Formal Finance and Informal Groups: Inside the Black Box
Insights from Savings at the Frontier

22 May 2018
The Savings at the Frontier programme

• A Mastercard Foundation partnership with Oxford Policy Management
• Seeking responsible and sustainable ways of linking informal savings mechanisms (ISMs) with formal financial service providers (FSPs)
• Working on up to ten projects with FSPs in Ghana, Tanzania and Zambia

Our panel today:

• Sabasaba K. Moshingi, CEO, TPB Bank PLC, Tanzania
• Gloria Cheche, Deputy Country Director, CARE International Tanzania
• Ama Akuamoah, Consultant to DSS Platform Ltd, Ghana
• (Chair) Robert Stone, Project Director, Savings at the Frontier
How SatF works

SatF Finance:

- Up to $100,000
- Up to $1 million

Concept Note
Approval of Concept Note
Business Plan Preparation
Project Proposal
Project Approval
Implementation

An early lesson about what happens inside the “black box” of the FSPs
Which in turn impacts on how the FSPs relate to the “black box” of the ISMs

Supported by a substantial monitoring, research, evaluation and learning (MREL) programme to facilitate adaptive management in SatF as a learning organization, as well as to provide learnings for the wider community.
Sabasaba K. Moshingi, CEO, TPB Bank PLC, Tanzania

• What got TPB Bank into this market?

• Working in fairly remote areas – how do you recruit and motivate bank management and staff for this task?

• Why does the bank need to support group creation and not just link with established groups?
A PROUD LEGACY OF SERVING THE FINANCIALLY EXCLUDED.

- Started in 1925 as Tanganyika Post Office Savings Bank.
- Now focused on financial inclusion.
- First to introduce mobile banking and agency banking in Tanzania.
- Made major inroads into the pro-poor segment:
  - VICOBA / VSLA – Women.
  - Sports A/C’s – Men and Youth.
  - Informal Groups – All.
  - Group Lending – All.
  - Wastaafu Loan – Pensioners.

PRO-POOR SEGMENT:
- 63,992 accounts.
- TZS 10.1 billion in deposits.

LOAN TO PENSIONERS:
- 50,000 customers.
- TZS 111 billion asset book.
SATF PROJECT

- 250,000 new customers by 2020.
- 6 Regions in Tanzania:
  - Phase One - Ruvuma.
  - Phase Two – Morogoro, Lindi, Mtwara, Iringa and Njombe.

Our Focus in the project is driven by:

- We see this as a game changer in accessing cheap deposits and reaching the unbanked.
- Ownership – model we started and want to perfect.
- First to access funds so we plan to have first to market advantage.
Our Rationale for this Model

- Able to create a case for financial linkages.
- More ownership/ control/ flexibility of groups management.
- Able to create commercially viable partnerships to drive down the price.
- See it as only practical way to reach individuals at the bottom of the pyramid through groups and create financial linkages with them.

Prospective Local Trainers taking an aptitude test as part of their recruitment.

Sensitization of SatF Program at local radio station Jogoo FM.
Questions to GLORIA

Gloria Cheche, Deputy Country Director, CARE International Tanzania

• What got CARE into the linkage business?

• How do established cash-based VSLAs perceive digital apps to link VSLAs to big banks and MFIs?

• What compromises are entailed in working with bank systems, capacities and staff originally geared to the needs of the already banked?
Questions to AMA

Ama Akuamoah, Consultant to DSS Platform Ltd, Ghana

• What is susu-collection and why does it matter?

• What was the key ‘lightbulb’ moment for Abed Darko, as SatF supported the move from concept to full pilot for digital-susu?

• What are the challenges and opportunities in moving susu collection into the 21st century through digitization?
QUESTIONS FOR DISCUSSION

• Does the successful development of linkages require a significant shift in the corporate culture of the FSP?

• What is required in terms of human resources – recruitment, training, incentives etc.?

• How can FSPs ensure that they are able to hear the voices of the clients?
THANK YOU

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