that making monthly payments was a big challenge for customers. If a customer missed a month, they lost their insurance cover. Therefore, the bank adapted the product to now offer a yearly premium payment that covers the customer and next of kin for the whole year. This might also be more in line with the income patterns of rural households. Access Bank also realised that many of its target customers could not afford to buy mobile phones and therefore designed a credit facility through which the bank procures a phone and deducts repayments from savings in small instalments.

How is this service helping ISM users manage risks?

LIVEB3TA is providing ISM users, particularly women on low incomes, with more secure, affordable, and transparent access to formal financial services and a wider range of products than they could access through their ISMs. The savings product allows them to manage predictable financial shocks such as holidays, school fees, or the purchase of agricultural inputs.

LIVE B3TA's integration with mobile money also makes it safer and more convenient for group members to transact. They no longer need to travel with cash to their group meetings, thus avoiding the risk of theft or loss, and can do their banking transactions anywhere and at any time. They also avoid the risk of fraud as all transactions are recorded digitally.

The insurance products help customers mitigate against unpredictable idiosyncratic health-related shocks. Mac-Neil N.O. Bruce, SatF project manager from the women's banking unit at Access Bank, explains:

The insurance does absorb financial shocks that the customers 'frequently' suffer and provides relief. Most of our customers are farmers and their occupation can lead them to [experience] snake bites and other health hazards. They also have children and relatives that can suffer ailments and by having outpatient [insurance] and a SMS doctor to [advise on] how to treat an ailment before they travel to see a doctor is also very appreciated.

Is there a business case for this service?

During the insurance pilot, Access Bank opened just over 300 LIVE B3TA ISM accounts and 800 ISM user accounts. To increase uptake, Access Bank has revised the bundle design as described above, and traction is now being gained. A scaling of the product will allow the FSP to prove the business case.

Savings at the Frontier (SatF) is a six-and-a-half-year programme (2015–22) that seeks to bridge the gap between the supply of formal financial services and informal savings mechanisms (ISMs) in Ghana, Tanzania, and Zambia, so that ISM users in these countries have a greater choice and use of financial services that best meet their needs. SatF is a \$17.6 million partnership between Oxford Policy Management and the Mastercard Foundation. [For more information visit the OPM website.](#)



The Mastercard Foundation

The Mastercard Foundation works with visionary organisations to provide greater access to education, skills training and financial services for people living in poverty, primarily in Africa. As one of the largest private foundations its work is guided by its mission to advance learning and promote financial inclusion to create an inclusive and equitable world. Based in Toronto, Canada, its independence was established by Mastercard when the Foundation was created in 2006. For more information and to sign up for the Foundation's newsletter, please visit www.mastercardfdn.org. Follow the Foundation at @MastercardFdn on Twitter.



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PHB Development

PHB is OPM's learning partner on SatF. PHB collaborates with international development agencies, banks, regulators, and other impact makers around the world to assess, implement, and scale digital interventions. It leverages the expertise of its team to support the design of digital finance ecosystems that can strengthen the resilience of communities in need. To learn more about PHB activities, publications, and trainings, [visit the PHB website](#)

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