



INCREASING RESILIENCE THROUGH FINANCIAL INCLUSION

Provider led-solutions from West Africa



Savings Learning Lab



Itad's purpose is to provide insight and ideas to drive more effective use of resources in international development through monitoring and evaluating what works, where and why. Itad provides independent, professional advice to organisations looking to scrutinise their aid programmes. Itad's work provides accountability to the ultimate funders of the programmes, whether they are taxpayers or philanthropists, as well as learning for the broader international community to improve the way that development is done.



Scale2Save aims to establish the viability of low-balance savings accounts and use of customer-centric approaches to address barriers faced by low-income individuals and households in seven countries in Africa in access, usage and affordability of savings services. It will do so by working with partner banks to increase savings amongst these people, and to reach scale and sustainability with their low balance accounts.



Savings Learning Lab

The Mastercard Foundation Savings Learning Lab is a six-year initiative implemented by Itad, in partnership with the SEEP Network. The Lab's aim is to support learning among the Foundation's savings sector portfolio programmes through increased alignment and effectiveness of monitoring and evaluation, and through the generation, synthesis, curation and dissemination of knowledge. Itad, as the Learning Partner, will work across and with the Foundation's partners, Foundation staff, and with the wider Savings Sector, to support actionable learning.

Savings at the Frontier

Savings at the Frontier (SatF) aims to expand the range of savings products and services available to people living in Ghana, Tanzania and Zambia by testing and implementing business models that sustainably deliver those products and services to savings groups and users of other informal savings mechanisms.

Introduction

Low income customers, especially women and rural populations, are disproportionately vulnerable to shocks such as natural disasters and violence. They are also the least prepared to recover when a shock occurs given their limited access to and availability of risk mitigating strategies and tools. Despite evidence showing that well-designed financial products and services can play a critical role in increasing low-income families' resilience, many remain underserved.

This learning brief showcases a range of well-designed financial products, services and engagement strategies that help increase low-income families' resilience in Ghana, Cote d'Ivoire, and Nigeria. Many low income customers across the three countries suffer from the inability to cover costs for unexpected expenditures and are unable to invest to ensure crops are climate resilient, though rely on the crops proceeds. In many parts of rural Nigeria they are facing ongoing cycles of violence and their livelihoods are extremely precarious. In rural areas of Cote d'Ivoire farmers are often not prepared to cover large expenditures such as school fees as their cash flow are irregular and affected by weather patterns.

The financial services providers featured in this brief approach product development and delivery with the need of building customer resilience as a key consideration. They are either part of the Scale2Save or Savings at the Frontier initiatives funded by the Mastercard Foundation.

The Savings Learning Lab at Itad developed this brief to accompany a session at the 2019 SEEP Annual Conference.

Advans Cote d'Ivoire

Digital school loans for rural farmers

Supported by Scale2Save

Advans Cote d'Ivoire is a microfinance institution, one of the 9 subsidiaries of Advans Group. It serves 100,000 clients with a range of financial services, of which 30,000 are cocoa farmers.

This is a specific target market for Advans as cocoa farmers remain largely financially excluded because they are often seen as too risky and costly to serve given the unforeseeable seasonal and macroeconomic effects on farming activities. Cooperatives therefore often pay farmers in cash, creating security problems with a high number of violent robberies and a lack of transparency. In addition, farmers are very vulnerable to unforeseen events and have difficulties in managing their household finances.

Advans Côte d'Ivoire approaches all product development taking into consideration the specific needs and challenges of their rural customers, especially their cash flows. In 2015, it launched the first tailored digital mobile solution for cocoa farmers in Cote d'Ivoire. The solution enables farmers to access a specific digital savings package, offering them a dedicated savings account as well as a wallet to bank and bank to wallet transfer service in partnership with MTN. Farmers in remote areas can access the service directly from their mobile phones.

During its customer research with cocoa farmers, Advans discovered that 40% of its cocoa farmer clients had to send their children to school an average of two months

late because they do not have the funds to pay school fees at the beginning of the year. Many borrow from money lenders but have to reimburse 200% of the amount three months later. This prompted Advans to design a digital school fee loan. Farmers apply for the loans on their mobile menu during August and September, with repayments being made in October to January following the cocoa harvest. Farmers receive an automatic reply and if the amount they request is eligible, the loan is disbursed immediately. During the pilot, 242 producers benefitted from digital school credit for a total amount of EUR 32,000, which they all paid back on time. In 2018 it had disbursed 1,118 digital school loans with more expected in 2019, (2,250 have been disbursed at the time of writing).

Farmers benefit of the digital school loan during their hardest time of the year, right before harvest.

Farmers benefit of the digital school loan during their hardest time of the year, right before harvest. This time period is called the hunger gap – when cash is at its lowest but large, important expenses, such as school fees, are imminent. These loans improve farmers' ability to cope during this difficult time and therefore build their resilience.

Advans uses a range of strategies to understand its customers and meet their needs. These include market research, in-person meetings with cooperatives and farmers, strong partnerships with cooperatives, experts and agribusinesses to leverage local capacity and knowledge. The digital school fee loan is just one example of how Advans responds to the evolving wants and needs of its target clients so as to accelerate financial inclusion.

Meet Lucien N'goran.

He is 38 years old and lives in a village that is 50 km away from the closest city. He is a cocoa farmer and a member of the cooperative CAFUB. He is married, and his wife is also a cocoa farmer selling fabrics. He has 5 daughters whom he has to send to school two months late because he usually does not have the funds to pay school fees at the beginning of the year. He asks his cooperative or relatives when he has financial needs. His priority is to save to pay his daughters studies and cope better with emergencies. Lucien has been working with Advans since August 2015.

FCMB Nigeria

Easy Club

Supported by Scale2Save

The FCMB Group, headquartered in Lagos, Nigeria is a full banking service group offering retail banking, corporate & commercial banking, treasury & financial markets and investment banking services.

It was founded in 1977 with the vision to be the premier financial services group of African origin. One of its key business strategy is to improve the financial inclusion in the small and medium enterprise sector using digital platforms and operating systems and to bank the unbanked, agricultural small holder farmers and female owned businesses.

As part of its strategy FCMB developed Easy Club, an innovative signature product aimed at empowering 150,000 farmers by providing knowledge, support and connection to buyers and suppliers in order to increase their productivity, improve their income and growing their savings. This will in turn lead to more resilient livelihoods for the participating farmers. It builds an ecosystem designed to make small holders thrive.

The Easy Club is a digitally enabled platform delivered through agent networks in targeted locations. Agents onboard the farmers, educate them on how to use it and support them with the adoption of all the digital tools provided. The access point to Easy Club is via the Easy account which is a FCMB mobile wallet. The platform has four key components:

1. Capacity building and trainings for farmers to increase their knowledge of current technologies and farming processes. These services include a peer group forum for participants to connect and exchange with each other and to provide feedback and ask questions. It also includes linkages to model farms which are outlets that offer farm equipment like tractors, trailers and harvesters.
2. Financial services provided by FCMB. These include savings, credit, cash in cash out and payment services.
3. 3Market place – an online portal where farmers can connect with produce buyers and suppliers of inputs.
4. Strategic partnerships with aggregators, input support (seeds, fertilizer), tractor hire services, etc.

While still in its early stage the Easy Club has been receiving positive response from farmers and agents.

Meet Bukky Mohammed.

She is 42 years old and has three children. Her livelihood consists of primarily farming and a trading. One of her main financial challenges is lack of funds to improve her farm production and meet needs like school fees for her children.

Farmers appreciate the easiness of opening the Easy account at the agent locations within their communities. The account opening requires minimal documentation which contributes to the simplicity of accessing the account and the Easy Club platform. Farmers also receive a debit card upon opening the account which is a unique offering and also serves as identification for farmers.

FCMB plans to further invest in infrastructure in order to register 4.5 million farmers on the Easy Club platform by 2025

FCMB plans to further invest in infrastructure in order to register 4.5 million farmers on the Easy Club platform by 2025 and to extend 40% of the services to USSD to encourage remote self service by farmers.

LAPO Microfinance Bank Limited, Nigeria

My Pikin & I savings and insurance

Supported by Scale2Save

LAPO Microfinance Bank is Nigeria's largest Microfinance Bank accounting for over 25% of the microfinance market share. Known as a "pro-poor" organization, in its mission, LAPO seeks to improve the lives of the population at the bottom of the pyramid by providing life changing business capital in the form of loans that has helped moved thousands of Nigerians out of poverty.

Even though LAPO at its origins is a credit-led institution it has always had a vision to also offer its customers savings and insurance products that contribute to their resilience by helping them build reserves and be prepared to absorb shocks when they happen. To this end LAPO piloted the My Pikin & I – a micro savings product with embedded free life insurance (for 1 year) and scholarship benefits when customers meet certain savings milestones. This product primarily targets economically productive parents, guardians and women between the ages of 20-50 in the low-income bracket. However, the product uptake was limited. To get a deeper understanding of how savings and insurance can contribute to customers' lives, LAPO conducted in-depth customer insight research with IDEO.org. As a result, LAPO learned that their largest customer group save for children's education and unexpected expenses and are very apprehensive about life insurance. They also learned that many customers were confused by the product offering, did not fully understand what the benefits are and found the agents to not be very helpful.

With this more comprehensive understanding of its customer base LAPO made a few important changes to the My Pikin & I savings and insurance product. These include:

- A change in the type of insurance offered from life insurance to health, disability, maternity and education.
- Improved marketing materials and advertising activities through fliers, posters, digital channels as well as market activations.
- Improved service delivery through agents.
- Engagement at schools and market associations and trade unions to drive uptake.
- Improved transparency through transactional SMS alerts.

Meet Fashola.

She is a 38 years old shop owner in Lagos. She has a diploma in accounting, is married and has one child in secondary school. She and her husband save money for three main purposes: her child's education, unexpected/unplanned expenses, and her retired parents. One of her key challenges is seasonality in earnings which can create tough stretches of time, school fees can be expensive, and managing both family and business expenses can be stressful.

Customers responded positively to these changes – they now say it's easy to access via the bank's roving staff as well as through stationary agents who are business owners situated in communities. Customers are using the accounts and save towards each milestone to qualify for the accompanying benefits.

LAPO believes that it can make a positive difference in the lives of people.

While too early for observing impact, LAPO believes that it can make a positive difference in the lives of people through this product. LAPO's savings and insurance bundle is an innovative approach that allow low-income families to save up small portions of their income conveniently and flexibly in daily, weekly or monthly cycles. It is designed to cater to their needs in areas such as health coverage and their children's education.

Access Bank, Ghana

Enhanced savings products to women in Ghana

Supported by Savings at the Frontier

Access Bank launched its operations in Ghana in 2009. Access Bank's desire to satisfy various segments of the Ghanaian economy has informed its business model to provide a range of products and services to meet the needs of people in each segment of the market namely - Corporate Banking, Retail Banking, Commercial Banking, Treasury and Investment Banking, Financial Institutions and Public Sector.

As part of Access Bank's strategy to provide innovative products and services to the unbanked and underserved segments of the retail banking sector, the bank launched a flagship program in 2015 called the W Initiative. Through the 'W' initiative, Access Bank, seeks to inspire, connect and empower women in the various phases of their lives and targets three key segments: Women Young Professionals, Women in Business and Women and Family.

The product allows users to maintain their group saving account but adds important resilience building elements of insurance.

As part of the W initiative Access Bank designed an insurance-embedded group savings account linked to a mobile money wallet called LIVE B3TA, which provides access to micro-insurance and credit. The account's target market is informal groups, particularly women in rural and peri-urban areas. The product allows users to maintain their group saving account but adds important resilience building elements of insurance, including life insurance, permanent disability, hospitalization, out-patient, maternity and SMS-a-Doctor.

LIVE B3TA's integration with mobile money makes it easier for customers living in remote locations to make transactions and allows the phone number as an alternative to the account number. LIVE B3TA offers both individual and group accounts and is delivered to the groups via local, trusted NGOs or agents recruited

from the local community by Access Bank. Groups, associations and individuals who open the Live B3ta accounts also receive financial literacy and capacity building training.

During the pilot phase, Access Bank realized that many of their target market cannot afford to buy mobile phones. To mitigate this they designed a pre-financing credit facility that provides individuals with phones, the cost of which they repay via small regular deductions from their savings. Customer response has been encouraging. Currently there are about 80 groups with over 200 individuals using the product and benefiting from it. They can now perform transfers and make payments in the comfort of their homes, meeting places, market and working places.

Access Bank completed the pilot phase in April 2019. Full implementation begun in May 2019 in the Volta Region and Northern Regions. Future plans include scaling the project to cover Greater Accra, Ashanti, Brong Ahafo, Upper East and Upper West regions. Access Bank Ghana believes this is an innovative product that will propel the bank to reach the unbanked and underserved markets.

Meet Sarah Adzadu.

She is 47 years old, is married and has four children and lives in a rural area in Eastern Ghana. She farms cassava and makes cassava flakes (gari) which she sells at the market. She is a low income customer with low levels of financial literacy and her main financial challenge is accessing larger loans for her farming business. She belongs to an informal savings group which helps her access some of the capital she needs.



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