



## **Pilot Project Report: Using Mobile Money to Link Savings Groups to Financial Institutions**

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### **Executive Summary**

Due to a growing need for both greater security for their funds and increased access to financial services for savings group members, non-governmental organizations (NGOs) have started programs linking groups to formal financial services. After completing a promising feasibility study in late 2012, Freedom from Hunger formally initiated a pilot project to facilitate financial linkages to savings groups in Northern Burkina Faso (Passoré Province) via the Airtel Money product, in collaboration with Airtel Burkina and Ecobank Burkina. The pilot project actors included Freedom from Hunger, Airtel, Ecobank, and three implementing NGOs: Office de Développement des Eglises Evangéliques (ODE), Association Solidarité et Entraide Mutuelle au Sahel (SEMUS) and L'Association Nationale pour la Traduction de la Bible et l'Alphabétisation (ANTBA).<sup>1</sup> The project is one of the first of its kind in francophone West Africa.

After working with the partners to adapt Airtel Money and develop Ecobank savings accounts to respond to the needs of the savings groups identified in the feasibility research, the project was officially launched in September 2013. The pilot project included four major steps, accomplished in 2013 and 2014:

- 1) Developing a strong and effective partnership among stakeholders.

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<sup>1</sup> A former Strømme Foundation partner that to this effect had allocated the necessary resources.

- 2) Adapting Airtel’s existing mobile-money product to meet the needs of the savings group members, and developing a formal Ecobank group savings account.
- 3) Developing and delivering a financial education module aimed at helping savings group members gauge their readiness to access appropriate savings services.
- 4) Supporting local implementing NGOs in the practical steps of linking to financial services through activities such as trainings and community meetings and for forging local partnerships.

Building upon linkage principles from CARE International’s<sup>2</sup> experience with similar programs in East Africa, the Burkina Faso linking process includes three steps: 1) savings groups make the decision about interest and readiness to link as part of their participation in financial education session; 2) interested savings groups open an Airtel Money account; and 3) interested savings groups open an Ecobank savings account to connect to their Airtel Money account. The first groups started receiving the financial education in November 2013, and linked with Airtel Money accounts in February 2014, with others linking soon thereafter.

By the end of the pilot, 148 savings groups had opened Airtel Money savings accounts and had made an estimated total deposit of US\$10,374 (FCFA 5,187,000). By the end of September 2014, 64 percent of the savings groups that had opened an Airtel Money savings account had become eligible to open an Ecobank account and indicated their willingness to do so. Over the last six months of the pilot project, the average balance on Airtel Money accounts opened for SEMUS and ODE amounted to \$67, the average savings deposit was \$78 and the average withdrawal per group was \$11. Although the major results in this effort have been realized, one last step is pending—supporting groups interested in opening an Ecobank savings account. At this point, fulfilling this important step depends on the capacity to establish the functionality of the interface between the Airtel-Money platform and Ecobank MIS.

An assessment in mid 2014 including group members and Airtel agents revealed that although the momentum behind the project is growing, it is important to continue addressing some key challenges. For instance, both Airtel agents and mobile-savvy members are spending extra time teaching members who are having difficulty navigating the phones. When phones do not receive the Airtel signal in some areas, members are encouraged to travel to areas with a signal. Airtel agents and distributors emphasize that there is still a great need to “raise awareness” or to teach the women about the reliability of the Airtel Money account. They recognize that trust in the system will need to be built through repeated usage and increased familiarity over time, especially for members who are still interested in keeping cash at home.

This pilot project has exhibited the eagerness of the partners involved and an increased demand for savings accounts by savings groups over time. Freedom from Hunger would like to replicate the experience in other countries in West Africa and assist other savings-group promoting organizations in developing financial linkages between savings groups and formal financial institutions. The lessons learned and financial education will serve as essential technical assistance tools that Freedom

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<sup>2</sup> CARE International. (2013). *Connecting the World’s Poorest People to the Global Economy*. Atlanta: CARE International. See page 5.

from Hunger will use to support other organizations interested in greater financial inclusion for savings group members.

## **Introduction**

Savings groups allow members to benefit from savings and loan services offered within the group by the members themselves. Storing cash in the groups' lockbox builds confidence among group members and enables the group to have full control of their funds. However, the security of excess cash stored in the groups' lockbox can become a challenge for savings groups as they mature and their financial activities accrue greater sums. This is also a challenge during such times as the agricultural season when there is less movement of money due to fewer requests as loans for income-generating opportunities decrease. The lockbox may be considered safe enough for containing a small sum; however, this is not the case when the group members accrue greater amounts.

Additionally, as savings group members gain experience in managing their money, evolving financial needs such as a need for larger loans, can no longer be adequately met by the groups. In such situations, group members may benefit from linkages to services offered by formal financial providers, such as microfinance institutions (MFIs), credit unions and banks. Non-governmental organizations (NGOs) such as CARE International (CARE), Plan Tanzania, Village Enterprise Foundation and World Relief have been linking savings groups to formal financial services in east and southern Africa since 2009. CARE also recently launched a linkage services project in Ghana with MTN and Fidelity Bank.<sup>3</sup>

As part of its financial inclusion agenda aimed to remedy some of these challenges, Freedom from Hunger decided to conduct a pilot to link mature savings groups to financial institutions. This experiment is one of the first of its kind in francophone West Africa. The following report describes Freedom from Hunger's experience in establishing and executing a linkage program, with the intention of raising awareness of the promise in linking groups and highlighting the challenges and potential solutions.

## **The Feasibility Study**

In October and November 2012, Freedom from Hunger conducted a feasibility study in Burkina Faso and Benin to explore linking savings groups to formal financial institutions. This study assessed (i) the opportunity and demand for savings groups to be linked to formal financial institutions via a financial service adapted to their needs; (ii) the interest of NGO partners implementing programs to link savings groups with financial institutions;<sup>4</sup> and (iii) the existence of local financial institutions interested and equipped to accommodate the needs of savings groups that are ready and willing to link with financial institutions.

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<sup>3</sup> For more information, see: <http://www.care.org/newsroom/press/press-releases/care-visa-inc-mtn-and-fidelity-bank-launch-program-connect-ghana>.

<sup>4</sup> NGO organizations included those implementing Freedom from Hungers' savings group program, *Saving for Change*, as well as other programs.

Based on the results, Freedom from Hunger decided to conduct its linkage pilot in Burkina Faso because the savings groups have been in existence and operation for longer—and are considered more mature—than those in Benin.

In Burkina Faso, the study included savings groups promoted by local NGOs implementing Freedom from Hunger’s *Saving for Change* program and savings groups supported by local NGOs partnered with the Strømme Foundation, who are also promoting the *Saving for Change* methodology in Burkina Faso.

Results from the feasibility study showed there was clear demand from savings group members, as exemplified by the following outcomes:

- 73 percent of the 274 focus-group participants expressed willingness to deposit their “inactive” cash in an account at a formal financial institution.
- 76 percent were keenly interested in borrowing from these institutions as a group. Freedom from Hunger’s local NGO partners, the Association Solidarité et Entraide Mutuelle au Sahel (SEMUS) and the Office de Développement des Eglises Evangéliques (ODE), believed that linking with a formal institution is part of the normal evolution of savings groups, and they had plans to promote linkages before the study.
- Financial institutions (including MFIs, credit unions and banks) considered financial linkages an important business opportunity that would allow them to serve a new market segment and diversify their portfolio.

During the course of its research work to identify appropriate financial products and potential financial institutions with which to partner, Freedom from Hunger learned about Airtel Money, a mobile-money product launched in May 2012 by Ecobank Burkina<sup>5</sup> and Airtel Burkina.<sup>6</sup>

In February 2013, Freedom from Hunger and the local NGO partners started a discussion about linking savings groups to formal financial institutions via the Airtel Money product in collaboration with Airtel and Ecobank. Even though the Airtel Money by Ecobank and Airtel was still a new venture at that time, urgent needs expressed by savings group members, strong business motivation from Airtel and Ecobank to serve this market and Ecobank’s deep commitment to financial inclusion in Burkina led the actors to initiate a partnership. At the same time, Freedom from Hunger drew valuable lessons from the experience of other national and international organizations involved in savings group promotion or savings group financial linkages through consultation with Plan International, Plan Burkina, CARE International and the Strømme Foundation. Freedom from Hunger benefitted from active support in this exploration from Strømme Foundation, who had been promoting savings groups in Burkina Faso.

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<sup>5</sup> Ecobank is a leading international bank throughout Africa.

<sup>6</sup> Airtel Burkina is the largest mobile network operator in the country.

As of March 2013, when Freedom from Hunger first engaged with Ecobank and Airtel to work on the financial linkages of the savings groups, there were at least 123,000<sup>7</sup> rural women in Burkina Faso receiving financial services (savings and small loans) as members of savings groups. Estimates from collective savings group programs in Burkina Faso supported by Freedom from Hunger, Strømme Foundation and Plan Burkina projected growth potential of almost 180,000 women by 2015 who would be saving almost US\$4 million.

Based on these discussions, Freedom from Hunger decided to formally initiate a pilot project to facilitate financial linkages to savings groups in northern Burkina Faso (Passoré Province) via the Airtel Money product, in collaboration with Airtel and Ecobank. The six pilot project actors included Freedom from Hunger, Airtel Burkina, Ecobank Burkina and three implementing NGOs: ODE, SEMUS and ANTBA (L'Association Nationale pour la Traduction de la Bible et l'Alphabétisation).<sup>8</sup> Table 1 describes stakeholders' motivations to partner and work together linking savings groups.

**Table 1. Stakeholders Motivation for Partnership**

<b>Organizations</b>	<b>Motivations</b>
Airtel	<ul style="list-style-type: none"> <li>▪ Corporate Social Responsibility agenda in the short term</li> <li>▪ Increase their clientele base in the long term</li> <li>▪ Maintaining leadership in mobile service in Burkina Faso</li> </ul>
Ecobank	<ul style="list-style-type: none"> <li>▪ Corporate Social Responsibility agenda in the short term (contribute to a greater financial inclusion by reaching out to unserved and underserved segments)</li> <li>▪ Increase clientele base through savings services offered to savings groups (number of savings accounts opened)</li> </ul>
<i>Saving for Change</i> Implementing NGOs	<ul style="list-style-type: none"> <li>▪ Add value to the service being provided to their beneficiaries (safer place to keep their savings in an affordable manner)</li> <li>▪ Offer a diversified service to beneficiaries to keep up with their evolving financial needs</li> </ul>

The initial challenges for the partnership were on one hand, the lack of practical understanding of the saving groups methodology by Ecobank and Airtel staff, as well as limited experience in working with not-for-profit, socially-oriented organizations. On the other hand, savings groups implementing NGOs did not have experience in engaging with for-profit organizations, and had very little understanding of both the formal financial-service sector and mobile-money service. In that regards, Freedom from Hunger played a critical brokering role to bridge the gap between the different actors' expectations and perspectives in finding a market-based and sustainable solution addressing the financial needs of the savings groups.

Between April and September 2013, Freedom from Hunger worked with the partners to adapt Airtel Money and develop Ecobank savings accounts to respond to the needs of the savings groups identified in the feasibility research. In September 2013, a Memorandum of Understanding (MOU) was signed by all parties involved, creating a strong and engaged partnership among the stakeholders and officially launching the project.

<sup>7</sup> From the work of various international NGO-promoting savings group methodologies in Burkina Faso, including Freedom from Hunger, Strømme Foundation and Plan International.

<sup>8</sup> A former Strømme Foundation partner that to this effect had allocated the necessary resources.

## **Role of the Different Stakeholders**

For the development and delivery of the service, the basic roles for the different stakeholders included the following:

### Airtel Burkina

- ✓ Adapt the Airtel Money service to fit the needs of the savings group members.
- ✓ Develop and deliver a financial education module aimed at supporting savings group members to gauge readiness to access the formal financial service.
- ✓ Ensure functionality of the Airtel Money platform.

### Ecobank Burkina

Develop a financial product (saving accounts) adapted to the needs of savings group members, including a reduced opening balance (smaller deposit required to open an account), an attractive annual interest rate on the group savings accounts, and improved access to services (shorter distance).

### Implementing NGOs

- ✓ Provide active support to Freedom from Hunger, Airtel Burkina and Ecobank during the pilot project.
- ✓ Support the savings groups to be linked to the Airtel Money service specifically by
  - marketing and informing savings groups about the linkage opportunity and its justification;
  - supporting savings groups during the opening and management of their Airtel Money accounts and Ecobank accounts;
  - facilitating contact between savings group members and Airtel Money agents; and
  - training savings group members in financial education using materials developed by Freedom from Hunger, and making contributions to improve them.
- ✓ Document and share with Freedom from Hunger, Airtel Burkina and Ecobank the lessons gained during the pilot project.

### Freedom from Hunger

- ✓ Coordinate the process involving all stakeholders and ensuring the planning of the activities based on the role of the respective stakeholders.
- ✓ Develop a module on financial education to inform savings group members about formal financial services, help them assess their readiness to link with them, and support them in the process so that they use services appropriately.
- ✓ Train NGO staff in delivery of the financial education module to savings groups.
- ✓ Compile, document and analyze the lessons learned, and disseminate them.

## The Pilot

The pilot project included four major steps:

- 1) Developing a strong and effective partnership among Freedom from Hunger, Airtel, Ecobank and local implementing NGOs.
- 2) Adapting Airtel's existing mobile-money product to meet the needs of the savings group members, and developing a formal Ecobank group savings account.
- 3) Developing and delivering a financial education module aimed at supporting savings group members to gauge readiness to access the formal financial service and, if interested, to use these services appropriately.
- 4) Supporting local implementing NGOs to accompany savings group members in the practical steps of linking to financial services through activities such as stakeholder trainings, community meetings and forging local partnerships on the ground.

The key areas of adaptation regarding the Airtel Money service are below:

- **Withdrawal fees**  
The chart below shows the withdrawal fees charged to savings groups in comparison with those charged to other Airtel Money clients:

**Table 2. Airtel Money Adaptations**

Amounts (FCFA)	Savings Groups	Other Clients
500–5,000	250	350
5001–25,000	500	600
25,001–50,000	750	900
50,001–100,000	1,000	1,500
100,001–200,000	1,500	2,000
200,001–5,000,000	0.75% of the amount withdrawn	1% of the amount withdrawn

- **Transfer fees**  
Savings groups can transfer from their Airtel mobile wallet to their Ecobank account and vice versa without being charged a fee. A typical Airtel Money client is charged FCFA 1,000 (\$2) to transfer money from her mobile wallet to her bank account and between FCFA 100 (20 cents) and FCFA 600 (\$1.20) to transfer money from her bank account to her mobile wallet, depending of the amount of the transaction.
- **Access to the service:**  
To reduce their transportation costs, savings groups agree with local agents on a schedule based on which agents travel to the group meeting to collect their savings or help them make withdrawals. Other Airtel Money users need to travel to the closest Airtel agents, which in the context of rural areas, may limit access to the service.

Regarding the design of the Ecobank account proposed to savings groups, the key features are described in Table 3.

**Table 3. Key Features of the Ecobank Account Offered to Savings Groups**

Features	Description	Notes
Target	Savings groups	Ecobank has not offered group savings accounts before
Minimum opening balance	FCFA 20,000 (\$40)	FCFA 50,000 (\$100) for current individual savings accounts
Minimum balance to keep in the account	FCFA 10,000 (\$20)	N/A
Accessibility	Can be accessed via the savings group mobile wallet (Airtel Money) or through Ecobank branches	Any other savings account is accessible only through the 42 branches and 56 ATMs
Interest rate	3.5% annual	3.5% annual

Before opening their accounts with Ecobank, savings groups must register formally with the government. Some groups can easily meet this requirement due to already-established registration through savings group associations, but others can seek assistance from the NGOs to initiate a registration process with their local government.

Table 4 provides a historical timeline of the implementation of main pilot-project activities.

**Table 4. Pilot-Project Activities**

Time Frame	Project Activities
March to June 2013	Partnership of Freedom from Hunger, Airtel, Ecobank and the three local implementing NGOs (ODE, SEMUS, ANTBA).
September 2013	Memorandum of Understanding signed by all parties involved, creating a strong and engaged partnership among Freedom from Hunger, ODE, SEMUS, ANTBA, Airtel and Ecobank.
April to September 2013	Airtel Money product adapted and Ecobank savings account developed to meet savings group needs as determined by market research findings during feasibility study.
June to September 2013	Financial Education module developed by Freedom from Hunger for savings groups to make an informed decision about linking, and to support them in the linkage process (for groups that decide to link). Areas covered: <ul style="list-style-type: none"> <li>i. General financial literacy about financial institutions and a comparative analysis of the advantages and disadvantages of formal financial services as well as internal practices of savings groups.</li> <li>ii. Description of the Airtel Money service and a comparative analysis of advantages and disadvantages.</li> <li>iii. Description of Ecobank savings accounts and comparative analysis of the advantages and disadvantages of connecting Airtel Money service to this type of account.</li> <li>iv. Practical management of Airtel and Ecobank saving accounts.</li> <li>v. Savings group linkage readiness.</li> <li>vi. Steps for savings groups to link and necessary adaptations.</li> </ul>
July and September 2013	<ul style="list-style-type: none"> <li>▪ NGO animators informed the savings groups targeted under the pilot project about the financial linkage opportunity and benefits.</li> <li>▪ Awareness workshops delivered by NGOs (in five target villages) with the participation of local authorities, Airtel field agents and savings group representatives.</li> </ul>
October 2013 to January 2014	Delivery of financial education covering the following: <ul style="list-style-type: none"> <li>▪ Freedom from Hunger training the NGO animators how to deliver the Financial Education sessions to savings groups.</li> <li>▪ NGO animators facilitating financial education with pilot savings group members.</li> <li>▪ Freedom from Hunger training Airtel network agents in savings group methodology to familiarize them with how savings groups operate to facilitate smoother service delivery.</li> </ul>



**Table 4. Pilot Project Activities (continued)**

Time Frame	Project Activities
December 2013 to September 2014	NGOs provided assistance to interested pilot savings groups to <ul style="list-style-type: none"><li>register with local government to be eligible to open an account with Ecobank (Central Bank regulation);</li><li>open Airtel Money accounts (first savings groups opened Airtel mobile-money accounts in February 2014); and</li><li>use Airtel Money accounts (deposits and withdrawals).</li></ul>
May to June 2014	Assessment on the progress of the linkage project with stakeholders (Data collected by Freedom from Hunger from savings groups, NGO staff and Airtel Money agents).

**Note:** *The realization of this work has not always been linear. Certain stages (for example, during the identification and definition of partnerships, the adaptation of products and services, the awareness and delivery of financial education to savings groups, etc.) demanded an iterative effort as well as multilateral meetings and coordination.*

## How Do Groups Link?

Groups first qualify to link whether they are “mature groups.”<sup>9</sup> This is required to protect the quality of groups and ensure that members understand the methodology and can make decisions as a cohesive unit. This requirement is listed by CARE International<sup>10</sup> as one of its principles for linking savings groups to financial institutions, and suggests that target savings groups need to be “experienced.” In other words, they have completed a first savings cycle and are into their second or later cycle. Freedom from Hunger incorporated and adapted as necessary the entire suite of principles proposed by CARE for the Burkina Faso context.

### CARE’s Principles for linking savings groups to financial institutions<sup>11</sup>

1. Link groups, not individuals
2. Only link mature groups that have saved for at least a year
3. Focus on demand from groups rather than supply from institutions
4. Provide financial literacy training to groups before linking them
5. Protect core savings group principles
6. Start with savings before credit
7. Maintain a conservative savings to credit ratio
8. Minimize the use of savings and collateral

The linking process includes three steps:

- 1) Savings groups make the decision about interest and readiness to link as part of their participation in financial education session.
- 2) Interested savings groups open an Airtel Money account.
- 3) Interested savings groups open an Ecobank savings account to connect to their Airtel Money account after completing their formal registration with the Government.

To support the savings group decision to link, a 10-session “**Going Mobile: Keeping Our Money Safe**” financial education module was delivered to savings group members over a three-month period. The first groups started in November 2013, and linked with Airtel Money accounts in

<sup>9</sup> CARE International. (2013). *Connecting the World’s Poorest People to the Global Economy*. Atlanta: CARE International. See page 5.


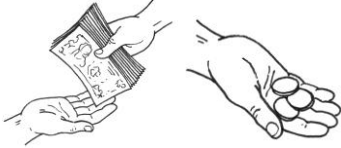

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

February 2014, with others linking soon thereafter. Within a few months, the majority of groups (64%) were ready to open Ecobank savings accounts.

Table 5 provides more details about the process mature groups undertake in order to link.

**Table 5. How Savings Groups Link to Airtel Money and Ecobank Savings Accounts<sup>12</sup>**

	<p>NGOs deliver the first 5 sessions of the “Going Mobile: Keeping Our Money Safe!” education to the mature savings groups. They learn about formal financial institutions and analyze the advantages and disadvantages to linking with Airtel Money account and Ecobank savings account. They have the opportunity to have all of their questions answered. In Session 5, if groups decide to link, they receive the next 5 sessions, which instruct them how to open the accounts.</p> <p>In sessions 6–10, the group members elect 2 Code Holders that hold the SIM card and access PIN<sup>13</sup> for the Airtel Money account; decide to purchase a phone and a SIM card (or use one already owned by a member); decide when they will open the Airtel Money and Ecobank accounts and the amount to save in them; and learn how to withdraw money for loans and distribution.</p>
	<p>When a group is ready, the two Code Holders meet with an Airtel agent to open an Airtel Money account with the support of NGO animators. The women deposit money in the account by giving Airtel Money agents cash, and the agents then transfer electronic money into the group Airtel Money account for the same amount. The members receive a text message confirming the deposit of money into their account. When making withdrawals, they contact the agent in advance, telling him or her the amount of money they need. The agent prepares that amount of cash to give them when he or she sees the members next and makes the transaction. Agents either meet members at the agreed-upon location and time, or members seek out a distributor at his or her shop at the market place.</p>
	<p>When ready to open an Ecobank savings account, select group members (appointed to manage the account) go with a NGO facilitator to an Ecobank branch and open an Ecobank savings account (or a representative may visit their village). Thereafter, group members do not need to go to an Ecobank agent to make deposits and withdrawals from the account; group members can manage the movement of money between the Airtel Money and Ecobank savings account through their phones. They receive text message confirmations of each money transaction.</p>

<sup>12</sup> Illustrations by Regina C. Faul-Doyle

<sup>13</sup> For added security, one code holder knows the first two numbers of the access PIN and the second code holder knows the second two numbers.

## Obstacles to Progress

By the end of September 2014 (pilot end date), the very last step to complete the linkage of savings groups was still incomplete. Savings groups still needed to open Ecobank savings accounts to connect to the Airtel Money service. Two challenges were encountered.

First, savings groups must be registered with the local government to open a savings account. Most groups did not have the ability to meet this requirement until the NGOs implemented additional efforts to connect groups to the local authorities.

Second, in June 2014, the Central Bank of Burkina (BCEAO) asked Airtel to place a hold on the use of the interface between Airtel Burkina and Ecobank Burkina (as well as other institutions) in order to establish appropriate safeguards for money management within the Airtel Money system, as well as comply with Know Your Customer (KYC) requirements.

In June 2014, Airtel Burkina put the functionality of the interface with Ecobank Burkina on hold. As a result, savings group members had to postpone the opening of Ecobank savings accounts. It is to be noted, however, that the group members are ready to proceed to opening a savings account as soon as the functionality of the interface between Airtel Money and Ecobank is reestablished.

## Pilot Project Output Numbers

Quantitatively, the original goal of the pilot project was to connect at least 100 formal<sup>14</sup> and mature<sup>15</sup> savings groups to Ecobank through the Airtel Money service.

Table 6 shows pilot-project output numbers as of September 2014 (official end date of the pilot project).

**Table 6. Pilot-Project Output Numbers—September 2014**

	SEMUS	ODE	ANTBA	TOTAL
Number of villages reached	37	23	15	75
Number of savings groups receiving financial education	87	39	10	136
Number of savings groups opening Airtel Money accounts	95	38	15	148
Estimate of savings deposited into Airtel Money accounts <sup>16</sup>	\$7,410	\$2,964	\$50	\$10,374 (FCFA 5,187,000)
Number of individual Airtel Money accounts opened <sup>17</sup>	6	–	–	6
Number of groups meeting the Ecobank registration requirements	70	19	5	94
Estimate of percentage of groups planning to open an Ecobank account	74%	50%	33%	64%

Source: Data provided by implementing NGOs

<sup>14</sup> Formal savings groups are formed and managed by animators (implementing NGO staff).

<sup>15</sup> Savings groups are considered mature when they have completed at least one savings cycle (a bit older than 12 months) and have completed one first distribution of group funds.

<sup>16</sup> Exchange rate as of September 30, 2014: US\$1=FCFA 513; see [www.oanda.com](http://www.oanda.com).

<sup>17</sup> Based on their own experience with their savings groups, some group members decided to open individual Airtel Money savings accounts.

## Commentary on the Pilot Project Output

By the end of the pilot, 148 savings groups had opened Airtel Money savings accounts and had made an estimated total deposit of \$10,374 (FCFA 5,187,000). The modest sum in Airtel Money deposits can be explained by the lack of confidence among savings group members regarding a relatively new product and the fact that many groups had already distributed their fund (or were preparing to do so) when the time came to open savings accounts.<sup>18</sup> Over the last six months of the pilot project (March through September 2014), the average balance in Airtel Money accounts opened for SEMUS and ODE amounts to \$67, the average savings deposits is \$78 and the average withdrawal per group is \$11.

In SEMUS and ANTBA areas, some mature groups were interested to link based on the experience of their peers and went ahead to open their Airtel Money accounts without receiving financial education. This explains the difference between the number of groups exposed to financial education and the number of groups opening Airtel Money accounts. Freedom from Hunger and its partners will monitor these groups financial performance in comparison with the others.

By the end of September 2014, 64 percent of the savings groups that had opened an Airtel Money savings account had become eligible to open an Ecobank account and indicated their willingness to do so.

These results are possible thanks to the great work of field staff involved—in particular, the hard work of implementing NGO field staff, Airtel's field agents and the network of distribution agents. This includes the dissemination of key messages, the facilitation of education to savings groups, and efforts made to bring solutions to meet the needs of group members to access Airtel Money service, all of which have helped overcome the obstacles encountered at the start. Within one month after the closing of the pilot, an increasing number of savings groups (not included in the pilot) have become interested in using the financial product.

Initially understood as an obstacle, the demand for formal registration (a requirement that must be met by all groups interested in opening an Ecobank savings account) has eventually become an opportunity for savings groups to formalize as groups. Formal registration makes savings groups eligible for formal financial services offered by any formal financial institutions, including banks, credit unions and MFIs. In addition, there has been a growing concern of the regulator (Central Bank) about savings groups offering financial services informally.

In retrospect, the implementation of these efforts to link savings groups to Ecobank savings accounts via Airtel Money service indicates that major results have in fact been realized. Nevertheless, one last step is pending—supporting groups interested in opening an Ecobank savings account. At this point, fulfilling this important step depends on the capacity to establish the functionality of the interface between the Airtel Money platform and Ecobank MIS.

## Key Findings

In early May 2014, Freedom from Hunger conducted a **qualitative assessment** in collaboration with several stakeholders after approximately 80 groups had linked with Airtel Money accounts. Data was collected from the three main stakeholders through focus-group discussions and individual interviews: Savings group members, Airtel staff and NGO staff.

Information from this assessment as well as additional meetings with stakeholders have been combined into this section of the report to describe **insights gained, challenges encountered and actions taken** to overcome the issues

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<sup>18</sup> In addition, during the introduction of this new product we have learned that users first “try” the new product very carefully; thereafter, it is likely that group members will use the new product even more if it has been properly adapted.

### *Why Groups Decide to Link or Not Link*

Some savings groups have decided to link to both the Airtel Money account and the Ecobank savings account, some only to the Airtel Money account and some to neither.

- Groups linking to Airtel Money and Ecobank are doing so because they recognize that their **funds earn interest and that the funds are safe**. Some of these groups also want the experience of **engaging with a formal financial institution**, and they trust the recommendation of their NGO facilitator and what they've learned via the financial education on the linkage process.
- Groups linking only to Airtel Money accounts say they are linking to Airtel Money also because they are concerned with the **safety** of their group funds, although some recognize that a link with Ecobank could also give them **access to loans**—indicating that groups who are only linked with Airtel Money might now link to Ecobank at a later point.
- For groups that do not wish to link to either, some do not think they have **enough funds to deposit**; others are concerned about having **access to their funds** at anytime in order to give loans to members; and yet others **have concerns** about the Airtel Money system because they do not understand how it functions.



### *Usage of Accounts and Agent Accessibility*

Groups have started using the Airtel Money accounts, but it is still early in the process. The majority of the groups who opened an Airtel Money account said they had **no difficulty** opening the account, and are **satisfied** with the account opening process overall because their funds are safe and they are assured that they can make **withdrawals on time** (for loans and distribution).

The usage of phones to access the Airtel Money system is a new experience for them. Although it has a steep learning curve, the women are becoming familiar with the navigation menu and money transfers, and increasing their usage. The majority of groups said they have not used Airtel Money before, although some women have used it for a few months and **trust it**. Clearly groups are willing to take a chance at using this unknown service, especially when their **trusted NGO group facilitator** endorses it. However, they will more trust in the system through usage and increased familiarity over time.

Meeting with agents requires communication and **coordination of schedules** since agents do not live in most villages where the groups reside. Some groups have successfully coordinated schedules with agents, but more work is needed on this issue, particularly in areas covered by ANTBA.

Thus far, groups have made some deposits into and withdrawals from their Airtel Money accounts, and **movement is expected to increase** as groups distribute funds and start linking with Ecobank accounts. Most groups are mindful of the withdrawal fees and some members are concerned with how much these will add up to over time. Overall, groups are eager to continue using the new service and are happy with the increased security of their money. The NGOs are learning that some **savings groups in their first year are asking for linkages** to Airtel Money accounts, although they have agreed to wait until they are mature groups, as recommended.

### *The Role of the NGOs*

A **key element of success** in the project has been the coordination initiated on the ground by the NGOs to identify distributors and agents for the different savings groups based on their location. The NGOs **introduced** distributors and agents to groups and exposed them to the specificity of the savings groups. The NGOs continue to promote the program to the group members, answer questions, give project updates and endorse the project as a way to **build confidence** in the linkage system. An estimate of the costs involved by each partner to achieve their respective performance shows that as of September 2014, it costs SEMUS about \$161 to link one group to Airtel Money and prepare them to open their Ecobank account, \$288 for ODE and \$200 for ANTBA. It is expected to see these costs brought down dramatically given the rapid growth anticipated by the NGOs in their financial linkage program over the coming months.

### *Airtel Network of Distributors and Agents*

Airtel managers, distributors and agents are working hard to create an effective network to serve this new clientele. They are doing this despite some **inherent challenges**. It is important to note that Airtel Money service was **originally designed** to serve the broader Burkina Faso population, and not targeted to poor rural women, as in this project. The delivery network of distributors, who develop and manage a network of agents, and agents, who directly serve customers, were also not selected to specifically serve this population. As a consequence, agents struggle with serving groups that make **infrequent transactions** and with small amounts of money. Agents have expressed frustration with traveling a far distance only to help a group make a **small deposit**, which can be as little as \$10. Agents are more accustomed to prospering from commissions earned by serving individuals who make frequent or large transactions.

Geography poses another challenge, since agents often **do not live in the villages** where group members reside. It can be difficult for agents to travel long distances to meet customers, and equally difficult for group members to **travel long distances** to visit agents. SEMUS and ODE have tried to alleviate some of the problem by facilitating an agreement with Airtel agents to visit savings groups during their typical meetings, and to coordinate an effective visiting schedule on market days. This enables the agents to make regular visits with groups as well as encounter individual account holders in the area. Finally, agents are concerned about easily **getting more cash locally** when there are no Ecobank branches nearby when customers make withdrawals. Ideally, the agents and distributors would like to reduce the distance between the agent and the customers to alleviate all of these issues.

The agents have also recognized that as women get to know the agent, **they start to visit the agent more often**, ultimately increasing the amount of business they do, commission they earn, and leading to a growing trust in the system by the women. Some agents highlight that the traveling allows them to get to know the villages, and remark that over time, the **women are becoming familiar with Airtel Money**. The agents see the need to take more time to train group members, which builds their trust and knowledge, and will later increase their usage of the Airtel Money system.

### *Ecobank Burkina*

Ecobank is **eager to engage further** with the process. An appropriate savings product has been developed for the groups that provides an interest rate of 3.5 percent per year. Other product characteristics include a (reduced) minimum opening balance of FCFA 20,000 (\$42) and a minimum account balance of FCFA 10,000 (\$21). As mentioned earlier, the **interface** between Airtel Money platform and Ecobank system must be fully functional to move the pilot project to the next stage and facilitate the opening of savings accounts. However, when the interface is activated, Ecobank management may **send agents to villages** to help women open accounts to **avoid the long trip** that some would have to make to reach the closest Ecobank branch (70km for some).

### *Remaining Issues*

Although the momentum is growing, it must be recognized that there are still some challenges to address, or to continue addressing.

- Groups are aware that some members have trouble navigating the Airtel Money menu on their phones, and that the **illiteracy of some group members** (especially the code holders) will create difficulties in managing the accounts. To address this, some Airtel agents are spending extra time teaching the women how to navigate their phones, and mobile-savvy **women are giving navigation tips** to other group members. The NGOs are encouraging groups to elect **code holders who are literate**, to make the account management process easier.
- Although the problem is not common, in some areas, it is **difficult for phones to receive the Airtel signal**, but members are encouraged to travel to areas near a signal.
- **Some groups fear they will be victims of fraud** or that their PIN code will not work and they will lose access to their funds, or that the **fees for making withdrawals become burdensome**. Airtel agents and distributors are trying to **“raise awareness”** or to teach the women about the reliability of the Airtel Money account as well as how to navigate the system on their phones.
- Agents know that some women still want **to keep their money in cash at home** and that they do not trust the system yet. Trust in the system will have to be built through repeated usage and increased familiarity over time.

### **Conclusion**

Even though the financial linkages pilot project in Burkina Faso is still in its early stages, milestones have been reached and the progress is promising. A few challenges have been identified that need to be addressed in order to maintain the momentum of the project, but Airtel and the NGOs are aware

and trying to address the concerns. New technologies, especially those involving one's money, are often slow to adopt. The final piece in the process, the linkage with the Ecobank savings accounts, is yet to be implemented. When the women see their money as secure, accessible, and earning interest in the savings accounts, they will have increased confidence in the service and use it more, leading to a more informed use overall. An interesting aspect of the project not to be overlooked, is that the women are currently crossing the threshold of a new financial system and starting the new use of a mobile communications device. Gains in "mobile and digital literacy" through the use of this product will increase the willingness to use other mobile-based financial and nonfinancial products. The savings group members in Burkina Faso are entering this new world cautiously, as is prudent.

This pilot project has exhibited the eagerness of the partners involved and an increased demand for savings accounts by savings groups over time. Freedom from Hunger would like to replicate the experience in other countries in West Africa and to assist other savings-group promoting organizations in developing financial linkages between savings groups and formal financial institutions. The lessons learned and financial education will serve as essential technical assistance tools that Freedom from Hunger will use to support other organizations interested in greater financial inclusion for savings group members.