



EUROPEAN  
MICROFINANCE WEEK 2014  
DEVELOPING BETTER MARKETS

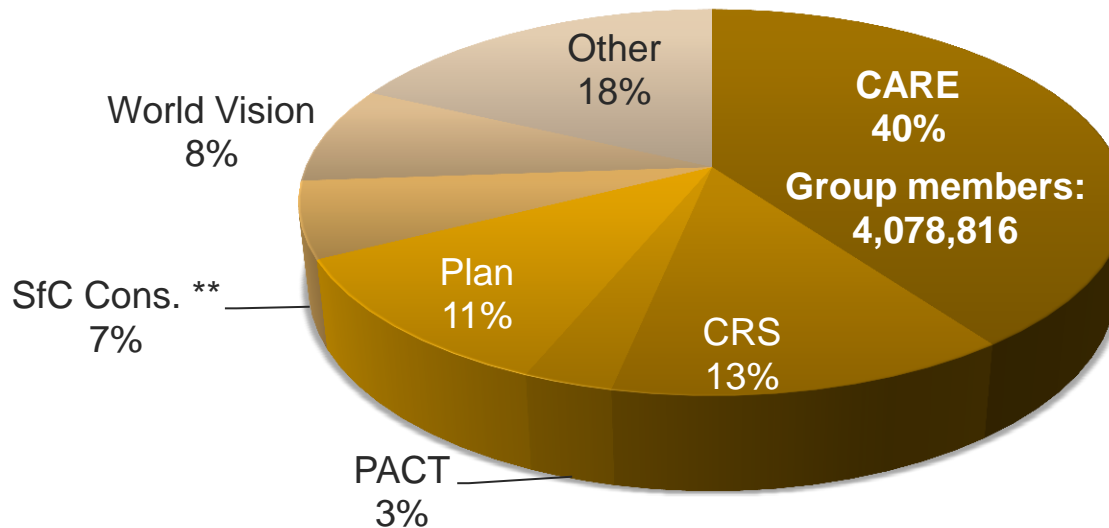


## Savings for the bottom of the pyramid: Institutional outreach

Katherine Hughes  
CARE International UK

## CARE's approach: savings-led microfinance

**Savings groups: Global coverage by Facilitating Agency**  
**Total savings group members: 10,193,682**



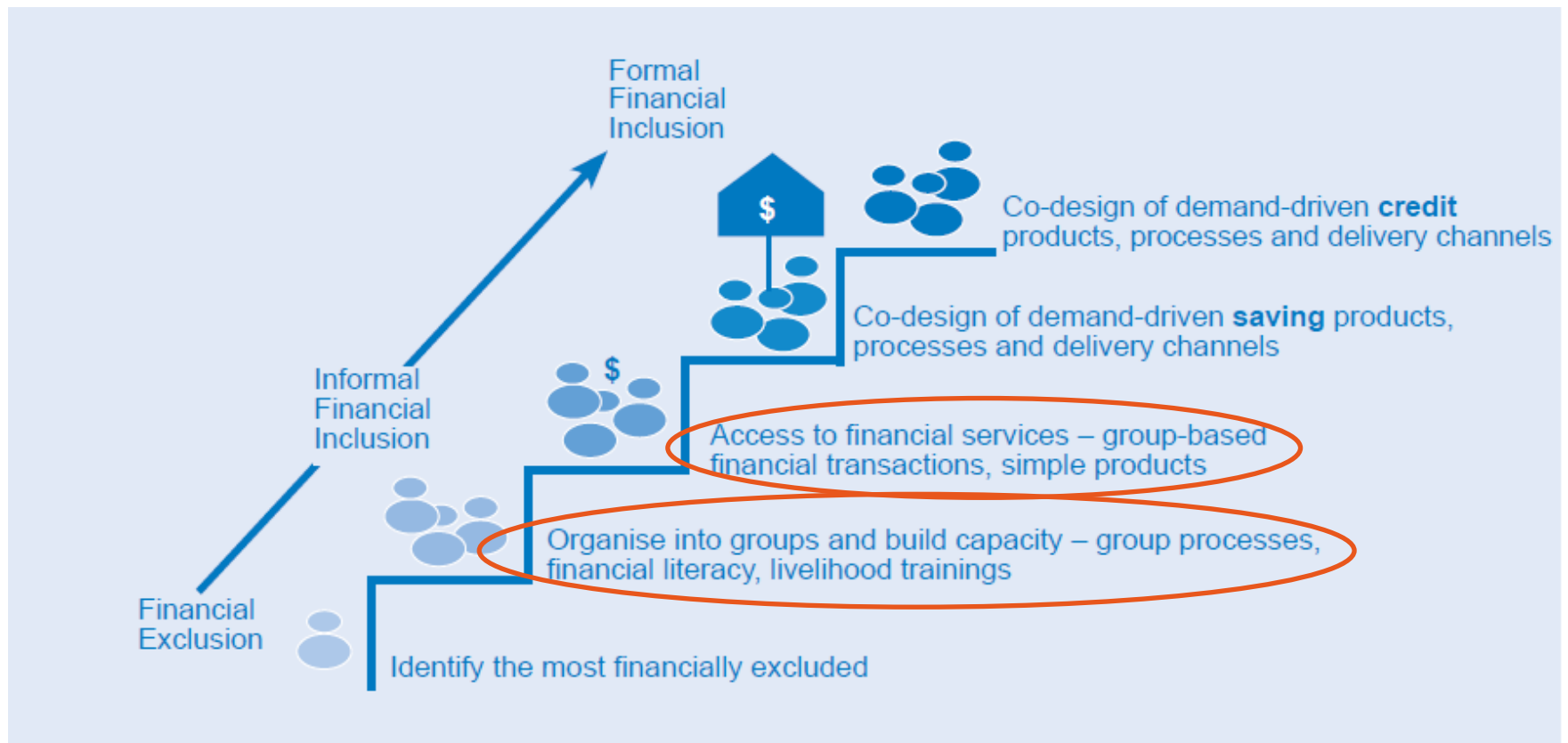
**2.5 billion** unbanked people x Saving \$58 per year

⇒ potential to save **USD 145 bn** per year

⇒ money that's sitting outside of the formal economy

**How do we achieve financial inclusion for all?**

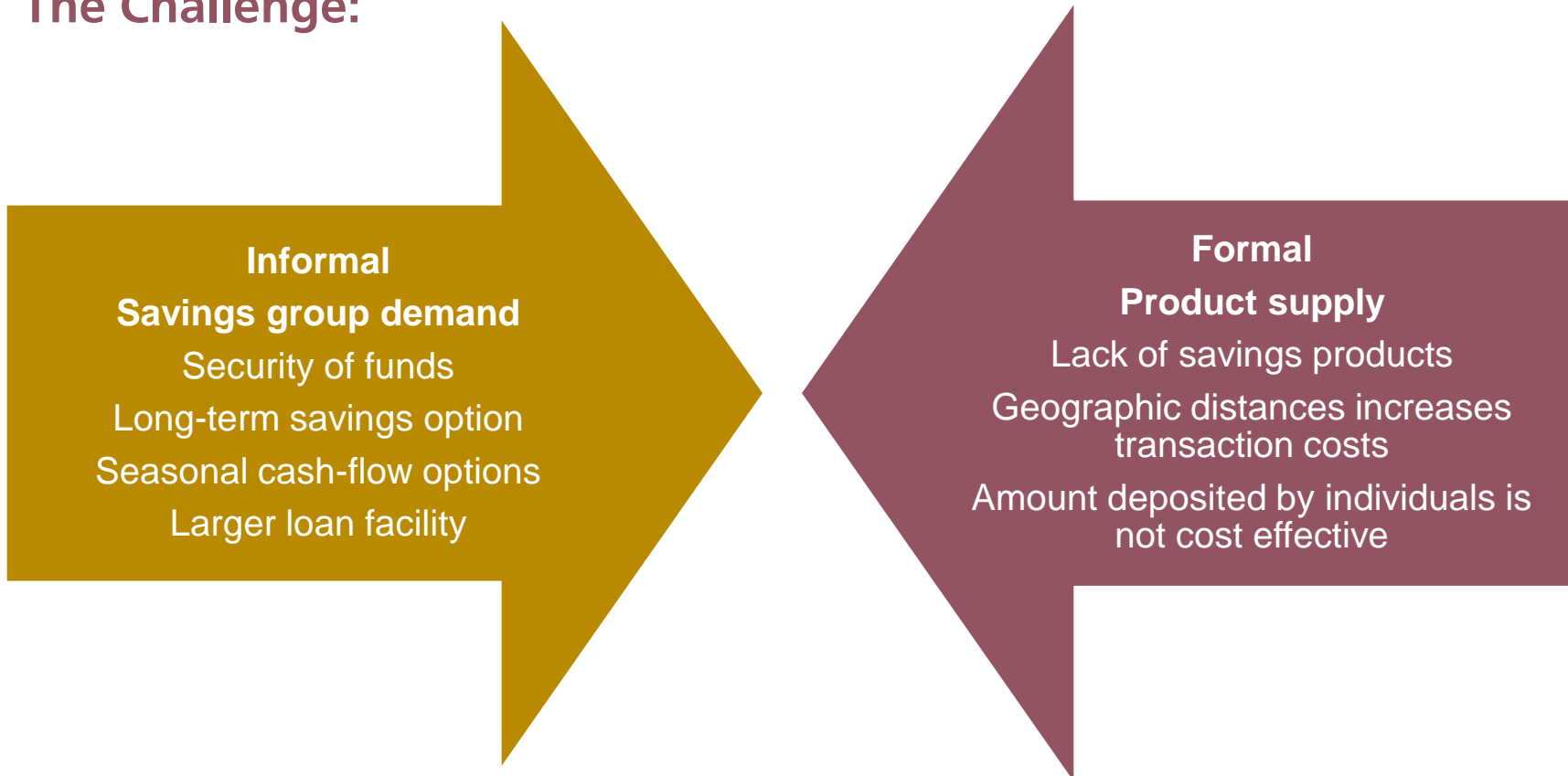
## Saving groups as a springboard for accessing formal financial services



The logo for European Microfinance Week 2014, consisting of three curved, overlapping lines in shades of orange and brown.

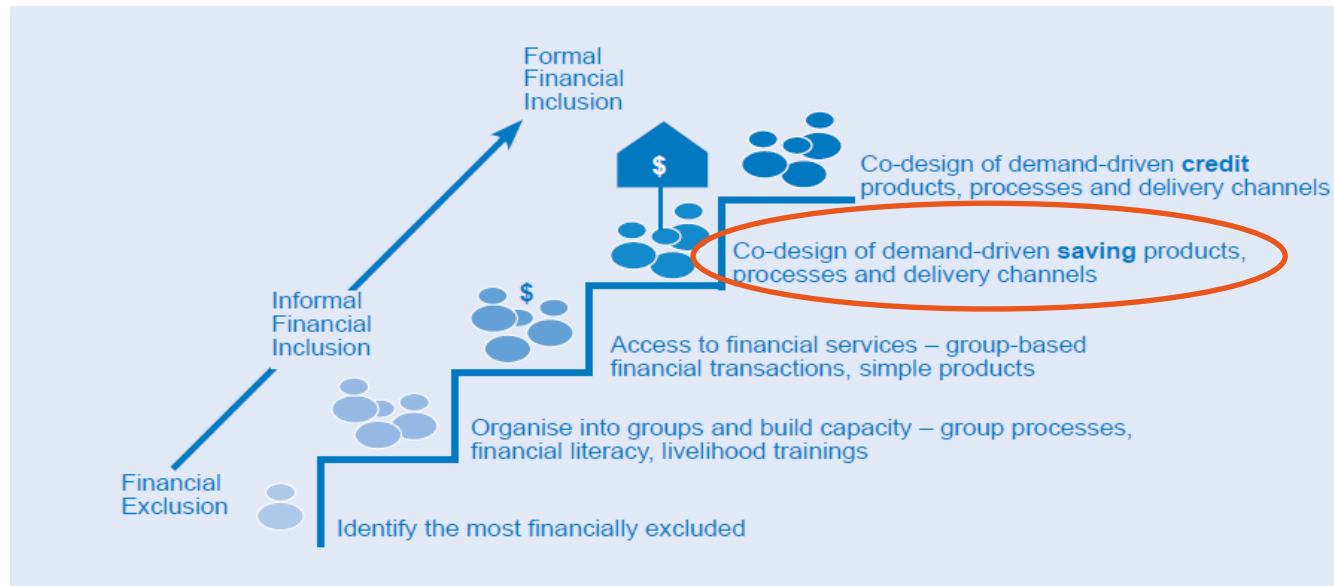
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## The Challenge:



**How to bring together savings groups and formal financial institutions?**

## Solution: Partnership



### Generic product features:

1. Group account with 2/3 signatories
2. 3-5% annual earned interest
3. No minimum balance on opening
4. No fees for account maintenance, deposits or withdrawals
5. Identification for account opening



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## Partnership examples

Group products  
developed with:

Opportunity  
International in  
Malawi

Vision Finance  
Company in  
Rwanda

Barclays in  
Kenya,  
Uganda, Ghana  
and Tanzania

**MFIs, Local banks, global banks**

Mobile wallet  
developed with:

Vodacom  
M-Pesa and  
Mwanga  
Community Bank  
in Tanzania

Orange and  
Equity in Kenya

Telenor and  
Easypaisa in  
Pakistan

**Banks and Mobile Service  
Providers**

Agent  
networks via:

Fidelity Bank  
Smart Agents  
in Ghana

Orange &  
Equity Agents  
in Kenya

**Delivery Channels**

The logo consists of three curved, overlapping lines in shades of brown and orange, resembling a stylized 'E' or a series of waves.

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## The benefits of connecting informal to formal

New entry-level  
banking customer  
base

Limited risk  
market – *financial  
literacy leads to  
95% repayment*

Development of  
new products to  
scale

Fit with ambition  
and values

Strong reputation  
and brand profile

- ✓ Initial results of linking VSLAs to banks suggest that:
  - Savings per member increase by between 40-100%
  - Return on savings of between 35-60%
  - People save more and can confidently take bigger loans to invest in business
  - About 13% of group members have gone on to open individual accounts

“Banking on Change started as a corporate social responsibility activity, and now is moving towards a core business stream”

*Michael Kaddu, Head of Corporate Affairs, Barclays Bank Uganda*



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## Next steps : Linking for Change Savings Charter

- Launched 2014
- Aim: to create a global alliance, that will effectively and responsively adopt and develop new products, services and methods to reach unbanked through savings-led approaches

*“This is the sort of thing that banking should be doing – it’s about real people, taking out real loans, to do real things”.*

President Clinton

[Linkingforchange.com](http://Linkingforchange.com)

[@careintuk](https://twitter.com/careintuk)

[#NOUnbanked \(Guardian campaign\)](https://www.gardian.com/campaign/no-unbanked)

### Signatories:

Accenture  
Barclays  
VISA  
The SEEP Network  
Airtel Money Africa  
The MasterCard Foundation  
UN Special Representative on  
Financial Inclusion, Queen Maxima  
of the Netherlands  
MicroVentures Finance Group  
CARE International  
PLAN UK  
International Rescue Committee  
Freedom from Hunger  
World Vision Australia