

Savings at the Frontier (SatF)

A Mastercard Foundation partnership with Oxford Policy Management

Project Briefing: Equity Bank Tanzania – Mainstreaming Informal Savings Groups

Introduction

SatF is supporting Equity Bank Tanzania Ltd. (EBTL) to accelerate the growth of its rural customer base by overcoming some of the major constraints that prevent financial service providers (FSPs) from becoming sufficiently relevant for savers in rural and otherwise underserved areas. EBTL is partnering with grass-roots NGO Community Development Initiatives Support (CDISO) in this project.



What difference will SatF's support make?

Reaching those who are currently unserved is a core part of EBTL's strategy and its rural footprint has been slowly growing since its establishment in Tanzania. SatF's support will boost the current growth rate. EBTL wants to become more relevant to its retail customer base by making mobile banking as easy as mobile money. The bank has begun by overhauling its basic group savings account to include a mobile-enabled individual savings account with free group-to-member and member-to-group transactions. EBTL will also invest some of the funding from SatF in data analysis to help the bank to tailor its financial products to better suit the needs of rural customers and invest in smartphone and app-based banking to help reduce costs. Finally, EBTL has identified float-balancing as a significant constraint for the uptake of any product offer beyond main towns and will work to deploy a tiered agent model that enhances the relevance of agents by smoothing the exchange of hard cash for e-money and vice versa (at the agent level) while at the same time encouraging the digitisation of group transactions.

How will this project benefit ISM users?

This project will bring more affordable and secure savings services to groups and their members in peri-urban and rural Tanzania. Group members will have access to their savings accounts through proximity to agents and via their mobile phones and will be provided with free group-to-member and member-to-group transactions. Informal Savings Mechanisms (ISM) users will benefit from financial products that better meet their needs and the digitisation of group transactions will bring greater transparency and accountability. Finally, ISM users will have better access to cash as agent float issues will be addressed through the project.



ISM user whose savings group is linked with EBTL

How can this be profitable for EBTL?

EBTL sees reaching savings groups as a core part of its corporate strategy to build its footprint in Tanzania so the boost in numbers of groups and members reached as a result of SatF support will bring profit into the bank. If the funding is used well, it will deliver profit not just through the targeted impact but also through strengthening the whole business model. The project stands a good chance of becoming profitable before the end of EBTL's partnership with SatF.

Why the project was approved

EBTL has clearly identified, and put forward workable plans to overcome, some of the major constraints that prevent FSPs from becoming sufficiently relevant for savers in rural and otherwise underserved areas. The learning from this project could provide other FSPs with new ideas and strategies to address these challenges. The project is particularly interesting for us as it provides a contrast between our other two partnerships with large Tanzanian banks: one of which is starting by partnering with an INGO facilitator and the other by pursuing bank-led group creation. In partnering with CDISO, EBTL plan to work with a range of groups, facilitated by both national and international NGOs.

Equity Bank Tanzania Ltd, is a commercial bank licensed and regulated by the Bank of Tanzania. Equity Bank aims to transform the lives and livelihoods of the people socially and economically by availing them modern, inclusive financial services that maximize their opportunities.

Read more at: <https://tz.equitybankgroup.com/>