



# COMMITMENT SAVINGS

## Exploring the Market

**NOTE 2.** Inclusive Commitment Savings  
in Latin America and the Caribbean







*Notes from the Series Inclusive Commitment Savings in Latin America and the Caribbean:*

**NOTE 1.** What is Commitment Savings? Getting to Know the Product

**NOTE 2.** Commitment Savings. Exploring the Market

**NOTE 3.** Keys to Success for Commitment Savings. The Best Ingredients

**NOTE 4.** Expanding Commitment Savings. A Menu of Challenges

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The following article is part of a series of four research notes on commitment savings, commissioned under the ProSavings Program framework.

**NOTE 1**

The first note addresses the concept of commitment savings as an adequate product for the low-income population.

**NOTE 2**

The second introduces the commitment savings supply in Latin America and the Caribbean, following a desk review of products offered by 1,350 institutions in 26 countries.

**NOTE 3**

The third note presents key elements to guide the design and implementation of commitment savings products, drawn from in-depth interviews with 14 financial entities in Colombia, Jamaica, Mexico, Panama, and Venezuela.

**NOTE 4**

Finally, the fourth note analyzes the challenges of offering commitment savings products based on the survey responses of 73 entities in the region with such products.

ABSTRACT





For years, policies that promote financial inclusion in Latin America and the Caribbean have played an important role in the fight against poverty. Methodological innovations in the field of microfinance have helped increase the supply of loan products to people traditionally excluded from the financial sector. However, the process of diversifying the supply of savings products and services has not been as bold or innovative. Beyond offering certificates of deposit and transactional accounts, very few financial institutions have opted to develop innovative savings products to help low-income populations save small amounts periodically, which over time can be used for different purposes.

Commitment savings has gained increasing attention from the field of behavioral economics, as different studies have demonstrated that a good product design can help overcome psychological factors that tend to hinder savings.<sup>1</sup> These findings, coupled with a better understanding of the informal mechanisms used by the low-income population, have sparked an interest for commitment savings products that are capable of promoting a savings discipline, without giving up the liquidity needed by people living under financial uncertainty. Despite this growing interest, we still know relatively little about the current supply of commitment savings in Latin America and the Caribbean. Furthermore, the categories that banking regulatory entities manage to gather information on savings deposits within the financial system tend to draw distinctions between sight savings accounts and fixed-term savings accounts, which does not provide a clear idea of where commitment savings stands in terms of total savings deposits. In order to better understand the design and typology of these existing savings products, we have conducted a comprehensive analysis of the savings product portfolios of financial institutions in Latin America and the Caribbean. This work summarizes the main findings from this review.

1. Ashraf, N., Gons, N., Karlan, D. and Yin, W. (2003), "A Review of Commitment Savings Products in Developing Countries", Asian Development Bank. Economics and Research Department. Working Paper #45.



## WHERE HAVE WE SEARCHED?

In the region, there are currently 2,200 financial institutions receiving deposits that are regulated and supervised by a banking entity (superintendence or central bank). These include public and private banks, local savings banks, cooperatives, credit unions, savings and loan associations, mutual entities, and a host of other types of institutions authorized to mobilize the public's deposits. Additionally, there are hundreds of savings and loan cooperatives that, despite receiving and allocating resources, are not considered financial intermediaries and are not subject to banking supervision. Besides financial entities, there are other types of entities such as savings companies, insurance companies, and pension fund managers - which in some cases offer savings products that may be considered to be a type of commitment savings. However, given that these entities rarely offer products targeted to the low-income population, they are not incorporated into the analysis.

For most countries, between 80%-100% of the regulated entities authorized to receive deposits underwent a review. In total, the savings product portfolios of 855 entities (see **TABLE 1**) were reviewed by consulting each entity's official website and excluding the entities lacking an online presence.<sup>2</sup> In the case of Brazil, only 85 products were reviewed out of 1,268 regulated cooperatives in the country.

Further, we reviewed the commitment savings products offered by 495 unregulated cooperatives (see **TABLE 2**), taking into account main cooperatives that are members of national federations or subscribed to the corresponding public register.<sup>3</sup>

## COMMITMENT SAVINGS SIGNIFICANCE

We have identified entities with commitment savings products in every country in the region with the exception of Haiti and Suriname (see **TABLE 3**). Colombia is by far the country that has the greatest number of entities offering commitment savings products. There is also a significant number of entities offering commitment savings in Ecuador and Costa Rica. In the Caribbean, there are fewer financial entities, but amongst these, commitment savings is very common, especially in countries like Jamaica and the Bahamas.

According to entity type, we can observe among those with banking supervision that on average, one in four entities offers commitment savings (26.2%). Among cooperatives, commitment savings, also known as "savings plan," is more widespread: one out of three regulated cooperatives offers commitment savings (33.2%), while for unregulated cooperatives, this ratio climbs to one in two (47.7%). Traditionally, cooperatives have attached great importance to mobilizing local savings and promoting a culture of savings, which can account for the popularity of products made to build savings through small, regular deposits.

2. Websites reviewed in the months of November and December 2012.

3. The main entities consulted for the construction of the database on unregulated cooperatives are as follows: Las AIRAC (Dominican Republic), CONAFIPS (Ecuador), Co-operative Credit Union League (Jamaica), Cooperative Development Division in the Labor Ministry (Trinidad and Tobago), Cooperatives Department at the Ministry of Commerce and Trade (Barbados), Departamento de Cooperativas del Ministerio de Economía (Chile), Department of Cooperatives Development in the Ministry of Agriculture (Bahamas), FECACH (Honduras), FECOPSE de RL and FEDEAC de RL (Costa Rica), Fedecaces and Fedecredito (El Salvador), FENACOAC (Guatemala), Fenacrep (Peru), INCOOP (Paraguay), IPACOOP (Panama), and Superintendencia de la Economía Solidaria (Colombia).



**TABLE 1.** Number of Regulated and Supervised Entities Reviewed by Country

COUNTRY	ENTITIES		
	SUPERVISED	REVIEWED	REVIEWED (%)
Argentina	66	66	100%
Belize	19	19	100%
Chile	30	30	100%
Colombia	30	30	100%
Guyana	7	7	100%
Nicaragua	6	6	100%
Trinidad and Tobago	8	8	100%
Uruguay	14	14	100%
Venezuela	33	33	100%
Costa Rica	50	48	96%
Ecuador	71	68	96%
Guatemala	18	17	94%
Peru	52	48	92%
Bahamas	8	7	88%
El Salvador	22	19	86%
Paraguay	27	23	85%
Barbados	6	5	83%
Suriname	6	5	83%
Jamaica	11	9	82%
Dominican Republic	50	41	82%
Bolivia	50	40	80%
Honduras	34	27	79%
Mexico	151	96	64%
Haiti	14	6	43%
Panama	49	21	43%
Brazil	1,373	162	12%
<b>TOTAL</b>	<b>2,205</b>	<b>855</b>	<b>39%</b>



**TABLE 2.** Cooperatives Not Regulated nor Supervised Reviewed by Country

COUNTRY	COOPERATIVES
Colombia	135
Ecuador	76
Peru	45
Chile	28
Jamaica	27
Panama	27
Guatemala	25
Trinidad and Tobago	24
El Salvador	22
Paraguay	20
Honduras	19
Costa Rica	16
Dominican Republic	11
Barbados	7
Bahamas	6
Nicaragua	3
Suriname	2
Haiti	1
Venezuela	1
<b>TOTAL</b>	<b>495</b>



**TABLE 3.** Entities with Commitment Savings (CS) per Country

COUNTRY	REGULATED / SUPERVISED			UNREGULATED / NOT SUPERVISED			TOTAL		
	Number of Entities	With CS	Percentage	Number of Entities	With CS	Percentage	Number of Entities	With CS	Percentage
Bahamas	7	5	71%	6	5	83%	13	10	77%
Jamaica	9	2	22%	27	25	93%	36	27	75%
Nicaragua	6	4	67%	3	2	67%	9	6	67%
Colombia	30	22	73%	135	87	64%	165	109	66%
El Salvador	19	9	47%	22	17	77%	41	26	63%
Costa Rica	48	30	63%	16	10	63%	64	40	63%
Barbados	5	3	60%	7	4	57%	12	7	58%
Panama	21	9	43%	27	17	63%	48	26	54%
Honduras	27	7	26%	19	11	58%	46	18	39%
Ecuador	68	35	51%	76	16	21%	144	51	35%
Paraguay	23	2	9%	20	13	65%	43	15	35%
Guatemala	17	7	41%	25	6	24%	42	13	31%
Trinidad and Tobago	8	2	25%	24	7	29%	32	9	28%
Dominican Republic	41	6	15%	11	7	64%	52	13	25%
Chile	30	12	40%	28	2	7%	58	14	24%
Peru	48	15	31%	45	6	13%	93	21	23%
Bolivia	40	7	18%				40	7	18%
Brazil	162	28	17%				162	28	17%
Guyana	7	1	14%				7	1	14%
Uruguay	14	2	14%				14	2	14%
Venezuela	33	3	9%	1	1	100%	34	4	12%
Mexico	96	9	9%				96	9	9%
Belize	19	1	5%				19	1	5%
Argentina	66	3	5%				66	3	5%
Haiti	6		0%	1		0%	7	0	0%
Suriname	5		0%	2		0%	7	0	0%
<b>TOTAL</b>	<b>855</b>	<b>224</b>	<b>26%</b>	<b>495</b>	<b>236</b>	<b>48%</b>	<b>1,350</b>	<b>460</b>	<b>34%</b>



## WHAT TYPES OF COMMITMENT SAVINGS PRODUCTS ARE THERE?

We have identified 780 commitment savings products amongst the 460 entities offering this type of recurring savings. It is common for products that help clients save periodically to be linked to concrete objectives. Often the same product design is linked to a specific savings objective and its marketing is geared towards the achievement of this objective. Based on specific objectives (expense or investment) we can classify the products we have identified into eight categories (see [TABLE 4](#)).

**TABLE 4.** Commitment Savings Products by Purpose

TYPE OF PRODUCT	PRODUCTS	PERCENTAGE
Open purpose savings	<b>375</b>	<b>48%</b>
Christmas savings	<b>128</b>	<b>16%</b>
Savings for education/ school savings	<b>71</b>	<b>9%</b>
Savings for housing	<b>52</b>	<b>7%</b>
Savings for old age	<b>49</b>	<b>6%</b>
Savings with life insurance	<b>39</b>	<b>5%</b>
Vacation savings	<b>34</b>	<b>4%</b>
Savings for other purposes	<b>32</b>	<b>4%</b>
<b>TOTAL</b>	<b>780</b>	<b>100%</b>

## OPEN PURPOSE SAVINGS

Many entities offer only one commitment savings product, through which they try to cater to any savings objective the client may have. It is common for these types of products to be marketed for specific goals, without there being a specific one that defines the product design. The client is encouraged to save for a period of time and accumulate a savings amount that will allow him or her to reach an objective even though the product does not target a specific one.

These types of products typically define a timeframe (between 3 to 36 months), recurrence (weekly, biweekly, or monthly), and a deposit amount (normally involving a minimum amount proportionate to the chosen recurrence). The product also has a date of maturity just like certificates of deposit; however, unlike the latter the minimum deposit required to open this account tends to be low. The degree of liquidity for this product varies, from entities that do not allow the client to withdraw money prior to reaching maturity, to entities that treat commitment savings just as they do liquid savings. Likewise, incentives to promote a savings discipline and reach a goal vary, and may be offered in the form of insurance, giveaways and interest rate bonuses. Certificates of deposit seek to satisfy the needs of clients that have savings and want to invest these to make a profit, whereas commitment savings places a lower emphasis on profitability.

given that their main objective is to accumulate savings that can be used towards a specific purpose.

The product aims to build savings that the clients lack upon opening an account. The purpose of building or accumulating savings appears in the name of several products identified through our research, for example: “Savings Builder, The Accumulator, Escalator Savings Account, and Cuenta Ahorro Creciente”. Because this type of product intends to establish a savings commitment with the client that will allow him or her to accumulate a desired amount, products are often marketed as savings plans or savings programs. Examples include: “Planning Ahead Savings Scheme, Ahorro Planeado, Ahorro Paso a Paso, Ahorro Programado, and Plan de Ahorro. The product’s name often emphasizes the linkage between savings to a specific goal or objective, examples: Cuenta Ahorro Meta, Cuenta Objetivos, and Cuenta Mi Proyecto. To appeal to emotion and motivate a savings discipline, it is also common to associate the product with positive connotations such as dreams or future, example: Cuenta Ahorrando por un Sueño, Ahorro Sembrando Sueño, Cuenta Tu Sueño, Cuenta de Ahorros Futuro Seguro, and Cuenta Mejor Futuro. Commitment savings products tend to target clients from populations that are poorly familiarized with formal financial entities; therefore they are often marketed in a way that associates them with informal saving schemes and highlights their mutual similarities, ex: Asue Savings Account, Ahorro Pasanaku, Plan de Ahorro la Natillera, Partner Plan, Tandahorro, Plan de Ahorro San, and Rueda de Ahorro”.

## — CHRISTMAS SAVINGS

This savings product aims to accumulate money that can be used towards extra expenses that take place during the Christmas season. The client commits to saving during the whole year in periodic amounts according to his or her capacity and withdraws this money in the month of December. The client decides where and how to use these savings, same as open purpose commitment savings products. Christmas savings products are characterized by fixed periods in which the client can open an account and withdraw its balance. Typically there are weeks or months between January and June where the client can open an account and only a few days or weeks between mid-November and mid-December when the client can withdraw the savings. This product helps the client to save periodically during 6 to 11 months and accumulate money that will be used during a season with extraordinary expenses. The degree of liquidity assigned to this product varies between entities. Some entities do not allow any withdrawals outside of the established timeframes, whereas others offer total liquidity in case the client wishes to withdraw money prior to the Christmas season.

This type of product is very common in several countries across Latin America and the Caribbean, mainly in Costa Rica, Panama, Colombia, Jamaica, Honduras, and El Salvador. It is most popularly offered by cooperatives (see **BOX 1**). Out of 128 Christmas savings products identified, 115 are offered by cooperatives and only 13 are offered by banks or other financial institutions. This product is available in 40 supervised entities (32%) and in 88 unsupervised entities (68%).



One of the main challenges of this product is its seasonality. For some entities that offer popular products, managing the withdrawal of hundreds or thousands of accounts that have the same maturity becomes an important challenge. Managing both liquidity and overcrowding at branches are elements that must be taken into account when offering this product. It is common for entities offering Christmas savings to seek to diversify their commitments savings offer with other products whose savings timeframes are more flexible, in order to avoid an elevated concentration of withdrawal within the same period. With this goal in mind, several entities launch specific campaigns in December to convince clients to continue their savings and not withdraw their full balance. To avoid overcrowding in bank branches, the Colombian cooperative Cotrafa assigns by lot a specific day in which each client can withdraw his or her savings. This way the cooperative avoids long lines at branches, which in the past have inconvenienced the clients.

Christmas savings is a type of commitment savings that has existed for decades now, not only in Latin America and the Caribbean but also in other regions. In London, “Goose Clubs” became very common during the nineteenth century Victorian era. These were essentially associations established to save periodically in order to purchase a goose for Christmas dinner. These types of associations targeted the popular and working classes that were able to save a small amount weekly.<sup>4</sup> The “Christmas Savings Account” was also popular in England and the United States during the first half of the twentieth century, particularly among cooperatives, though these decreased in popularity as the use of credit cards became widespread. The English influence can account for the popularity that Christmas savings still have in many Caribbean countries.



*In Colombia the origin of some of the most important financial cooperatives is rooted in informal “natilleras,” created by groups of employees from the same company to save for Christmas expenses. Cooperativa Confiar, currently one of the largest savings and loan cooperatives in Latin America, was founded in 1972 by a group of 33 workers from the Sofasa automobile assembly company, when they decided to form a natillera and turned it into a small savings and loan cooperative. The Cooperativa Cotrafa also shares a similar origin. It was founded in 1957 by 161 workers of the Fabricato textile company, who sought to formalize the natillera to which they allocated a small part of their wages every week.<sup>5</sup>*

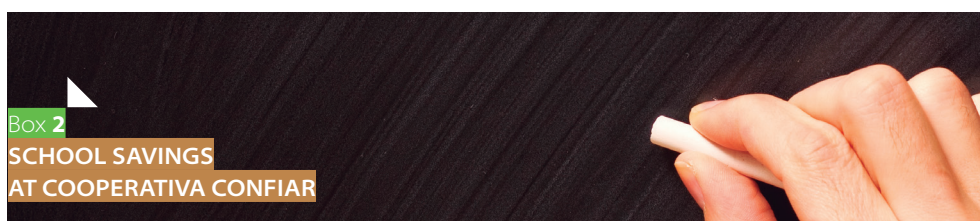
- 
4. Bob Cratchit, the character created by Charles Dickens in *A Christmas Carol* to symbolize the harsh conditions of working people in mid-nineteenth century London, buys a goose for his family’s Christmas dinner thanks to his weekly contributions to a Goose Club. Goose Clubs peaked in popularity between the mid-nineteenth and early twentieth centuries and featured manuals on how to successfully operate this type of savings schemes (see, *Christmas Goose Clubs: and How to Work Them Successfully* by *D J F Campbell*, London : Ragged School Union & Shaftesbury Society, 1903).
5. See video: <http://www.youtube.com/watch?v=h4pEyVYPyY>

## SAVINGS FOR EDUCATION

Savings for education<sup>6</sup> or school savings is a savings modality that schedules a fixed deposit under a certain timeframe, in order to accumulate enough money to finance the expenses associated with the beginning of the school year – mainly the purchase of school uniforms, supplies, and payment of school fees. This product targets families of school-age children with savings that take place during the entire year, and which can be withdrawn during the month prior to the start of classes. It consists of short-term savings (4 to 11 months) that is similar to Christmas savings, and only differs in the date of withdrawal and the savings purpose; which in some cases is restricted to education, making the money available exclusively to the educational entity.

Most savings for education products are made to finance the primary or secondary education of a client's children or grandchildren. However, in some modalities the savings objective can focus on university studies, in which case the savings timeframe is much longer and usually targets high-income populations.

School savings products rarely charge fees and the minimum deposit required to open an account tends to be low (usually less than US\$5). The savings commitment is usually monthly, though it is also common to find plans that feature bimonthly, weekly or even daily deposits. The most common incentives offered by this type of product include higher interest rates, bonuses after fulfilling the savings plan, life insurance, and scholarship raffles. In some cases, the product is marketed with the explicit support of schools which seek to integrate the product as part of its educational activities, fostering a culture of savings and supporting families in generating savings for their children's education (see **BOX 2**).



*Through its Foundation, Cooperativa Confiar in Colombia has developed a school savings project with 60 participating schools of Antioquia. The project seeks to foster a culture of savings through a weekly savings scheme linked to a project with a strong financial education component. The school picks a day and time to collect money, starting from 500 weekly pesos (approx. US\$0.20). Savings take place throughout the school year and withdrawals are scheduled during the month of October at Confiar's branches. Schools involve parents and teachers in collecting money, and through its Foundation, Confiar actively participates in appointing Treasurers, instructing them on how to register savings and complete forms. More than 8,000 students have participated in this initiative with a positive uptake by schools and families.*

<sup>6</sup> Children savings account targeting underage children are very popular in Latin America and the Caribbean. We have identified over 400 children savings account products in the region. Often children savings accounts refer to savings for education, but in general most savings products for children are liquid deposit accounts and are not linked to any particular savings plan; therefore, these have not been included in this study.



School savings products are often offered by cooperatives (66 of the 71 school savings products identified), most of which are unsupervised cooperatives (46 of the 71 products identified). Amongst commercial banks and savings banks we have seldom identified commitment savings products for education that target the low-income population, with the exception of some products such as “Mi Fondo Amigo Estudiantil” of the Banco de Desarrollo Rural in Guatemala or “Cuenta de Ahorro Escolar” offered by Caja de Ahorro y Prestamos de la ANDE in Costa Rica.

Children’s education is amongst one of the top concerns in terms of financial planning among low-income families, given that the idea of providing a better future for their children through education is a common yearning. Frequently, low-income people become indebted as a result of school expenses and often pay elevated rates and use loan products that are not specifically designed for this purpose.<sup>7</sup> Families take loans to pay for school fees and save each month to repay this loan. Alternatively, with the right savings products, families could begin saving periodically and in advance in order to finance future school expenses at a much lower cost.

## — SAVINGS FOR HOUSING

Many countries in Latin America and the Caribbean have a sizeable housing deficit besides a lack of quality housing. According to a recent study by the IDB, in countries like Nicaragua, Bolivia, Peru and Guatemala, two thirds of families live in substandard housing.<sup>8</sup> For many families, obtaining a mortgage to finance the purchase of a home is beyond their reach. Some entities seek to facilitate access to a mortgage through commitment savings products that help families accumulate the down payment for low-income housing. Often governments offer incentives for these types of accounts (tax exemption, immunity from seizure, access to subsidies, etc.).

Commitment savings for housing accounts are usually free of fees and offer a superior interest rate to other savings accounts, though this rate is still less than those offered by products such as Christmas savings and savings for education. Savings for housing is not seasonal like Christmas savings or savings for education, and it tends to offer long-term plans. Contrary to other commitment savings accounts, savings for housing usually lacks a specific maturity date. The client plans to make periodic deposits, without having a specific horizon in which these savings will be withdrawn (the client seeks to build enough savings for the down payment of a house that in most cases has not yet been chosen). The main incentive of this product is to be able to build a payment history that positively influences a credit report when such loan is applied for. This product is more common amongst supervised institutions in countries like Colombia and less common in countries like Peru, Chile and Ecuador.

7. In Haiti, according to Global Findex survey data from 2011, 40% of the poorest population allocates 21.44% of their loans to the payment of school fees. (<http://data.worldbank.org>).

8. Inter-American Development Bank, “*Un espacio para el desarrollo: los mercados de la vivienda en América Latina y el Caribe*” ed. César P. Bouillon, Palgrave Macmillan; 1ª Ed. (April, 2012).

Commitment savings products for housing are an attractive alternative for people that can afford to buy a house. However, even the most affordable houses in the market are still far from the economic reality of many low-income families. More than half of the families from various populations can only afford a house that they build themselves.<sup>9</sup> In this context, commitment savings products or initiatives are geared towards home improvement or construction (see **BOX 3**).

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### — SAVINGS FOR OLD AGE

Pension systems in Latin America and the Caribbean cover a small percentage of the active population. Many governments in the region have made important reforms to improve the social security systems but the self-employed workforce or people that belong to the informal sector do not tend to have access to these benefits. In recent years, Pension Fund Managers (PFM) have expanded in the region, but have done so through products targeted to middle to high-income employees. Besides PFMs, several financial intermediaries offer long-term commitment savings products, but these are also targeted to the middle to high-income population.

This product focuses on accumulating savings on a very long-term basis, which requires the client to trust the financial institution and the system. Developing long-term commitment savings products for people who lack access to the traditional pension systems is an important challenge in a region whose population is undergoing a progressive ageing. To this day there have not been significant initiatives in the region to help people in the informal sector save for their old age. The concept of retirement for people working in the informal sector is fainter than for those in the formal sector. In Asia, there are some experiences in the field of micro pensions but in Latin America and the Caribbean, with one exception, these types of products are not common (see **BOX 4**).

9. Ibid.





Box 4

#### REDCAMIF'S EXPERIENCE WITH MICRO PENSIONS

*Since 2006, REDCAMIF, the Central America network of microfinance institutions, has worked to develop a micro pension product for low-income workers in Guatemala, Honduras, and Nicaragua. This project relies on funding from the Inter-American Development Bank and targets micro entrepreneur clients from microfinance institutions that are members of REDCAMIF who are willing to contribute to this program for at least ten consecutive years. Towards the end of 2012, this product began to be implemented under its pilot phase in six microfinance institutions, acting as distribution channels, given that they are not authorized to receive deposits. The money is deposited in a trust fund and managed by financial entities.*

#### SAVINGS WITH LIFE INSURANCE

Savings products with life insurance combine a periodic saving with a life insurance in case of death; part of the savings goes towards paying the insurance premium and the rest goes towards saving. In Brazil and Argentina, it is common for banks to offer this type of product, whereas unregulated cooperatives in the region rarely offer this hybrid product with the exception of Jamaica, where the "Golden Harvest" product is very popular.

The "Golden Harvest" is a savings plan commonly used in Jamaica to accumulate savings for a certain goal and it is offered primarily by cooperatives. The client defines a savings goal, a savings term, and a deposit amount; if the client should die before completing his or her savings plan, the family members receive the savings goal that the client had established. There is usually no minimum savings goal or monthly deposit requirement.

The idea of linking a savings product and insurance into one product can help clients respond to the most common emergencies that often prevent them from completing a savings plan. Beyond linking savings to life insurance, other products could offer some type of health insurance and other coverage that can help a client complete a savings plan that offers a certain level of protection against emergencies. The expansion of the micro insurance market in countries like Colombia could facilitate the development of these types of savings schemes.

#### VACATION SAVINGS

Vacation savings is similar to Christmas and education savings. It usually limits withdrawals to once or twice a year, coinciding with the vacation period. This product is very common in Costa Rica and Colombia.

## SAVINGS FOR OTHER PURPOSES

In the region, there are also diverse commitment savings products linked to significant events that involve expenses such as a quinceañera, carnival, a car purchase, or the payment of taxes. In Costa Rica, commitment savings products for the payment of “marchamo” (mandatory vehicular circulation fee) are very common. In Paraguay, Colombia, Ecuador, and Costa Rica, several entities offer commitment savings products to travel to the 2014 World Cup in Brazil. These products mainly target middle to high-income populations.

## FINAL CONSIDERATIONS

Commitment savings can help low-income families plan their finances better, which are still highly dependent on informal mechanisms. Important challenges in the region - such as access to housing, improvement of living conditions for seniors, school dropout rates, or the vulnerability of low-income people in the face of emergencies - could all benefit from innovative and accessible savings instruments that fostered a savings discipline. Currently, there are several commitment savings products in the region, but there is still room for innovation and improvements to these products in order to offer designs and incentives that are attractive enough to compete with informal savings mechanisms. Financial institutions are in a position to offer the security, flexibility and accessibility needed to attract the savings of low-income families. However, in order to do so it is necessary to rely on attractive and innovative products that respond to the needs of this segment. It is not an easy challenge. Capturing savings through small deposits, while controlling costs and guaranteeing the products’ sustainability, requires an important institutional commitment in order to develop incentives and successful marketing strategies. Subsequent notes of the ProSavings Program’s series *Inclusive Commitment Savings in Latin America and the Caribbean* will detail key aspects to consider in the design of a good commitment savings product and will introduce concrete experiences from entities that have been successful in mobilizing savings amongst low-income families through these products.

## NOTES







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