

# Members' Spotlight on Encouraging Effective and Inclusive Savings

e-MFP is a member-led platform, and we always want to hear what our members are doing in different fields, to increase linkages and knowledge sharing both across the platform and with other stakeholders. Over 2020, e-MFP reached out to its members to see who was doing what in the area of this year's European Microfinance Award theme – Encouraging Effective & Inclusive Savings. We asked them

five questions, and we're very grateful to the following members for their contributions, which are reproduced (and edited for clarity and length) here:

**ADA Microfinance (ADA) / Banca Etica / Birgit Galemann\* / BNP Paribas / CARE International / Dirk Lebe\* / Frankfurt School of Finance & Management / ICCO Cooperation / Microsave Consulting (MSC) / Sparkassenstiftung (Sparkassen Finance Group) / Toronto Centre / University of Agder / World Savings Bank Institute (WSBI)**

\*Individual member

## Question 1

**How is your organisation (or you individually) working to encourage effective and inclusive savings?**



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## ADA

To encourage the development of efficient and inclusive savings, ADA supports MFIs in order to better understand the motivation of clients, according to the objectives and strategy of the institutions. ADA can therefore provide tailored support in the design of adapted savings products and how to use the most efficient appropriate channels to offer these products. We know that it is also important to be attentive to the expectations of the MFI (which may wish to develop this product in order to facilitate its cash management or to finance a line in its portfolio) as well as those of the clients (security, precaution, economy).





## Banca Etica

Banca Etica encourages efficient and inclusive savings in several ways, but above all by managing savings in a responsible way thanks to the work of Etica Sgr, a company within the Banca Etica group. The sustainable and responsible funds of Etica Sgr aim to create return opportunities for savers in the medium to long term, with a focus on the 'real' economy and rewarding companies that adopt responsible practices. Since 2000, it has been the only Italian asset management company exclusively offering socially responsible investment solutions. With its mutual funds it aims to add value to the savings of our clients, investing only in sectors and companies that meet certain criteria for protecting the environment, human rights and good corporate governance. Finally, special attention is paid to our members. The virtual square "Soci In Casa" ("Members in the House") is an initiative to try to eliminate distance and help members continue to feel part of a community.

## BNP Paribas

We see inclusive saving as having several elements. They include financing and supporting microfinance institutions to offer inclusive savings to their clients; facilitating saving products designed for the most vulnerable groups; offering our clients the possibility to invest in inclusive finance projects in line with their values; training; and financial education. Financial education is part of several business lines in a financial institution as diverse as BNP Paribas, because without it, clients risk getting trapped in overindebtedness. Financial education courses explain how to handle a budget and how to create savings. As an example "Responsible Saving", a digital platform targeting young people, their families and their teachers, shows them how to better manage their budget using 'serious' games.

© Birgit Galemann



## Birgit Galemann

I have developed, with the Catholic Workers Movement Uganda, a country-wide social and church association, a three-level federation of savings and loan associations within their organisation. This unique model is called "Raiffeisen-SLA federation" since the key to its success comprises three elements that also play a vital role in the success of the German cooperative Raiffeisen system: 1.) a rigorous three-level self-monitoring system; 2.) a practical concept/tool for business financial-planning; and 3.) linkage-banking. In recent years the system has enabled members to save large amounts, increase access to loans and to strongly enhance their individual business and finance skills.



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## CARE

Since 1991, CARE has helped over 8 million rural poor individuals (80% of whom are women) to access informal financial resources through member-owned Village Savings and Loans Associations (VSLAs). A VSLA is a simple and powerful self-managed group of 15-25 individual members from within a community who meet regularly (weekly, biweekly, or monthly) to save their money in a safe space, access small loans and obtain emergency insurance. Group members achieve near-immediate increases in access to and control over their resources. Over time, complemented by tools that engage men and other community members, VSLA participants gain increased influence over decisions in their homes and beyond. CARE VSLA members save over \$500m annually and over \$2.3 billion cumulatively in over 54 countries.

## Dirk Lebe

Swisscontact's Sustainable Cocoa Production Program (SCPP) works with 165,000 cocoa farmers in the main cocoa growing provinces in Indonesia. The finance component concentrates on savings and has seen a 42% increase in bank account ownership (and a ten-fold increase in loans). Awareness on savings was built through Financial Literacy Trainings and bank staff was invited to explain about their saving and loan products. This also lowered the barriers for farmers, because they would know already someone in the branch close by. Better opportunities to save were created through onboarding of cocoa bean traders as branchless banking agents, because they are at the place where farmers get cash (or at the same time have the option to get a transfer to their account) and whom they trust. A saving intervention was piloted to increase savings.



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## Frankfurt School of Finance & Management

Since the early 1990s, the International Advisory Services (IAS) team of Frankfurt School (FS) has been committed to improving financial markets and increasing access to financial services worldwide, including savings. To achieve this, FS designs and implements consulting and training programs and conducts applied research on finance and management topics. Specifically, the IAS team assists FSPs in offering full-fledged (digital) financial services to their MSME clients, including savings, related insurance services and/or mobile payments. FS executed several inclusive savings assignments in diverse contexts, as for example in Cambodia for PRASAC, in Vietnam for Thanh Hoa, in the Dominican Republic for Banco Adopem, in Peru for Financiera Edyficar (now Mibanco) and Financiera Confianza, in Ghana for SASL, in Syria for FMFI-Syria and in Tajikistan for IMON International. Within FS' assignments to promote women empowerment and women's financial inclusion, the development of gender-responsive savings products are part of our holistic value proposition for women entrepreneurs.

## ICCO

ICCO Cooperation's **STARS program** aims to increase the income of Smallholder Farmers with access to finance combined with market driven value chains. In Ethiopia, the majority of the rural population survives on unreliable income. Savings is an effective 'coping mechanism'. Especially for poor women, access to secure savings is important. Ethiopia has a tradition of self-help groups, while formal savings are less accessible. ICCO, in collaboration with **The Busara Center for Behavioral Economics**, works with three MFIs to develop suitable savings products for smallholder farmers.





## MicroSave Consulting (MSC)

MSC continues to work on savings with many governments and financial institutions, including for example with the Government of India to build and further develop the national financial inclusion strategy based on the **PMJDY accounts** opened for >404 million poor Indians. These accounts are used for the distribution of government benefit schemes, including COVID-19 emergency support payments, and have an average balance of \$43 – remarkable given the poverty of account owners and the economic and health challenges they face. MSC is now working with the Department of Financial Services and a range of banks to develop three new PMJDY savings products to meet a range of needs and motivations to save. We are also working on agent networks to improve this important channel for reaching the poor. In addition, we have supported over 500 financial institutions in Asia and Africa to develop and deliver client-centric financial products including savings.

## Sparkassenstiftung

In keeping with the Sparkassen-Finance Group's longstanding tradition and experience when it comes to sharing financial knowledge, Sparkassenstiftung has many ongoing projects worldwide improving basic financial literacy. In all projects and across all age groups, the use of Sparkassenstiftung's own Savings Game, a highly interactive training tool, has proved an excellent means of increasing people's understanding of finance, budget issues and saving options. On a macro level, we support financial institutions that sustainably foster economic and social development at local, regional, or national level through needs-oriented banking services, including the provision of savings products to the people.

## Toronto Centre

Building effective and inclusive savings requires an effectively supervised financial system. TC supports financial regulators and supervisors in emerging markets and developing economies by providing high quality capacity-building programs, in line with international sound practices and standards, to increase their knowledge and skills of supervisors and regulators to implement changes to improve financial stability and inclusion. We work with agencies to identify regulatory or supervisory barriers or gaps that may impede inclusive savings. We are conducting programs on the importance and use of sex-disaggregated data, including the use of technology such as RegTech, for better digital/women's financial inclusion. We are working with agencies to implement proportionate and risk-based supervision, and running programs on the importance of financial literacy.



## University of Agder

As a research-based organisation, the Centre for Research on Social Enterprises and Microfinance (CERSEM) in partnership with the University of Agder and KU Leuven are actively involved in the developing empirical data on the operations of savings groups. With funding from the FAHU Foundation, CERSEM was able to acquire the Savings Group Information Exchange (SAVIX) database, a large sample database with information on more than 200,000 savings groups worldwide. Using the SAVIX, our research focuses on investigating the factors promoting the success of savings groups around the world. We delve deeper into understanding the group-level characteristics that enhance savings groups' performance, how factors external to the group influence group performance, and how the macro-economic environment influences the possible success of savings groups.



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## WSBI

Based on the answers of several WSBI members from the Latin American region, we know that they are promoting inclusive savings in several ways: by offering savings accounts at no cost to customers that include features such as the management of automatic savings standing orders; by providing a wide coverage that reaches remote areas through non-bank correspondents, where clients can open bank accounts, make payments, manage transactions and withdraw cash; and by focusing on innovation (use of digital channels, social networks and others), along with financial education campaigns and promoting healthy financial habits.



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## Question 2

**What are the most important factors (product characteristics, technology, awareness-building, for example) you see in ensuring access (and usage) of savings among excluded clients?**

## ADA

It is obvious that the use of savings products is easier to develop if there is more trust and customer awareness of the products. Saving is also a matter of trust in the institution, in terms of its financial resilience and security. In order to guarantee access, the development of easily accessible points of sale with a miniaturised printer and connection is essential. With DFI (Digital Finance Initiative), we are also working on the electronic wallet and digitalisation of institutions in Burkina Faso, for example, in order to facilitate access to all products – savings in particular.

## Banca Etica

Our first focus is the support for micro-finance projects (in Italy and abroad) both through subsidised rates and reduced commissions, and through the provision of non-repayable benefits in support of their crowdfunding campaigns. It also is vital for the Bank to share new knowledge and skills, even if this cannot currently be done through in-person conferences, events or in the workplace. For this reason, together with Produzioni dal Basso and with the sponsorship of the Assimoco Group and Etica SGR, we have launched the #AttiviamoEnergiePositive initiative, an online training cycle (through webinars) which aims to encourage discussion on emergency issues, and also on opportunities for innovation.

## Birgit Galemann

To learn how to save within a secure system that educates members on handling and using their funds in a profitable (via a business financial-planning tool) and disciplined way, I have designed Digital Group Ledgers, covering one cycle of members' operations (~ 1 year) at a time with embedded, fully automated and complete audit functionalities as well as financial statements, running on any smartphone. The tools are sent to the regional level for monitoring, advice and aggregation. On a national level, all regional performance indicators are further aggregated and analysed ensuring that all R-SLA methods and reporting processes are strictly adhered to.



## BNP Paribas

Digital technology and awareness building is a big focus. We are a group providing retail banking in European countries plus various countries in Africa, as well as the USA. We still see that many people have no access to banking or are prevented or fearful about approaching the banking system, even though owning a credit card or putting cash into a safe place can be so important for their inclusion and safety. A few years ago the BNP Paribas Group acquired Nickel, an independent financial service provider that provides pre-paid bank account and credit cards. 75% of Nickel's clients earn less than € 1500 per month and mostly are people with obstacles to setting up a bank account, such as refugees, migrants or young adults. Nickel now has close to two million clients.

## Dirk Lebe

The most important factors for savings are a combination of awareness building through financial literacy training and relatively easy access to saving products, for example through branchless banking agents at the place they get their cash, which encourages clients to save a part of that money straight away. Distance to bank branches was (at least in the Indonesian case) not such a big obstacle; neither was access to technology itself. In general, lotteries (e.g. for X amount of deposit there is a ticket) seem to be a success factor for savings too.

## CARE

Unique in their connective power, VSLAs help individuals to come together to build financial resources, create networks of trust and pursue shared ambitions. Over time, the impact of VSLAs stretches far beyond economic and financial empowerment. As groups achieve one goal – helping one another start small enterprises or pay for school fees, for example – they set their sights on other, often more ambitious goals such as buying land, running for political office or fighting for gender equality in their communities. Along the way, CARE works to support these dreams, accompanying members throughout their journey, form social bonds with each other and support each other's ambitions. There is a near 99% repayment on loans taken through VSLAs because unlike an MFI or traditional bank loan, VSLAs are member-owned platforms where the women themselves control the assets and are accountable to each other as friends, neighbours and community members.



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## Frankfurt School of Finance & Management

The Global Findex Database 2017 revealed that 43% of adults in developing countries saved a certain amount of money, whereas less than half of those saved in a formal institution. The majority save semi- or informally, e.g. in savings clubs, or just cash at home or in the form of jewellery, livestock or real estate. This means that even excluded clients could have certain patterns of accumulating value. According to FS' experience, it is important that the FSPs, apart from the changes at the institutional level in order to deal with savings, also need to understand the market (competition, existence of different client segments) and the needs of their client segments (savings behaviour, product and channel preferences, brand awareness) before developing savings products. Here, the main factors are trust (in the FSP), convenience (easy access), right channel (branch, agent, doorstep or digital) and for higher amounts, the level of the interest rates.



## ICCO

The Busara Center for Behavioural Economics has developed three demand-based saving products for the participating MFIs: Rental Saving (for house rent payments); Commitment Saving based on an informal savings system existing in market areas; and the Referral System, which attracts new clients through existing clients getting paid for word-of-mouth referral. Since September 2019, the products have been tested. We have seen that commitment savings is attractive to micro-businesses, who can save conveniently from their working premises; rental savings' is only implemented with few clients as most potential savers have accounts with commercial banks; and referral savings works well when the promoters are trusted and respected in the community.



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## MicroSave Consulting (MSC)

Technology is a game-changer – it makes it economically viable to offer savings services to poor people. For example, our work with Equity Bank on digital transformation has meant that >97% of the bank's transactions are self-initiated or conducted at agents/ATMs. This has significantly lowered the bank's cost to serve clients and allowed it to further extend its services to the poor.



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## Sparkassenstiftung

The mission of Sparkassenstiftung aligns with Germany's Sparkassen that are dedicated to strengthening business skills and know-how and to helping private households become more financially flexible with effective saving. With the advisory services, such as the "Sparkassen SchulService" (School Service) for children and young people or the "Geld und Haushalt" (Money and Household) service for adults, we are helping to boost financial literacy worldwide. With the implementation of the World Savings Day in various countries worldwide, we also raise awareness and encourage people to save.

## Toronto Centre

Several factors are key in ensuring access. They include: effective financial sector stability and supervision, as any excluded clients do not trust the financial sector and are reluctant to use formal savings services; technology – mobile channels and wallets, while they require upfront investment and an effective agent network, are a more affordable means of receiving small deposits from low income clients; and product characteristics and gender sensitive design – effective products must meet the variety of savings needs of different clients, including immediate short-term savings and longer-term savings for large purchases and the different needs of men and women.



## University of Agder

One factor is financial education. Many in the sector's target populations are illiterate and believe that to even own an account at a formal financial institution, one has to have a lot of money. They have limited knowledge about all the other services that can be of use to them once they approach banks. With context-specific financial education, these clients will have more financial knowledge and hence can be nudged into accessing and using formal financial institutions. Another factor is institutional support, both in the form of government commitments and formal financial institutions ensuring that they have relevant products designed to meet the needs of such populations.



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## WSBI

Undoubtedly, in order to ensure the access and the use of savings it is very important to have an ecosystem that allows the timely mobilisation of these savings and with minimal entry barriers, such as economic costs. In addition, it is of utmost importance that banking products meet the needs of customers and that the product design is adapted to those customers' behaviours. Distribution channels must also be accessible, safe, convenient and reliable. And financial awareness-raising campaigns and financial education programmes are important factors in reaching excluded clients.





### Question 3

To what extent do behavioural economics/insights help you encourage positive savings behaviour among excluded clients?



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### Banca Etica

Banca Etica adheres to the Italian Banking Association's practices for the advance of redundancy funds to workers and female workers in particular. We have chosen to offer this particular type of credit at zero interest and without additional costs for people who are already members or customers who will make the request. Finally, the presence of territorial initiative groups (GITs) is a very important feature for our bank. The GITs are the "home" of the members and elected members at the local level to bring ethical finance closer to the region, strengthen relations with organisations and companies working for a "new economy", and promote a culture of responsible use of money.

### ADA

A better understanding of customer behaviour, especially today in the context of the COVID-19 crisis, can indeed help to anticipate certain demands of excluded populations, and consequently to raise their awareness or to propose and develop new products. For example, in April 2020, when the world was becoming more and more confined, some clients sought to withdraw their savings, as a precaution. In doing so, they then took the risk of having their money stolen or lost, and the MFIs that lose liquidity as a result find themselves in trouble. So we tried to reassure clients with simple communication messages.



### Birgit Galemann

The trust that is created through the enormous transparency in the R-SLA federation's procedures is what convinces people to join the system and to adhere to its strict methods regarding saving, loan taking, and business activities. Having experienced the benefits of this disciplined behaviour, now members are financially and personally ready to develop even more professional economic activities. Members of some of the first R-SLAs have now registered group projects in their wider community as cooperatives and asked that these ones get also embedded into the strict supervisory set up of the R-SLA federation.



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## Dirk Lebe

Together with partners, we used behavioural economics insights to increase savings. The pilot intervention with 3,000+ cocoa farmers led to the following results: within 5 months, average savings increased by +8.9% and median savings increased by +19.6%. What was done? In a Randomised Controlled Trial setting, we designed a goal-setting training for the treatment group, in collaboration with a bank to have access to the data. However, there was no statistically significant difference between treatment and control groups. Why not? Reasons could be that (1) the control group owned or opened a bank account and simply having an account led to the increase, or that (2) the previously executed financial literacy training, where savings were emphasized too, had a similar effect.

## CARE

VSLAs replicate themselves across villages and communities, involving growing numbers of people and surpassing the scope of CARE's engagement. There simply is no alternative that competes with the VSLA model's unique ability to support women to come together and achieve their goals, because it is low-cost, low-tech and enables women in rural communities with limited mobility to meet together and save together. CARE estimates that because the VSLA methodology is simple and easily transferable, for every 1 VSLA that CARE forms, 2-3 form organically by members who teach others or form groups themselves. For women who have never before worked for an income, earning money from their savings increases their independence, and supports them in decisions regarding their family expenses. As they manage and grow their money, women earn the respect of men, neighbours and community members.

## Frankfurt School of Finance & Management

Certainly, behavioural insights can be helpful, for identifying for example cognitive biases that become hurdles to reaching optimal savings, but which could also be used to foster desirable attitudes in terms of increasing savings. As an academic institution, FS is well aware of the different studies and research in this field. FS includes major findings, where possible, in the development of its assignments, for example on the potential effect of introducing formal savings on the well-being of the respective households, and on the balance between self-insurance and risk-sharing decisions. Or, in case of people's self-control difficulties when it comes to financial decision-making, this can often be mitigated by the use of reminders, strong commitments to saving targets and/or positive reinforcement when such targets are reached, or automatic enrolment in savings plans or providing information.



## ICCO

The approach is based on insights from behavioral science arguing that poor people are saving less because saving requires self-control in the face of many competing and pressing needs.



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## Sparkassenstiftung

The 'Savings Game' of Sparkassenstiftung is a real-life simulation in which participants gain basic financial knowledge to manage their own savings budget and to accumulate a surplus for their families while having fun at the same time. Participants of the training learn basic economic concepts for managing household budgets and how to select a sound financial institution for their savings. The Savings Game is a target-group-oriented training according to the 'do-reflect-apply' approach. The teaching materials are customised to the country concerned while working with the respective local partners to improve people's socio-economic situation.



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## MicroSave Consulting (MSC)

Behavioural insights with human-centred design are key to product design and an integral part of MSC's "**Market Insights for Innovation and Development**", the approach we use to develop, test and rollout new services offerings for governments, financial service providers, tech start-ups and social development organisations. We have used these tools to understand the mental models, role of influencers, and the environmental/contextual factors that determine an individual's decision to save – or not to save.



## Toronto Centre

TC factors behavioural economics into the design and development of our programming to help regulators and supervisors understand how choice architecture can impact product design, and to help financial service providers consider how effective tools such as the use of default options, commitment devices, and automatic enrolment, can encourage positive savings behaviour. We promote the importance of the collection and use of sex-disaggregated data. This helps to identify gaps and develop solutions to ensure the financially excluded and underserved groups, often women and children, are considered.



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## University of Agder

Behavioural insights encourage savings usage and behaviour largely because, by building understanding of the operational model of these groups and the behaviour of the participants therein, we unravel the psychological processes behind decisions. Therefore behavioural economics insights can help policy makers design cost-effective nudges to encourage savings among excluded populations.



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## WSBI

Behavioural economics is a relevant topic for our members in the region. Getting to closely know the banking customers facilitates the design of tailor-made products that take into account analysis of different behaviours. As a result, our members can create incentives, dynamics and nudges based on behavioural economics that help customers meet their savings goals.



### Question 4

**What are your/your organisation's future plans to address the needs of vulnerable populations by encouraging effective and inclusive savings?**



### Banca Etica

We plan to strengthen support for the countries of the global South. We have activated cooperation and credit relationships with institutions such as the foreign ministry, the EIF, NGOs and European, Palestinian and African fair trade bodies, and microfinance institutions in Latin America with a view to supporting the growth of inclusion.

### ADA

ADA naturally encourages MFIs to better understand the client's motivation in order to better meet his or her needs. We are currently working on savings plan models that seem to be an optimal service (although not so simple to implement) to encourage regular and inclusive savings.



### Birgit Galemann

In the course module "Empowerment of communities through micro-finance" that I regularly hold at the Institute for Sustainable Development (GNE) in Germany, I encourage participants to use the concepts and instruments of the R-SLA federation as a basis for projects, which they will conceptually design in their future role as international project managers. In my own future project work, even when working on risk management topics, I will try to convince donors about this approach as the effectiveness of any other program (entrepreneurship, agriculture, renewable energies, MFIs' outreach, etc.) increases greatly if the beneficiary communities are prepared in this way.



© Care



## CARE

CARE plans to reach 62m people (50m of whom are women and girls) by 2030 through VSLAs. While we have independently formed more VSLAs than any other organisation, our ambition is to extend the model to vastly more people across the globe by partnering with national governments, many of whom already are committed to scaling VSLAs or are considering investing. We will work increasingly in partnership with governments, and with corporate partners to develop replicable models that allow them to support VSLAs across their supply chains. To accelerate this work – and guide its path – CARE will develop, test and scale digital solutions that increase efficiency, lower costs and create new opportunities to reach vulnerable and marginalized populations who do not have access to traditional finance, including the increasing numbers of people who are fleeing complex or protracted humanitarian crises.

## BNP Paribas

MFIs that benefit from favourable local regulation are in a good position to work on inclusive savings, and whenever possible at BNP Paribas we have a favourable approach to them. On the investor side, we propose solidarity saving funds to individual clients; these funds allow anybody to invest into impact funds where 5 to 10% is invested in MFIs and social enterprises which work for the common good. And most recently we have developed “Livrets de développement solidaire” where a portion of the return goes to NGOs and associations working for the poorest.



## Dirk Lebe

Technically, a loan is nothing more than a future saving. When used productively, a loan has its advantages. But it comes with requirements: someone needs to be creditworthy, needs collateral, needs to repay as agreed and it costs interests and fees. Savings can overcome most of these shortcomings, with the only downside being its only available after the saving process itself. But as savings come with much less risk, it is a great product to reach out wide and deep.





## Frankfurt School of Finance & Management

Over the past decade technology has been playing a more decisive role when it comes to the provision of financial services and especially also for the provision of savings. FS has been expanding to a variety of assignments that requires not only product development but also innovative technology solutions, such as tailor-made software development services with the capability for end-to-end project management. This allows support for FSPs to shape, digitalise and transform, including “New IT” concepts, including Blockchain, Artificial Intelligence and Machine Learning. FS is also working in different projects that include tailored approaches in targeting certain vulnerable groups such as women, youth and refugees or migrants with persistent gaps towards financial inclusion. Common constraints for not accessing savings are lower (digital) financial literacy, less financial decision making power and limited mobility. Unless savings services are designed to specifically include these vulnerable groups and foresee also non-financial services such as financial education by linking savings to important life planning aspects, they will remain excluded.



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## Sparkassenstiftung

The idea of saving and financial inclusion has been incorporated in the mission and name of “Sparkasse” for over 200 years. At Sparkassenstiftung we continuously serve minority groups through target-group-oriented financial literacy trainings and the development of need-oriented savings products in cooperation with our local partner institutions. The process of customising our trainings includes people with disabilities, their socio-cultural background, and their economic status, e.g. we offer trainings for the economic integration of forcibly displaced persons. We believe that financial inclusion is an essential element of development processes towards a society in which all people can develop their potential equally.

## MicroSave Consulting (MSC)

We will continue to work on digital identity, digital financial services and digital transformation – both with existing institutions and, through our labs, with tech start-ups.

## ICCO

Testing of savings products continues because MFIs want to offer this service to their clientele. The most important lessons STARS learned during the pilot:

1. Clients are indeed willing and able to save, but they need a clear savings goal.
2. Clients need to be incentivized to get started and keep going.
3. STARS learned that loan officers need to be incentivized too, since their workload is heavy and focussed on providing loans.
4. Loan officers need to be trained properly on the benefits of savings products. If they do not understand the benefit of the product, they will not be able to market it to their clients effectively. Motivated loan officers made all the difference in this pilot.
5. By offering easy ways to save, such as frequently visiting clients in their homes or offices, MFIs can make saving as convenient as possible.
6. By providing clients the option to save small amounts as low as USD 1-6 per week, and setting monthly targets that are easy to reach, clients find it less hard to save and are less embarrassed by the small amounts they can set aside.



## Toronto Centre

Encouraging effective and inclusive savings among vulnerable populations starts with adaptive and appropriate regulation and supervision. Regulators and supervisors working with robust risk-based frameworks can create environments where policy and product interventions enable long-term adoption and use of financial services. As such, TC plans to continue focusing on building the capacity of financial authorities, specifically in emerging markets and developing economies, to promote financial stability and inclusion. Our programs will continue to cover crisis preparedness, technology, digital financial supervision, financial and data literacy, consumer protection, and climate risks, among others, to help ensure that savings are safe and secure. We will adopt a gender lens in designing our programs to ensure the needs of women are addressed.



## University of Agder

We want to create a virtual laboratory of savings groups, populated with agents and designed with artificial intelligence. This laboratory will be used to simulate policies of financial inclusion and will help to formulate and test theories and anticipate the externalities of experimental interventions, ultimately reducing the costs and improving the impact of development policies for vulnerable populations.



## WSBI

At this moment, our main priority is to consolidate the various innovative solutions that have been implemented since the coronavirus outbreak. These solutions seek to solve the basic needs of the customers (mainly savings and transaction services) to help excluded people develop healthy financial behaviours and to generate sustainability over time. Additionally, our members will continue accompanying their customers by promoting a stronger financial culture. To achieve this goal, they will continue carrying out financial inclusion initiatives and financial education programmes, among other activities.







## Question 5

To what extent has COVID-19 changed your activities, priorities, understanding or plans specifically related to effective and inclusive savings?



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### Banca Etica

Our proposals to mitigate the challenges clients are facing during this crisis include: suspension of mortgages and personal loans; advances for people who are laid off; online personal loans; continuous and free training with "activate positive energy" courses; and the "Members in the house" and "SOSpesa" initiatives described above. Further, putting in place measures even broader than the "Cura Italia" decree, we are able to evaluate suspensions of payments for up to six months, of principal only or of the principal plus interest, and without fees. There is no access fee for this request, nor will the interest rate be changed.

### ADA

The fact that our partner MFIs are unable to group their clients together or even to visit them at home has led to an awareness of delays in digitalisation. For other MFIs too, this crisis has revealed the need to further accelerate the movement. Our activity in the digital sector will grow even more to meet these demands. Likewise, the crisis, which for MFIs has resulted in a drop in liquidity, has highlighted the need to develop savings.

### Birgit Galemann

The crisis this year has let me find the time to digitalise the monitoring process of the R-SLAs also at the R-SLA federation's primary level. Training and testing of the user friendliness of this Digital Group Ledger tool with the supervisors' personal smartphones was accomplished through at-home modules and webinars I designed, and which the partners implemented themselves. Similarly, members of the most remote R-SLAs are excited about these innovations including the ability to easily audit their accounting themselves. This will attract even more people to save within the R-SLA federation.



## BNP Paribas

The lockdown has been a difficult situation for all microfinance clients. Examples of how we have responded include the case of Permico, an MFI in Italy financed by BNP Paribas Group, that besides microentrepreneurs also serves a large number of migrants on financing linked to accessing jobs and housing. Among them is the Filipino community which, like many independent workers, has been highly affected by lockdowns. But this community is also well known for remitting savings to their families in the Philippines, so the consequences of them losing their income is considerable. Permico financed these migrant workers until they could come back to work.

On the Bank's side we made specific donations (€ 1.2 million dedicated to MFIs in 10 countries), facilitated drawdowns, and worked with other actors to allow more flexibility (covenants, moratoria on loans, etc), and sometimes accepted new credit lines.

## CARE

COVID-19 poses crucial health and economic risks for VSLA members as markets falter, mobility is restricted, and community gathering is restrained. As many VSLA members are women, they are likely to be primary caregivers during the health crisis, which puts them at special risk of additional burdens, as well as increased risk of intimate partner and sexual violence. At the outset of the pandemic, CARE disseminated WHO messaging on COVID to VSLA members and conducted preliminary Rapid Gender Analyses (RGA), which provide initial situational awareness needed for CARE and others to put in place gender inclusive responses at national, regional and global levels of the impacts of COVID-19 on women and girls. CARE is continually polling and speaking with women in VSLAs to understand how they are being impacted by COVID-19, the role/s they are playing in response and their evolving priorities for support. By consolidating women's perspectives and sharing analyses with women respondents directly, CARE is supporting women to contextualise their experiences, identify allies and pursue collective action.



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## Dirk Lebe

Swisscontact's Sustainable Cocoa Production Program (SCPP) has concentrated from the beginning on promoting savings. Farmers were trained in financial literacy and bank staff were invited to promote savings and loans during the trainings. Following that, account openings increased by +42% and median savings increased within 5 months by +19.6%. Some few years ago a very affordable saving product (Kartu Tani; Farmer Card) was introduced in Indonesia, promoted by government-owned banks. Due to the earlier introduction of branchless banking, there were now products and channels available to reach even the most rural areas. As COVID-19 arrived and brought contact restrictions, the use of branchless banking was the option of choice as queuing in a bank branch came with some risk and lockdowns also affected agents' business locations.



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## Frankfurt School of Finance & Management

In the wake of the COVID-19 outbreak, FS has continued its ongoing advisory activities remotely and where possible locally as well as developing a **COVID-19 Crisis Response** supporting FSPs and SMEs directly. The FS crisis response framework draws on recent experiences among others from Azerbaijan, Democratic Republic of Congo, Haiti, Lebanon, Pakistan, Sudan, Syria and Yemen. The package includes several TA activities, on Crisis Assessment (Emergency Assistance), Business Continuity (Crisis Management) and Business Recovery (Post-Crisis). FS' experience shows that clients who had some savings expressed that they feel more confident and prepared to face the crisis and to re-start their business. From FSPs' perspective, the review of the needs of the savings clients, how they communicate with them and liquidity analyses are important to respond to potential withdrawals of savings as well as redirecting channels, product and services in line with the changing needs of savings clients.



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## ICCO

COVID-19 has negatively influenced savings. It poses big challenges to the rural poor and the MFIs. Commitment saving in busy areas had to stop. Saving withdrawals increased. Savers feared that the MFIs could collapse. MFIs with flexible loan and saving terms were appreciated by clients and savings increased resilience, so ICCO is continuing the promotion of savings services to these client segments.



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## MicroSave Consulting (MSC)

The COVID-19 crisis provides an important opportunity to accelerate the digitisation of financial and other services – as well as to integrate them into the real world economy so that they meet real needs. MSC will continue its work on these issues with a special focus on addressing the digital divide to ensure that no one is left behind without the benefits of the digital revolution currently underway. This will require work on communication, digital and financial literacy, consumer protection, customer redress and digital exclusion.



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## Sparkassenstiftung

Based on the success of the interactive Savings Game, Sparkassenstiftung quickly developed a Virtual Classroom training to allow remote participation during the pandemic. In addition, an online version and an app for the Savings Game are being created to continue financial inclusion in all our project countries. Working closely with local financial institutions, we support their efforts to digitalise their internal procedures and adapt product design as well as their distribution channels. The objective is to give all clients the possibility to manage their savings accounts digitally.



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## Toronto Centre

COVID-19 has shone a spotlight on the need for digital financial services and supervision. TC is developing programs on digital financial inclusion to help bank the unbanked. We are exploring the use of alternative delivery channels and remote onboarding to expand the reach of financial institutions. Importantly, we are advocating for appropriate gender sensitive regulation and supervision to encourage the implementation of proportional risk-based KYC/CDD requirements which will facilitate innovation, market development, and in turn encourage effective and inclusive savings.



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## WSBI

The pandemic is deeply affecting the banking sector. Our members are facing several challenges such as digital transformation, changes in the distribution channels and new communication strategies. COVID-19 has highlighted the need to prioritise, reinforce and accelerate digital transformation. Our members are promoting several initiatives to increase the digital culture of their different customer segments. One of the main lessons of this crisis is the consolidation of digitalisation as a basic banking business tool. Therefore, business strategies have been adapted accordingly.

