

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 MSMEs (susu enterprises) sending teams of collectors on daily rounds to pick up savings which are returned at the end of a monthly cycle, but with one day's saving deducted as a fee for the work of providing the service.

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, and 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.



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

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. The project also aims to gradually link ISM users to the formal financial space, including microinsurance and a white-label mobile wallet that can be co-branded DSS and the susu enterprise as well. There are also plans to adapt the platform for use by VSLAs and other savings groups.



Through the 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).

What difference will SatF's support make?

SatF is supporting DSS to further develop the platform itself and then take it to scale. First, the platform will be finalised and an enterprise reporting mechanism capable of delivering monthly reports to GCSCA will be built in. Funding will be provided for an independent Systems Capacity and Security Review for the re-engineered platform and any remedial work required. The platform will then be rolled out to 20 susu enterprises. The next step will be 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. Funding will then be provided to deliver scale-up, or address a known obstacle to scale-up, with a goal of a total of 20,000 active users of ISMs (individual susu users and group members) operating over the platform before end 2019. 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.

How will this project benefit ISM users?

This project will ensure that savers' money is managed responsibly and made available to the saver when it is due/ requested. Savers will always know exactly how much money they have saved and will get this back when they want it (albeit less the standard collection fee, but this will be more transparently calculated). Savers will have the added convenience of transacting and paying bills via an e-payment wallet and will be able to access a wider range of formal financial services such as micro-pensions, insurance, investments, etc. The platform will also provide savers with savings records and credit evaluation reports which can be used to access loans. At the group level, members will have a digital platform to use at their meetings to record transactions, surplus group funds will be able to go into linked bank accounts, members will be able to save extra money besides their group contributions, and linkages will be possible with cross-selling companies to provide pensions, insurance and other financial products to individual group members via the digital platform.



DSS Platform user in his electrical shop. Accra, Ghana, 2017

Can this be profitable for the financial services provider?

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 will enable 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 will enable 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 will also deliver 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 provides a real prospect 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 but does not yet do so: if DSS Platform gets it working as it should there is potential for viral spread as customers want what is on offer.