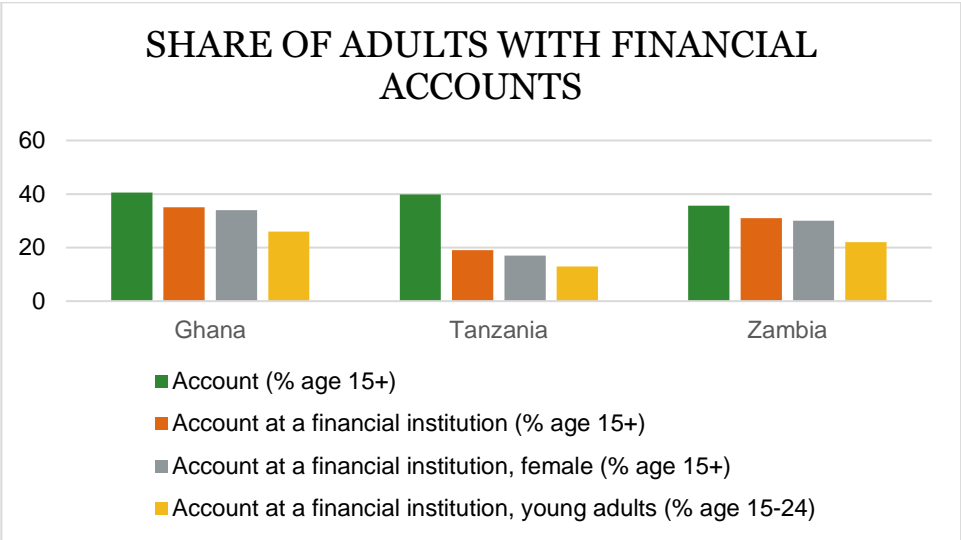


Savings at the Frontier

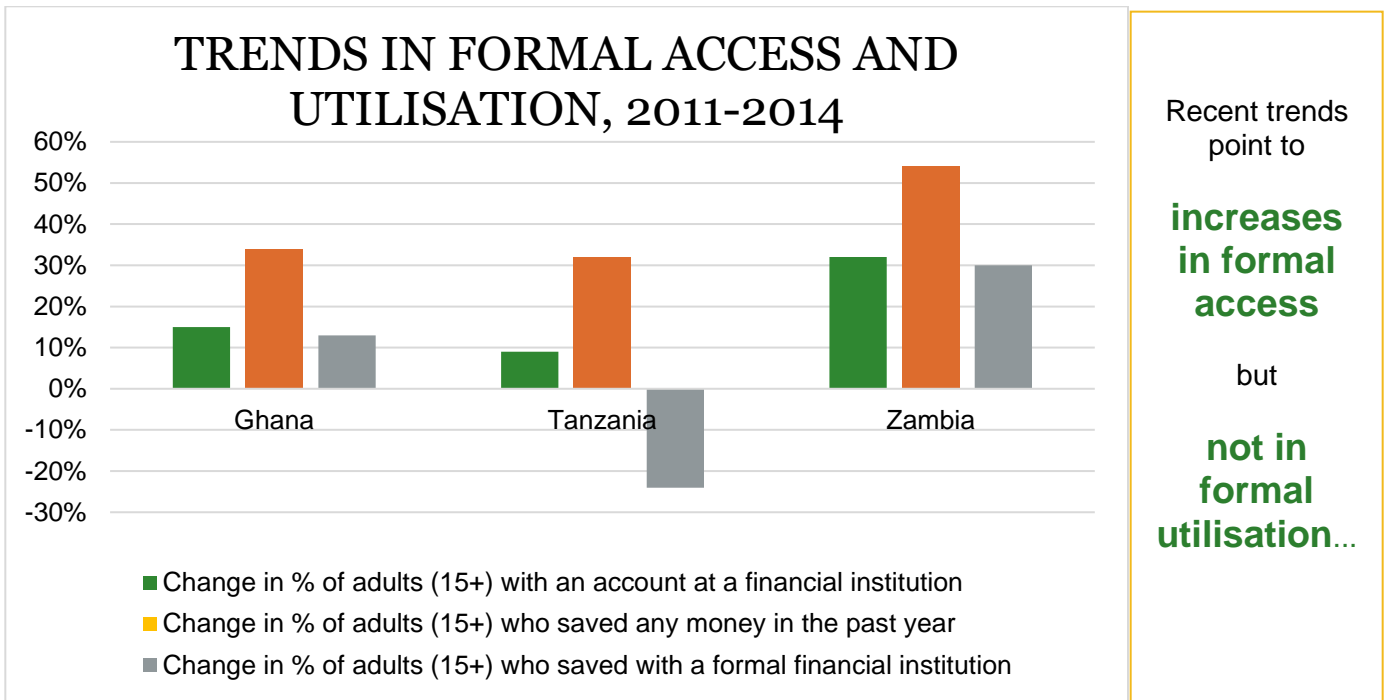
SatF countries in context

Access indicators tell us that formal financial services are still out of reach to many in SatF countries...

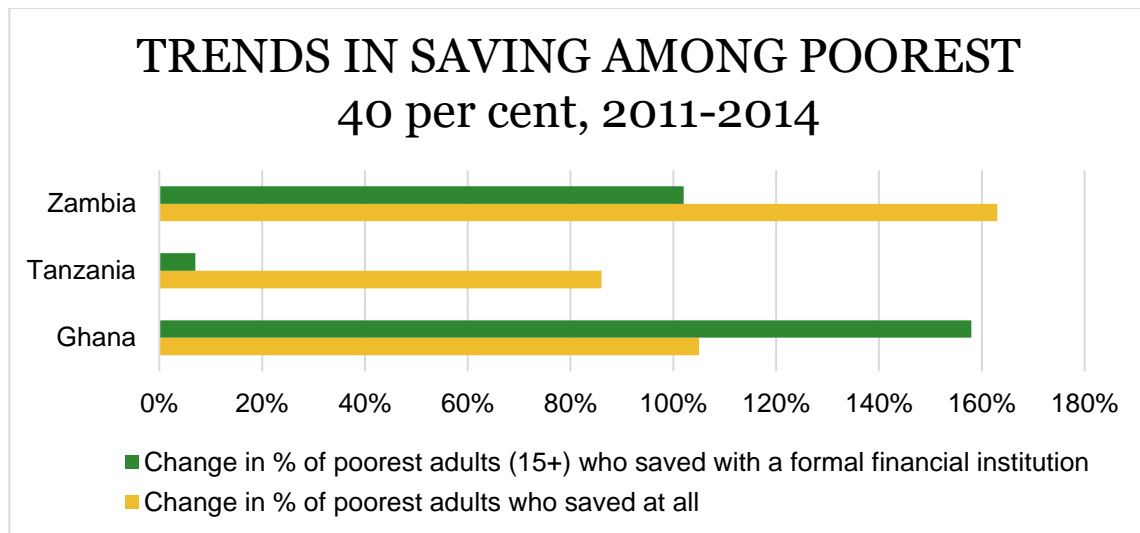


Source: World Bank Global Findex Database, 2014

...and even though recent trends show an increase in formal access, it is not always matched by increases in utilisation.



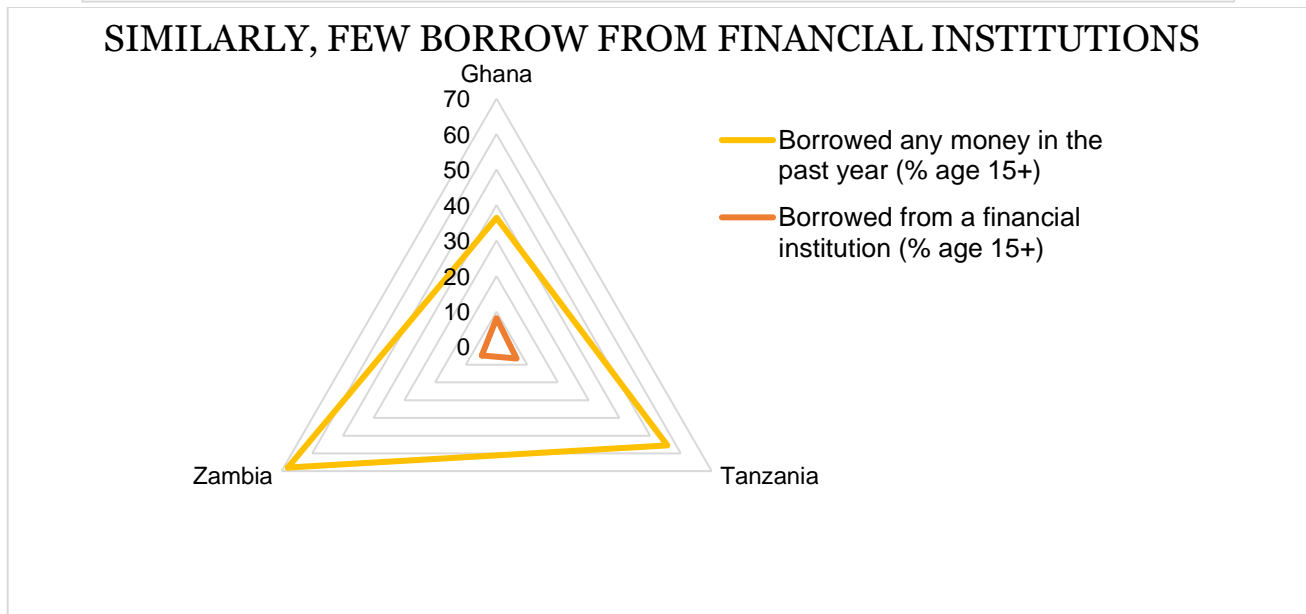
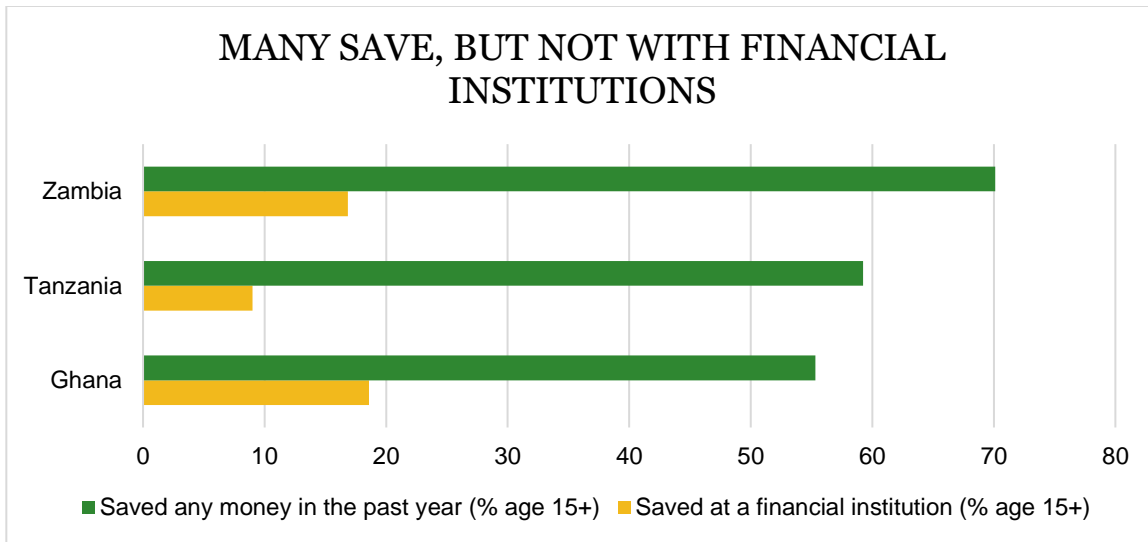
Source: World Bank Global Findex Database, 2014



...and among the poorest 40 per cent in Tanzania and Zambia, the **disparities** between the % change in adults who saved at all and those who saved with an FFI are even larger.

Source: World Bank Global Findex Database, 2014

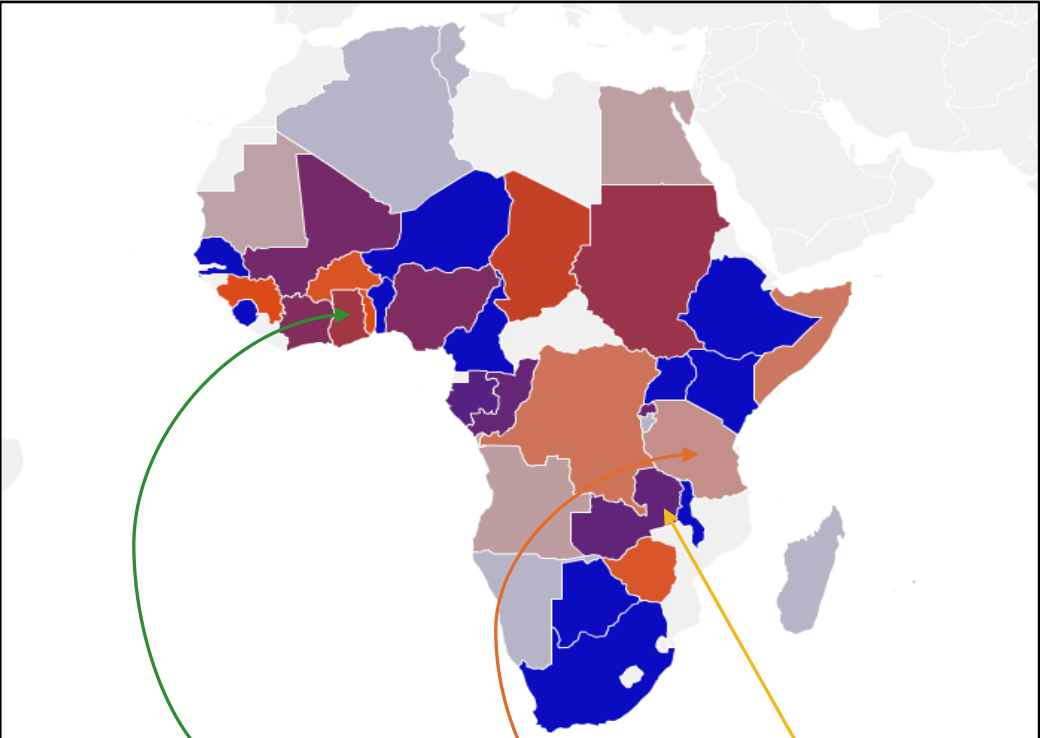
As an obvious result, formal financial institutions are under-utilised when it comes to saving and borrowing.



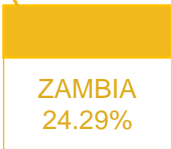
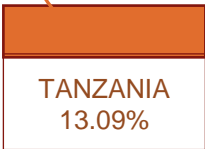
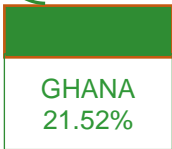
Source: World Bank Global Findex Database, 2014

In summary, formal financial institutions in the three countries have been providing more services, but have not, on the whole, been keeping up with increasing demand. So people have turned elsewhere to meet their needs, and informal savings mechanisms appear to be playing a notable role in filling the gap.

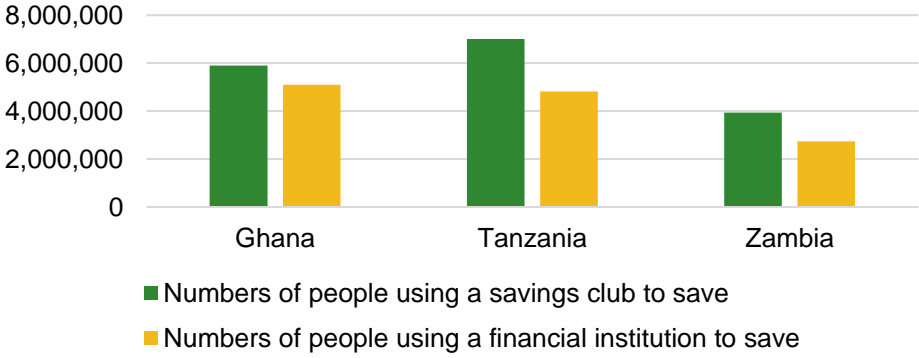
PERCENTAGE OF ADULTS SAVING WITH SAVINGS CLUBS



Source: World Bank Global Findex Database, 2014

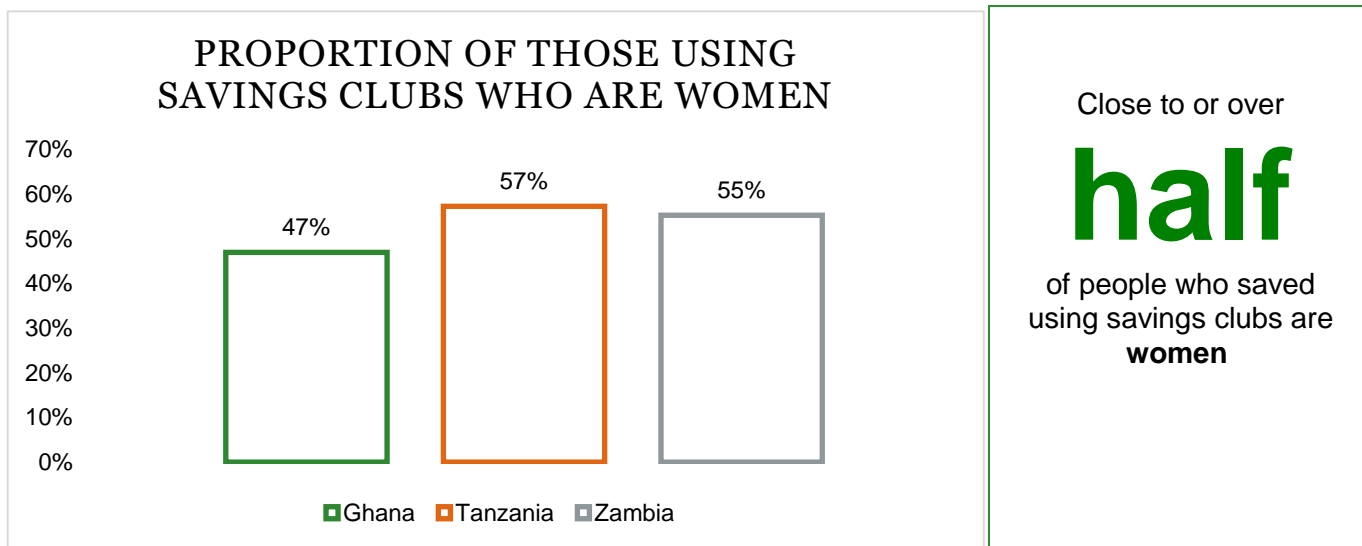


**SAVING WITH SAVINGS CLUBS
COMPARED TO SAVING WITH FINANCIAL
INSTITUTIONS**



In all three countries,
a greater number of people saved using savings clubs
than the number who saved with financial institutions.

Source: World Bank Global Findex Database, 2014
Note: Savings clubs include not only NGO-facilitated groups but also other informal savings mechanisms.



Source: World Bank Global Findex Database, 2014
 Note: Savings clubs include not only NGO-facilitated groups but also other informal savings mechanisms.

Figures reported on NGO-facilitated groups further underscore that substantial numbers of people rely on informal mechanisms to save.

NGO-FACILITATED GROUPS – SUMMARY DATA ON SAVINGS GROUP MEMBERSHIP REPORTED TO SEEP

	Ghana	Tanzania	Zambia
Total members	209,185	1,122,647	100,510

Source: SEEP, 2014
 Note: Savings group figures from SEEP refer largely to international NGO-facilitated savings groups.

Finally, it is worth noting that even when formal financial access expands, the use of informal savings mechanisms does not decrease. For example, the proportion of Zambian adults using formal financial services increased from 23.1 per cent to 38.2 per cent during 2009 to 2015; at the same time, amongst this group, the proportion of those also using informal financial services increased from 35 per cent to 44 per cent.¹

Conclusion

These figures, along with evidence from related studies, illustrate that informal savings mechanisms reach many more people than do formal financial institutions. The SatF programme will help establish a broader set of formal financial products and services, and enable low-income individuals to access them, thus empowering poorer populations to choose how to best manage their financial lives.

¹ FinScope Report 2015, available at <http://www.fsdzambia.org/wp-content/uploads/2016/05/FINSCOPE-REPORT-2015.pdf> (last visited 18 November 2016). Similarly, findings from Kenya (which is not an SatF country) show that while formal financial inclusion has rapidly grown from 26.7% in 2006 to 75.3% in 2016, during the same period those saving in the groups have increased from 32.4% to 41.4% and those saving in a secret place has increased from 27.4% to 35.8% (FinAccess Kenya 2016, available at <http://fsdkenya.org/wp-content/uploads/2016/02/The-2016-FinAccess-household-survey-report1.pdf> (last visited 18 November 2016)).