Savings at the Frontier

Drivers of financial services innovation

Insights from the Savings at the Frontier programme

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The importance of innovation

Savings at the Frontier (SatF) was set up as an experimental programme with the objective of finding sustainable business models in partnership with financial services providers (FSPs) to serve informal savings mechanisms (ISMs) and their users with innovative financial services. The users of ISMs –such as chilimba, tontines, stokvels, susu – form a diverse market segment across the socioeconomic spectrum and with diverse livelihoods. Yet the majority of ISM users, whether they are a group of nurses at a hospital in a town or smallholder farmers looking to make a collective investment, already use a mix of informal and digital or mobile financial services. The diverse needs and preferences of this market segment must be met by FSPs with innovations beyond established value offers, such as branch-based savings accounts or conventional mobile money services.

Strategic focus and an organisational capability to innovate were therefore prerequisites for partner FSPs, and such attributes are becoming increasingly important markers of success in retail finance sectors across Sub-Saharan Africa generally. Since mobile network operators (MNOs) and fintech companies (fintechs) entered financial markets with payment and transaction services, competition rates have increased especially in lower-income market segments. Innovative financial services and technologies that fit the preferences and characteristics of these customers are key to long-run profitable market and business development and mobilisation of low-cost local deposits.

Innovation competencies such as collaboration, the collection, management, and use of data, and experimentation aid digital transformation and innovation. SatF designed its partnerships with FSPs to encourage and support these competencies. MNOs and fintechs are often seen as particularly technologically astute and agile businesses. They also benefit from other advantages: less stringent regulatory requirements; established, widespread networks of agents (in the case of MNOs); and limited mental associations with historical bank failures and financial sector crises, which is relevant for both the Ghanaian and Tanzanian context. That said, more traditional FSPs such as commercial banks or microfinance institutions are beginning to catch up on the core elements of digital financial services (e.g. through agency banking and mobile phone-based channels) and hold a trump card: the ability to provide loans and other services, such as insurance. In the context of SatF, it became evident that even the prospect of access to loans can be a strong value proposition to ISMs and their users.

At the start of the programme, the SatF team was unable to predict which type of FSP, which partnership configuration, and which project team would be able to deliver innovative and commercially sustainable value propositions to ISMs. SatF selected 10 FSP partners in Ghana, Tanzania, and Zambia, including commercial banks, fintechs, and microfinance institutions, to develop and scale savings-led value propositions that could complement the use of ISMs and meet the needs of their users. A key objective was also to find the business case for doing so and half of the partner FSPs did so, with another third of the portfolio progressing towards it. You can read more about the business models of our partner FSPs here.

Another key objective was to capture the journeys and lessons learned across the portfolio. This note summarises the findings of an organisational research study conducted in 2019/20 with eight FSP partners in Ghana and Tanzania.[1] Its main objective was to record innovation processes and identify innovation drivers and barriers within organisations. Data was collected in group discussions and interviews with project teams and senior management. To capture the project journeys, researchers used a timeline tool to map achievements, milestones, adaptations, and challenges. Based on these timelines, researchers discussed the underlying rationale, decision-making processes, structures, perceptions, and roles with the teams. The findings of this research study were discussed with the respective project teams. Due to there being sensitive competitive insights involved, this note presents general findings only.

[1] The research study did not include the Zambian partners, as they were still at early stages of project implementation, and COVID-19-related mobility restrictions prevented the data collection.

What can we say about the drivers of innovation?

The SatF programme supported FSPs with funding, technical assistance, market coordination, data analytics, research, and learning opportunities. FSPs were allocated between US$ 500,000 and US$ 1.7 million to develop new ideas, or adapt existing solutions, throughout the 6.5-year period of the programme. As an adaptatively managed programme, the SatF team recognised that innovation consists of non-linear processes with short learning cycles, and iterative steps to defining the value proposition. The project team therefore deliberately structured fund disbursements and other support to encourage experimentation and learning, as explained in this focus note. In turn, the FSP partners used the funding to acquire IT systems, test new routes to market, and engage in customer research and data analysis. For more information on project expenses see our business case report.

By April 2022, approximately 900,000 individual savers and 150,000 savings groups had opened accounts at FSP partners' branches, mobile money agents, or using USSD menus. This note presents the innovation drivers and competencies that project teams identified as key to developing innovative financial services that meet customer needs. We cannot claim that these factors will inevitably contribute to successful innovation and to scalable, commercially viable financial services. We can, however, present the structures, systems, and cultural factors that were highlighted by project teams as crucial to developing innovative savings accounts, technologies, and related value propositions.

Metrics of success

Outside the individual financial access statistics, project teams defined success in different ways. The most important performance indicators were identified as:

- the total deposits mobilised;
- the number of new customers acquired; and
- the activity rates of customer accounts.

Other measures that mattered to the perception of success included:

- the expansion of agent networks, whether own or external, and the activity levels of agents;
- business-critical partnerships that went beyond the scope of SatF, such as with MNOs, merchants and suppliers, technology providers, insurance companies, non-governmental organisations (NGOs), local government authorities, and development partners; and
- the expansion of value propositions, adding financial and non-financial services through these partners.

Soft indicators included improved reputation and levels of trust among customers, and increased reach specifically in new market segments. One project team also mentioned they were proud to have developed a truly customer-centred and simple product that meets the needs of customer groups.

Key insights

1. **Partnerships drive innovation and scale-up**

The ability and readiness of teams to acquire and maintain partnerships is key to successful innovation and delivery. All eight FSPs acquired partners at different stages of the project, and there were different reasons for doing so. These included co-generation of concepts and ideas, reducing the perceived risk of serving a new market segment, strengthening research and data collection, opening up new delivery models and channels, benefiting from existing platforms or technologies, or expanding value propositions.

Partnering with NGOs helped FSPs to gain a more nuanced understanding of savings groups and their users *ex ante*, and strengthened their outreach and delivery models. ISMs and their users generally trust community-based organisations, and NGO staff proved valuable resources in informing product design.

Where partnerships with NGOs were fruitful, three FSPs acquired NGO field staff as permanent employees in the later stages of the project, recognising the value of skills concerning community-based engagement, rapport, and trust.

> *In terms of the idea, I think one of the achievements was having our information at hand in a very quick way [...] We had [the NGO partner] that has been working with the savings group. So we could easily understand some of the issues and practices. It was [...] easier for them to give us the information, instead of us studying cases and doing research. This gave us a roadmap, a bigger picture of the savings groups before even going to the field. We also wanted to confirm what is really happening on the ground. [...] so it gave us the first-hand information.* (Commercial bank)

However, in some cases partnerships with NGOs did not yield the expected results. In such cases this seemed to be a function of diverging cultures and mindsets. Collaboration is a critical innovation competency that requires specific skills as well as experience. Project teams reported that understanding the incentives and mindsets of partners (such as NGOs, MNOs, or technology providers) is key to defining and agreeing on the terms of successful relationships. This is a relevant skill, and valued beyond the SatF programme in partner organisations.

> *We have developed [the products] through partnerships. We have gained skills in contract writing: what must be in the contract, what is the benefit of the partnership to us, and the other party, said clearly, and what is each party's role. [...] The project team is now involved as the partnerships negotiation team because we now have skills and knowledge. The team negotiates most bank partnerships now.* (Commercial bank)

Partner FSPs also mentioned that successful partnerships serve as a signal to other market actors that the FSP is agile and effective in delivering a project. Some FSPs reported that new organisations reached out, or that the engagement with existing partners expanded, based on the initial SatF-supported collaboration.

That said, not all partnerships formed under the SatF projects were successful, and some were discontinued after the pilot stage. Especially in the initial steps, such as the development of the value proposition, partnerships need to be able to withstand failure, trial-and-error processes, and adaptation.

Perhaps this is one of the barriers to achieving a particularly difficult type of partnership: that between commercial banks and fintechs. While the potential benefits of the relationship are widely acknowledged, achieving it can be difficult. Fintech partners report that commercial banks were often seeking a services delivery agreement with a defined set of outputs or milestones, rather than a collaboration with risk-sharing agreements, learning cycles, and possible adaptation. The key barriers to this particular type of partnership that were mentioned included:

- **the technology fit:** Are the core banking system and fintech technology compatible (and adhering to the security protocols and standards of the organisation and regulator)?
- **the mindset:** Can a prudent approach to decision taking and risk management be combined with an entrepreneurial approach and experimentation?
- **agent networks:** Can one party own the agents but the other access, share training, and management responsibilities to ensure aligned incentives, high-quality services delivery, and actionable customer feedback?
- **cost and profit sharing:** Can the parties share costs and revenue in a way that is perceived as fair and sustainable? Can the parties find a way to share data in a safe manner, and who owns the data for future developments?

> *Before we left everything to the bank. We would tell them we have the farmers, we have potential customers for you, who can save, go sign them up. But they don't go and sign them up because it is too expensive. So we changed our strategy and started to work as partners. We told the bank, we are going to do the KYC [Know-Your-Customer regulations], and profile the farmers, and we are going to create e-wallets, then you open the accounts, and fill the forms. So we changed our*

strategy because we thought, yes, we have a bank partner but we also need to be engaged. We need to ensure that the farmers are able to save, so that our business model works. So we adapted our strategy. (Fintech company)

When you come to now operationalise the partnership, there are key movers, like the branches. So they need also have allocated time to promote the product. Some of the branches don't have enough staff yet, so we were not a priority. The product needs to be part of their KPIs [key performance indicators]. So challenges of institutional frameworks persist, because it's not a full product in the bank yet. (Fintech company)

In the final year of implementation, 2021/22, some of the SatF partners in Tanzania – both commercial banks and fintechs – began to explore opportunities to work together and integrate their solutions. It is possible that the trust built throughout the programme created a conducive point of departure for partnerships.

We want to understand now how it is to work with a bank, and then we open it up to working with all other banks. It is like a pilot. (Fintech company)

2. **The configuration of the project team is as important as its links with the rest of the organisation. Decision paths and incentive structures need to be designed carefully to encourage innovation.**

Half of the SatF projects in Ghana and Tanzania were initiated by individuals who saw the call for proposals issued by the programme as an opportunity to develop solutions to a problem that mattered to them personally. These individuals (including three senior-level and one mid-level manager) used their own resources, such as private external networks, to develop their concept and initiate conversations within their organisations. In one case, the manager of a community-based organisation reached out to a commercial bank to co-develop a proposal for the SatF programme. The space for employees or even external parties to pitch ideas, as well as the ability to turn these ideas into attractive proposals, is a critical first condition for the initiation of innovation processes. FSPs that have structures in place that can support this kind of transformation of ideas into projects that are aligned with the organisation's strategy have an advantage in business or market development.

Alignment with the organisation's strategy was a critical decision criterion for steering committees and senior management, but project teams mentioned that other factors also motivated top-level management to pursue the opportunity. These included: the significance of the increasing competition in lower-income market segments; the financial inclusion mandate; and access to finance for on-lending. Those FSPs with existing savings group projects or products were looking to access capital to improve and review their value propositions.

3. **Diversity and collective decision making can either be hugely beneficial – or equally detrimental – to innovation processes.**

The SatF portfolio was very diverse: it included commercial banks with headquarters outside of the project country, larger local commercial banks, and smaller challenger banks. Two fintechs were in the start-up stage and others were more established, with six to 15 full-time employees. Some FSPs were at the ideation stage with no proof of concept for their value proposition, while others had existing solutions they were looking to improve.

Discourse in the behavioural economics literature that emerged after the financial crisis in 2007/08 challenged the notion of rational corporate decision making and proposed that decision outcomes and organisational behaviour are affected by cognitive and psychological biases.[2] These biases were primarily debated in the context of investment banking practices but have since been argued to shape retail banking

[2] See for example: IMF (2018) 'A Behavioural Approach to Financial Supervision, Regulation and Central Banking'. IMF Working Paper 18/178. International Monetary Fund; Bank of Ireland (2018) 'Behaviour and Culture of the Irish Retail Banks'. Central Bank of Ireland. Wiley; H.K. Baker and V. Ricciardi (2015) 'Understanding behavioural aspects of financial planning and investing'. *Journal of Financial Planning*, 28; Balling *et al.* (2012) 'New Paradigms in Banking, financial market and regulation?' SUERF – The European Money and Finance Forum in Vienna. Lacier.

decisions as well. Team diversity and group dynamics, as well as intuitive judgement, can lead to herding and groupthink,[3] which can reduce the appetite of team members to challenge assumptions, consider arguments that are not in line with the shared frame of reference, and consequently assess or manage risk accurately. These are important considerations in the context of the SatF programme. Preconceived notions or perceptions of savings groups and their members in senior management or product development teams could affect the level and nature of investment and commitment to experiment and innovate.

The SatF project teams in the commercial banks were led by different roles and housed in different teams. These included the agency banking unit and the financial inclusion team, being located at the cross section of credit and special projects, in the corporate social responsibility section, or within the donor funded projects area. Project teams were often made up of two or three members with related KPIs, who were supported on ideation and implementation by a number of other staff where required. The advantages of diversity in team composition and contributions might be undermined by conflicting priorities and responsibilities, a mismatch of incentives, and strict decision-making hierarchies.

> *Another challenge is that the team implementing the project, we are not only in this project – we also all have separate roles, which are quite different from this. I am in strategic planning, he is in marketing, another one is in business solutions …. So this is just a part of [all] that I am doing.* (Commercial bank)

With most of SatF's commercial bank partners, a range of technical teams were involved at different stages in the development and scale-up of the product, including the innovation team, the customer experience team, the agency banking team, the sales team, and the IT team. The diverse inputs were considered helpful by project team members but required additional communication and documentation that in some cases considerably slowed down project progress. At certain milestones, some project teams required approval from steering committees, which could consist of representatives from IT, compliance, product development, and marketing. Project teams generally felt that the holistic approach and diverse inputs helped those involved to think through operational aspects and systems requirements. However, steering committee members often did not have the authority to approve milestones or product features and needed to obtain this from their respective unit heads. This could lead to requests for clarification, additional documentation, or bilateral conversations between project team and unit heads, which increased the communication and time burden. Project teams said that this was exacerbated by the limited knowledge of bank staff concerning savings groups and their practices. Serving groups requires different system set-ups and technologies than serving individual customers.

> *I think our major challenge was compliance. Also, digital operations too because of the digital aspect of the product. […] Initially, they didn't understand what we wanted to do; they thought that the bank already had systems that are doing what we needed to do. So that took some time for us to explain to them. Also, one lacking thing was that they didn't know about VSLAs [Village Savings and Loan Associations] and they do not understand VSLAs.* (Commercial bank)

Team diversity can therefore prove cumbersome, especially where decision-making processes – and decision approval – are not aligned with product development processes. In addition, individual KPIs determine how much cognitive capacity and time individuals can spend on different projects. Alignment is key, both horizontally and vertically (from technical units to branch level), in order to reap the benefits of diversity.

> *You have to do a lot of partner and stakeholder involvement. Everybody wants to understand something before they put their pen to it. So, it takes some time. Even if you have an approval memo, sometimes it is on somebody's desk for three days or more, because the person wants to*

[3] 'Herding' occurs when a group of individuals mimics the decisions of others. It is based on the social pressure to conform and reflects safety by hiding in the crowd. In doing so, someone can blame any failing on the collective action and maintain his or her reputation. The symptoms of 'groupthink' arise when the members of decision-making groups become motivated to avoid being too harsh in their judgments of their leaders' or their colleagues' ideas. They adopt a soft line of criticism, even in their own thinking. See: FCA (2016) 'Behaviour and Compliance in Organisations', *Occasional Paper* 24; A. Banerjee (1992) 'A Simple Model of Herd Behaviour'. *Quarterly Journal of Economics* 107, 797–818.

understand [it better]. Sometimes you have to call a stakeholder meeting twice or thrice so everyone understands before you get an approval. (Commercial bank)

Another was product: even when you have an innovative idea, you're working with a technical team that you have to bring up to speed with what you want to achieve. So you could find that there are delays in implementing because the tech team might have not understood what it is they were working on. There are long meetings to discover what can be put in the system. (Commercial bank)

According to most project teams, it is necessary to have a single team lead who is accountable for the project performance and can respond to queries immediately. The communication burden is substantial, especially where FSPs are working to serve new market segments with different characteristics and needs.

If you want things to go smooth you need a dedicated person who looks at the product on a daily basis. (Commercial bank)

Similarly, if staff turnover does not interfere, having a dedicated representative in each technical unit can reduce the communication efforts of project teams substantially:

We worked with the IT department to have a specific person who we could work with. It becomes easier when you want to create a new product, want to do an integration, when you work with one person who can understand you. This then doesn't result in the back-and-forth issues. We stick to one person who understands us in what we want to achieve. (Commercial bank)

4. Bottom-up innovations require top-down authorisation

Buy-in at senior level was mentioned as one of the key drivers of innovation in commercial banks, not only to accelerate decision making but also to defend experimentation and novel approaches. Where the headquarters of the banking group are located in a different country, approval processes can take longer as context and market factors require additional explanation and decision paths are longer. Some strategic decisions, such as the development of technology solutions or agency banking strategies, were deemed important at group level rather than simply project level, which led to prolonged approval and procurement processes.

Some project teams benefitted from a direct communication line with their executive management. This was valuable where organisational bottlenecks had to be resolved, such as where an IT solution had to be procured. Staff transition, or a shift in focus and workload at senior-level management, can therefore threaten project outcomes and innovation processes.

The approval process was very simple because the project went straight to the MD. So, the MD bought in even before us understanding what it was about. In the very first meeting we are told to write an email and when the approval was okay, we could move on. So, you don't need to go through so many levels. (Commercial bank)

This said, for regional banks, top-level management can escalate matters to the group level if required; it should not be seen as general barrier to innovation processes and depends on the specific organisational set-up.

From our case here we got approvals, so the issue was at the group level now. Since we have had a good relationship with the research team at the group level, we just communicated with the project manager. He actually communicated with the MD and they had a call to the group where he facilitated this case very easily. The group level serves more than six countries, but for us we were actually given a priority. (Commercial bank)

This is a challenge relevant to traditional FSPs rather than fintechs, who in the case of SatF had between five and 15 permanent staff and worked with flatter decision hierarchies and fewer formal decision processes. Nonetheless, sometimes key personnel in fintechs proved difficult to engage with for project teams, as the organisations are often in a growth phase, meaning processes and responsibilities are not yet clearly defined or change over time.

While proactive vertical communication between top management and the project team is important, innovation also requires frequent communication with staff on the ground. Regular conversations with client-facing staff (e.g. branch staff or agents) were reported to have helped solve customer journey bottlenecks, and can introduce diversity into product development or scale decisions. Some traditional FSP partners developed unique ways to gather these valuable perspectives from field staff. These included setting up WhatsApp groups for different pilot areas and frequent visits to more remote branch locations to accompany the staff on the ground and meet the agents.

Project managers had to be creative to create these mechanisms in order to benefit from the ideas and feedback from ground staff to inform solutions or product design iterations.

5. **Minimum viable products[4] are a starting point in the innovation process, and research is its engine**

All FSP partners developed their value propositions in an iterative manner with frequent tests in the field. Half of the SatF partner FSPs used an existing savings group product as a starting point, while the others developed new value offers. Even where this was the case, project teams seemed to prefer to test minimum viable versions of the new products rather than spending too much time conducting extensive research *ex ante*. The reasons for this were diverse. Project teams partly attribute it to the limited functionalities of the core banking systems: starting with an existing product or a minimum viable product (MVP) ensures that it is feasible from an operational and technical point of view and reduces the time for approvals and creating buy-in among senior management. It also creates momentum both within the organisation and among those engaging with the new customer segment.

Project teams in larger commercial banks are often not able to significantly change existing organisational processes within project timelines. For SatF, this meant that best practice approaches to customer-centric design such as prototyping proved difficult. Instead, small-scale pilots of MVPs or existing products led to research and design cycles, and the creation of a value-focused customer journey. But even iterative innovation can lead to significant changes to technology or product design. One FSP partner, who joined the SatF programme with an existing savings group product, replaced it with a new value proposition based on an entirely new technology. This came as a result of gradual adaptations to the existing product, and an increasing understanding of its limitations through research and learning cycles. Successful innovation therefore does not always require a blank slate.

SatF partners spent significant resources on marketing and customer research. The SatF programme design made provisions for an initial business plan development phase stage to conduct research and/or conceptualise business models. Some FSP partners reported that having an allocated research budget and capacity was not the norm.

> *In 2017, we were required to do comprehensive research to enable us to do the project. Because of the qualitative research we realised there was something that the customer requires; something more like a hybrid of agency banking and savings group account. So, how can we work out the agency model to reach the customers who are in the savings group? Now in 2017 [we came back] with real research. We chose around 200 savings group members to interview, and after the interviews there were many areas we were looking at. Our major objective was to understand the group dynamics and their financial management in order to identify banking product gaps.* (Commercial bank)

FSP partners also conducted customer experience research in the form of product reviews and customer journey and retention analysis.

Another reason to put MVPs to the test is that customers expect to be able to access and use the financial services in the short or medium term once they have heard about them from FSPs engaging with communities during research and exposure visits. This is particularly important in markets like Ghana and

[4] A minimum viable product, or MVP, is a product with enough features to attract early-adopter customers and validate a product idea early in the product development cycle (www.productplan.com/glossary/minimum-viable-product/).

Tanzania, where trust in formal FSPs is limited. Two of SatF's fintech partners that work with smallholder communities had to deliver parts of their value proposition (input delivery and loans) before the entire solutions – including the savings propositions – were developed.

> *There were delays which meant we couldn't get to the next milestone. So we went for, I think, a quarter and a half with no funds. The project actually stopped, and the farmers were making noise saying, 'you guys came in, you never came back'. [...] We were allowed to profile farmers, but we were not allowed to give them the savings (option) for inputs, because there was that connotation of real money being moved.* (Fintech company)

This was so they could demonstrate reliability, build trust, and secure the continued goodwill of their rural customers.

> *There have been some other banks which have come with a lot of promises but, in the end, the promises are not fulfilled to the groups. The groups are very sensitive: once you promise something, it needs to be delivered. The way people perceive you on the ground is quite different, so you need to prepare well.* (Commercial bank)

Project teams agreed that spending time in the field to learn, understand, and test the value proposition is a key ingredient of useful innovation. They cautioned against simple solutions, specifically where organisations were attempting to solve complex challenges, such as market access for smallholders or digitising savings group transactions. A fintech partner shared their frustration about a partner organisation that failed to acknowledge the time and effort involved in developing innovative solutions:

> *The implementation is too simple. That's how you know they are not solving the right challenges. If it has not yet been done, then it means there is something about it that is difficult, and if our solution is simple, there is something we are not looking at properly. My idea might be the cherry on the cake then, but what you should be looking at is how to bake the cake. That is the work. Digitisation of VSLAs can work but earning their trust, getting them to make the first deposits, recording their transactions... It has not yet worked. Anyone can put a cherry on the cake when it is baked.* (Fintech company)

The challenge of developing relevant solutions was echoed by the project team of a larger commercial bank:

> *So our work was not to stay in the office, right? We used to go to the field, we created some good relationships with individual local trainers, [...] you visit the groups, and ask 'Is this the right product?' And then you listen to the feedback from members that have an account with you.* (Commercial bank)

Project teams report that it is easier to collect information on the use cases of new customers, their persisting challenges, and what is working, only once ISMs and individual customers have adopted and are using the services. It is easier to gather feedback and they can then be involved in finding solutions to address challenges. Some key product features, such as product names, terms and conditions, and technical structures (e.g. triple PIN functionality) or loan repayment mechanisms were actually suggested by ISMs and their users.

> *Yes, we invite groups, especially leaders, like two hundred groups. They come, we just rent a hall, provide them with food and transport. So we start the sessions. It is face-to-face market research.* (Commercial bank)

In larger commercial banks, access to uptake and performance data is often restricted to pre-defined reporting templates and cycles (something we have written about previously here). In order to overcome this, project teams accessed information on uptake and onboarding through WhatsApp groups and phone calls to understand the progress in the field, specifically in the initial stages of pilots and scale-up. The barriers to accessing data in a proactive way are therefore not perceived as a significant bottleneck to innovation processes in FSPs; however, this might be partly due to the limited awareness of what real-time data analysis could reveal if integrated into the product development process.

6. IT systems and technology can constitute significant barriers

SatF's requirement for partner FSPs to innovate not only for individual customers but also for groups constituted a unique challenge to the existing systems and technologies of commercial banks and fintechs. These systems included existing core banking and middleware systems, as well as agency banking solutions. Project teams over time identified the parameters and limitations of the existing systems, and of the structures and processes that guided their application.

An initial hurdle for most SatF partners was to recreate the lockbox of a group digitally, with three signatories holding the keys – or in this case holding a PIN to authorise group transactions. Another challenge was transparency. In particular, not all group members could receive transaction notifications in the form of SMS: only those who were registered as signatories could, as they had to also open individual accounts and be in the system of the FSP. Transparent transactions, however, are a key characteristic of well-functioning savings groups. Limited network connectivity required project teams to find solutions that could operate online and offline, for example for the onboarding of savings groups and their members. Other technology barriers can be as simple as a vendor's solution not complying with the security protocols and standards of an FSP.

An assessment of internal systems is possible only where the problem can be defined in detail and all the requirements clearly stipulated. This takes time and capacity not only on the part of project team members but also of IT and systems teams, who often have conflicting priorities. Identifying the internal frontier of existing systems and procuring external solutions or services is a lengthy process that requires authorisation at top management or at group level, due to its strategic nature. In anticipation of these delays, project teams reported initiating multiple processes to resolve technological bottlenecks, such as developing a solution in-house versus procuring one, and then chose the fastest option. This is an important lesson in accelerating innovation in organisations: initiating competing or parallel processes to find solutions can shorten waiting periods and aggregate synergies. Donors and international development stakeholders can support this by offering peer learning and exposure visits to support the ideation of creative solutions, as well as by allowing funding to be spent on solutions that might, in the end, prove inadequate or late.

7. Innovative solutions are needed to counteract external factors that are outside the influencing space of FSPs

Innovation processes in themselves are not linear, and when situated in a dynamic space like retail financial markets in Sub-Saharan Africa they often need to happen in parallel. For example, changes to regulatory frameworks for bank agents and their qualifications require a quick response where projects rely on agent networks to onboard and serve savings groups. In Tanzania, the introduction of a new national ID card system and the requirement for commercial banks to verify customers' national ID number at the point of onboarding constituted a challenge, especially where network connectivity was limited. Learning about new directives and then finding solutions that work in the context of customers is a critical skill of product developers and project team members.

Existing KYC solutions that were developed for urban customer segments often do not work in rural or remote areas with unreliable network connectivity. Where commercial banks are competing with MNOs or fintechs with less stringent regulatory requirements, banks have to seek dialogue with regulatory bodies to defend their space to compete.

> *So, typically, the central bank has a way of doing KYC. And that usually works in the cities. But in those places where people don't have house numbers, and you can't draw backgrounds and maps and, you know, it became a bit of a challenge. But eventually, they understood what we were looking to do, and we kept showing them parallels between what we are trying to do and what, say, mobile money providers are doing… And so eventually they allowed us to modify the KYC in line with the communities that we needed to serve.* (Commercial bank)

FSPs also found that some organisations or individuals who were already working with savings groups and susu collection in Ghana actively resisted or attempted to block changes to the existing systems. They had their own incentives and motivation to keep established structures and manual processes as they were, and resisted change and digitisation. In such cases, FSPs had to work harder to access ISMs and earn the trust of the new customers.

We thank our partner FSPs for their generosity and patience in sharing these insights!

About the SatF consortium

This programme was implemented by OPM in collaboration with Bankable Frontier Associates, MicroSave, PSD Consulting, Development Pioneer Consultants and Kadale Consultants.

For more information – and to read the full SatF strategy – visit www.opml.co.uk/projects/savings-frontier

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