

Savings at the Frontier (SatF)

A Mastercard Foundation partnership with Oxford Policy Management

Project Briefing: DSS Platform – digitising susu collection in Ghana



Introduction

The DSS Platform is a bottom-up digital application system that is digitising the process of mobilising savings in the informal sector of Ghana by revolutionising a traditional informal savings mechanism (ISM).

Susu collection is an important and popular financial industry in Ghana, particular for low-income, more marginal segments of the peri-urban population. The service involves semi-formal (M)SMEs (susu enterprises) sending teams of collectors on daily rounds to pick up savings which are returned at the end of a monthly cycle, with one day's saving deducted as a fee for the work of providing the service.



L to R: DSS representative, susu enterprise representative and DSS platform user in his printing press. Accra, Ghana, 2017

In theory, 50 per cent of savers' money is supposed to be deposited in a regulated financial institution, and the enterprises are supposed to submit returns to their apex body, the Ghana Co-operative Susu Collectors' Association (GCSCA). In practice however, many enterprises do not keep the required savings with a regulated financial institution and only seldom report to GCSCA. Savers cannot be sure that their savings will be accurately recorded, securely stored, and that the full amount will be returned to them when required.

DSS Platform is regularising the collection process and bringing much needed transparency into the sector. It addresses two big weaknesses of the existing cash collection model – cash suppression by collectors (where they record less than they collect) and misdirection of funds by the Susu enterprises organising the collectors. The platform enables DSS to track and reconcile cash along the chain: from it being handed over to the susu collector, through to aggregate deposits and withdrawals in and out of the susu enterprises' (regulated) accounts. This in turn means that reporting to the regulator can be automated and become a meaningful control mechanism. Through DSS Platform, each ISM user has a near field communication (NFC)-enabled smart card (which can either replace, or be used alongside, the more traditional passbook) and an app through which they can track their savings and view their balance at any time, and get SMS confirmations of money deposited and balance saved (see photo).



The project also aims to gradually link ISM users to the formal financial space, including with microinsurance and a white-label mobile wallet that can be co-branded with both DSS and the susu enterprise's branding. The platform has also been adapted for use by VSLAs and other informal savings groups.

What difference is SatF's support making?

SatF initially supported DSS to further develop the platform and then to take it to scale. First, the platform was finalised and an enterprise reporting mechanism capable of delivering monthly reports to GCSCA built in thus making it easy for Susu enterprises to comply with regulatory reporting requirements. Funding was provided for an independent Systems Capacity and Security Review for the re-engineered DSS platform and the required remedial work. The platform was then rolled out to 18 susu enterprises with 78 branches/outlets in 5 regions throughout Ghana. Many Susu enterprises still face significant challenges with liquidity so DSS is working with existing and new applicants to the platform to reverse their illiquidity problems.

SatF then worked with DSS on the development and initial rollout of a savings group version (tailored to the VSLA model) of the DSS Platform, with a particular focus on reaching poorly served rural locations. In partnership with Avec-Save, by the end of February 2021 DSS had onboarded 181 VSLAs onto the DSS-VSLA platform. The target is to get 300 VSLAs (with an average membership of 25 people per group) onboarded onto the platform by the end of 2021. Finally, SatF will support DSS Platform to regularise its own status as a payments system operator and secure the necessary investment to allow this to be sustained and the application process to becoming a payments company to Bank of Ghana (BoG) is ongoing. By December 2020 almost 36,000 people were actively using the DSS Platform.

How is this project benefiting ISM users?

This project is ensuring that savers' money is managed responsibly and made available to the saver when it is due/ requested. There is increased transparency between agents and customers as savers now know exactly how much money they have saved through an instant messaging mechanism on their mobile phones and can get this back when they want it within 24 hours (albeit less a standard collection fee, but this is more transparently calculated). Cash suppression challenges have been addressed as all savers have been geo-located and the Susu enterprise owners are able to know how much an agent has received from each customer and from what location. Savers also have the added convenience of transacting and paying bills via an e-payment wallet and are able to access a wider range of formal financial services such as micro-pensions, insurance, investments, loans, etc. The platform also provides savers with savings records and credit evaluation reports which can be used to access loans. At the group level, members have a digital platform to use at their meetings to record transactions, surplus group funds are going into linked bank accounts, members can save extra money besides their group contributions, and linkages are now possible with cross-selling companies to provide pensions, insurance and other financial products to individual group members via the digital platform.

Can this model become financially viable for DSS?

Extensive business case modelling suggests that the cost of delivering DSS Platform can be covered by charging modest platform charges and subscription fees that are within reach of low-income customers. The value of the efficiency, security and transparency gains on offer more than outweigh the charges. DSS Platform's business case is based initially on targeting customers of susu enterprises and then targeting susu enterprises linkages with VSLA-type groups, with the latter becoming secondary customers of DSS. SatF funding has enabled DSS Platform to delay charging customers until the point where they are feeling the benefits of extra transparency and cash-flow regularisation that (potential) customers say they want.

Why the project was approved

This project is enabling SatF to test whether a business-to-business (B2B) digital solution can bring down the costs of cash collection in such a way that the savings aspect can become viable without cross-subsidy from a loan margin. It is also delivering the other gains sought by SatF: not undermining the ISM models being digitised and the opening of individual access to formal finance to the users of those ISMs. Finally, the DSS Platform is a great example of a solution growing out of the industry it seeks to serve. This brings an

understanding not only of how informal savers think about savings, but also of how informal suppliers think about meeting that need. Customers have recognised that something they value (susu collection) can work as it is supposed to: we are starting to Susu enterprise customers putting pressure on their enterprise to sign up to DSS Platform.



THE DSS PLATFORM IS AN APPLICATION THAT IS DIGITISING SAVINGS IN THE INFORMAL SECTOR OF GHANA BY REVOLUTIONISING SUSU COLLECTION - A TRADITIONAL INFORMAL SAVINGS MECHANISM (ISM) COMMON IN GHANA AND ACROSS MUCH OF WEST AFRICA.

