

**CASE STUDY**

# LINKING SOCIAL PROTECTION PAYMENTS TO SAVINGS PROSAVINGS PROGRAM





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## ABOUT THE PROSAVINGS PROGRAM

The ProSavings program (RG-M1198) is a regional initiative that provided support to financial institutions in developing business strategies to offer savings products customized for the needs and preferences of the low-income population, specifically recipients of social protection payments from the government. The ProSavings program relied on experience and financing from IDB Lab (formerly the Multilateral Investment Fund), the Citi Foundation, the Australian Government through Australian Aid, the Development Bank of Latin America (CAF), and the International Development Research Centre (IDRC) of the Government of Canada.

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# ACKNOWLEDGEMENTS

This evaluation / thematic case study of the ProSavings program was written between May and July 2019. It involved cooperation on the field and remotely from many people and organizations. A special thanks to the following for their time and cooperation:

The IDB Lab teams in Washington, D.C. and the countries where projects were implemented;

The partners of the program: the Citi Foundation, the Australian Government through Australian Aid, the Development Bank of Latin America (CAF), and the International Development Research Centre (IDRC) of the Government of Canada; In Mexico, the teams from Raiffeisen, Caja San Dionisio, and Acreimex, as well as the high schools COBAO 30 of San Pedro Güila, COBAO 39 of Santiago Etna, and Telesecundaria Héroes Nacionales of San Juan Chapultepec;

In Belize, the teams from Belize Credit Union League; the Saint John's, TTCU, and Saint Martin's credit unions; the Central Bank; and the BOOST program;

In the Dominican Republic, the team from Adopem in Santo Domingo and Azua; the staff, customers, and agents of ALNAP; and the officials of the Prosoli program;

In El Salvador, the teams from Fedecredito, Caja de Crédito de Ahuachapán, and Bancofit. The teams from Fedecaces, Acodjar, Acecenta, and their financial education advisors are also acknowledged;

In Peru, Financiera Confianza;

In Ecuador, the staff of the CACPE Pastaza credit union.

Proahorros was implemented thanks to the program team made up of Fermin Vivanco (leader), Natasha Bajuk (alternate leader), Andrea Reyes (coordinator 2011-15), Claudia Gutiérrez (coordinator 2015-16), Maria Luisa Hayem, Avril Pérez and Juan David Reyes; to the IDB Lab specialists in the countries where it was executed: Alberto Bucardo, Gabriela Molina, Guillermo Aguilar, Guillermo Villacorta, Guisela Luna, Ismael Quiroz, Mariana Wettstein, Martha Lucia Muñoz, Mosi Mosquera, Paula Auerbach, Smeldy Ramirez, Tatiana Virviescas, and Wayne Beecher; and to the support of colleagues of the IDB Group and other organizations that provided their support and ideas: Alfonso Núñez, Andreas Zurbrugg, Carlos Parra, Carolina Robino, Carolina Trivelli, Clemencia Aramburu, Diana Mejía, Eva Carvajal, Florencia Spangaro, Francisco Olivares, Gustavo Zuluaga, Jamie Zimmerman, Laila Choe, Luis Tejerina, Mercedes Canalda, Natalia Ceara, Paola Vicente, Rebecca Rouse, Sandra Darville, Sergio Barrero, Sophie Davies, Suzanne Duryea, Tomas Miller, Xavier Martin, Yohanna Yancari, Yuri Soares and Yves Moury.

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# INTRODUCTION

This thematic case study was written by consultant Sophie Chauliac for the ProSavings program, under the direction of Fermin Vivanco. It is intended as a comparison of the strategies carried out by the executing agencies for the ProSavings program, which was implemented in Latin America and the Caribbean between 2011 and 2017.

The ProSavings program, led by IDB Lab (formerly the Multilateral Investment Fund) of the Inter-American Development Bank, supported financial institutions in developing business strategies to offer savings products customized for the needs and preferences of the low-income population, specifically recipients of social protection payments from the government, including conditional cash transfers (CCTs). Program components mainly included the design of liquid and/or commitment savings products, the implementation of tailored sales and marketing strategies, and the execution of financial education activities.

ProSavings (RG-M1198) relied on experience and financing from IDB Lab, the Citi Foundation, the Australian government's aid program (AusAID), the Development Bank of Latin America (CAF), and the International Development Research Centre (IDRC) of the Government of Canada. From 2012 to 2018, a total of eight subprojects were co-financed in six countries in the region, with an average execution period of three years.

Two years after the program's completion, this case study compares the different experiences of the executing agencies in the region. It analyzes business models, particularly in terms of products, distribution channels, marketing, financial education, incentives, institutional ownership, impact generated, and potential to scale up or replicate. The study presents the results obtained in every country and as a whole, identifying best practices and lessons learned with respect to financial inclusion and the promotion of a savings culture among the most vulnerable populations, especially women in poverty conditions.

## PROSAVINGS: PROJECTS FINANCED

- **Adopem:** "Promoting a Savings Culture and the Use of Savings Products for Solidaridad Beneficiaries," Dominican Republic (DR-M1036)
- **ALNAP:** "Financial Inclusion of Beneficiaries of the Solidaridad Program," Dominican Republic (DR-M1039)
- **Belize Credit Union League (BCUL):** "Inclusive Savings with Shared Agents," Belize (BL-M1009)
- **CACPE Pastaza credit union:** "Door-to-Door Saving," Ecuador (EC-M1074)
- **Caja Nuestra Gente:** "Savings for All," Peru (PE-M1089)
- **Fedecaces:** "Financial Inclusion for Recipients of Government Payments," El Salvador (ES-M1040)
- **Fedecredito:** "Promotion of Savings Among Recipients of Government Payments," El Salvador (ES-M1041)
- **Raiffeisen Latina:** "Creating a Savings Culture Among Minors," Mexico (ME-M1098)

# KNOWING HOW TO ADAPT SAVINGS PRODUCTS



**B**ecause savings enables the accumulation of capital to address future needs and improved cash flow management to face unexpected situations, it is particularly relevant for low-income people. The many studies about financial inclusion published in recent years show that informal savings mechanisms among the most vulnerable population are extremely diverse, and that there is potential demand that the formal market has been unable to meet.

In the Latin America and Caribbean region, institutions serving these population segments have mainly focused on offering credit products. The lack of access to bank accounts is particularly evident among the population that receives social protection payments: In 2011, the ProSavings program estimated that 90% of the families receiving CCTs (social benefits conditioned on fulfilling certain requirements) did not have a bank account.

Beyond the amount and regularity of household incomes, the ProSavings program attempted to encourage a savings culture through the design of customized savings products. Therefore, several attributes were adapted to meet the needs and preferences of the low-income population: a low minimum opening deposit, no transaction or maintenance fees, etc. A total of 13 savings products were created: 6 liquid savings products and 7 commitment savings products.<sup>1</sup>

## PROSAVINGS: SAVINGS PRODUCTS DESIGNED

Country	Product name	Savings product type	Description
<b>Mexico</b> <b>Raiffeisen</b>	Cuenta Actitud	Commitment	<ul style="list-style-type: none"> <li>Youth savings account (ages 12–18), free</li> <li>Minimum term of 4 months</li> <li>Open with ~US\$2.50</li> <li>Annual interest rate from 0.5%</li> </ul>
<b>Belize</b> <b>BCUL</b>	Edusave	Commitment	<ul style="list-style-type: none"> <li>Savings account for education, free</li> <li>Opened in the child's name, until they turn 18 years old</li> <li>Interest rate is higher (3%–5% annually) when the account balance is &lt;US\$250. Above that, it decreases to 1% or 2%.</li> </ul>
	Freedom Fund	Commitment	<ul style="list-style-type: none"> <li>Savings account for retirement, free</li> <li>Interest rates from 1%–5% for balances &gt;US\$250</li> <li>Maximum of 1 withdrawal per year</li> </ul>
<b>Dominican Republic</b> <b>Adopem</b>	San Solidario	Commitment	<ul style="list-style-type: none"> <li>A commitment agreement is signed</li> <li>Free</li> <li>Open with ~US\$2 and minimum account balance ~US\$0.50</li> <li>Term from 1–3 years</li> <li>Annual interest rate 4% (decreased if early withdrawal)</li> </ul>
	Ahorro 'Normal' Solidario	Liquid	<ul style="list-style-type: none"> <li>Traditional savings account with passbook, free</li> <li>Open with ~US\$2 and minimum account balance ~US\$0.50</li> <li>Annual interest rate 2.5%</li> </ul>

<sup>1</sup> A liquid savings product is a sight savings product, which is available immediately for the account holder. Conversely, a commitment savings product involves a savings plan with recurring deposits and an established term. For commitment savings, early withdrawal by the account holder could result in penalties.

Country	Product name	Savings product type	Description
Dominican Republic ALNAP	San Fácil Bienestar	Commitment	<ul style="list-style-type: none"> <li>Open with ~US\$1, free</li> <li>Terms between 6–12 months</li> <li>Interest rate increases with the amount (from 1%–5%)</li> </ul>
	Tarjeta Bienestar	Liquid	<ul style="list-style-type: none"> <li>Prepaid Visa-affiliated card, works like a sight savings deposit</li> <li>Open with ~US\$1</li> <li>Non-interest bearing, low operating costs</li> <li>Amount limited to ~US\$1,200</li> </ul>
El Salvador Fedecredito	Mi Cuenta	Liquid	<ul style="list-style-type: none"> <li>Account with self-branded debit card</li> <li>Only allows withdrawals</li> <li>Annual interest rate 0.25%</li> <li>Open with US\$1</li> </ul>
	Cuenta de Ahorro Programado	Commitment	<ul style="list-style-type: none"> <li>Terms from 3 months to 12 years</li> <li>Annual interest rate 2%</li> </ul>
El Salvador Fedecaces	Ahorro Responde	Liquid	<ul style="list-style-type: none"> <li>Open with US\$1</li> <li>No minimum deposit amount</li> <li>Without preferential rate</li> </ul>
	Cuenta Cuchubal	Commitment	<ul style="list-style-type: none"> <li>Opening and deposits from US\$2</li> <li>Preferential rate</li> <li>Terms between 3–6 months</li> </ul>
Peru	Ahorro para todos	Liquid	<ul style="list-style-type: none"> <li>Already existed in the institution</li> <li>Annual rate 0.75%</li> <li>No costs or fees</li> <li>Free life microinsurance associated</li> </ul>
Ecuador	Ahorro a la vista	Liquid	<ul style="list-style-type: none"> <li>Annual rate 0.5%</li> </ul>
	Ahorro futuro	Commitment	<ul style="list-style-type: none"> <li>Open with US\$2</li> <li>A purpose is defined</li> <li>Annual rate 5%</li> <li>Minimum term of 6 months, without a maximum</li> </ul>

The following are noteworthy:

- Currently, only one participating institution has a disbursement mechanism to credit social benefits from the government directly to a savings account.** That institution is CACPE Pastaza in Ecuador. In the other countries, this mechanism was not considered (e.g., Mexico and Belize), not accomplished, or not able to be sustained over time. For example, in the Dominican Republic, Adopem wanted to develop a mechanism to automatically transfer part of the social benefits from the Solidaridad program to a savings account. However, since in this country social benefits are considered as a “right to consume” and not as “cash,” this was not possible. In El Salvador, the program began using this method, but it was not sustainable over time, because the majority of government payments ceased.
- The majority of the institutions chose to market a product mix consisting of commitment and liquid savings,** to respond to two different types of needs: committed medium- or long-term savings with restricted access, and savings that are more liquid and can be withdrawn if necessary. While commitment savings are generally thought to have a larger impact, they were also harder to market than liquid savings.
- Some products are new and were created as part of the program** (e.g., Bienestar card from ALNAP), **while others were based on modifications of existing products:** decreased opening amounts to US\$1, shorter periods, no maintenance fees, etc. In Peru, Financiera Confianza used a product that it had available (Ahorro para todos), because it already included neither costs nor fees. In this case, the project sought to market the product to a new customer segment, the rural population living in extreme poverty who were beneficiaries of the Juntos [Together] social benefits program.
- There are several interest-generation methods.** In Belize, for example, as an incentive for the most vulnerable population, a product was designed with a higher interest rate for customers with a lower account



balance. On the contrary, in other entities, interest rates increase with account balances. Surprisingly, **interest does not seem to be a key element for the segment, which tends to seek more tangible incentives** (sweepstakes, giveaways, passbooks to record transactions, etc.). This could be due to a lack of understanding of the concepts of interest and percentages. In addition, because savings balances are low, the amounts generated are usually not significant. In the Dominican Republic, where a tax is imposed on the interest earned from savings, several persons interviewed for the case study did not even know that their savings generated interest.

- **To prevent the use by non-vulnerable people seeking to take advantage of reduced costs or better interest rates, some institutions have developed control mechanisms**, such as establishing maximum account amounts or limits for consecutive deposit amounts.
- **Some institutions have linked a savings account to a debit card.** That is for example the case for ALNAP in the Dominican Republic (Visa-affiliated card) and Fedecredito in El Salvador (self-branded card, because of lower cost). Users consider these cards to be extremely valuable, because they do not need to use cash. Some customers interviewed also mentioned “thinking a little more” before making a withdrawal from savings with the card.
- Also, **some institutions have implemented alternative community savings methods in very remote areas.** That is the case for Adopem in the Dominican Republic, CACPE Pastaza in Ecuador, and Confianza in Peru, which have promoted informal savings groups. However, these entail high costs that may hinder their sustainability. Indeed, Financiera Confianza discontinued the program and focused more on providing group lending options.

## DESIGNING A PRODUCT FOR A NEW SEGMENT: THE CUENTA ACTITUD IN MEXICO

Raiffeisen is the consulting arm of the German Cooperative and Raiffeisen Confederation (DGRV). Since 2009, the organization has sought to strengthen the popular savings and credit sector in Latin America by providing technical assistance and training. As part of the ProSavings program, Raiffeisen designed the Cuenta Actitud, an account marketed by six financial institutions, including credit unions and *sociedades financieras populares* [microfinance institutions] (SOFIPOs), in four Mexican states.

The Cuenta Actitud is a commitment savings product. Its objective is to promote frequent, consistent savings among young people ages 12–17 (before they become of legal age). Raiffeisen designed a generic product with a minimum term of four months, enabling the credit unions to make modifications, for example in the interest rate (from 0.5% per year) and the minimum opening deposit (from ~US\$2.50).

Understanding the young people segment was essential to develop a tailored product. That was also particularly challenging for the savings and credit cooperative sector in Mexico, which is facing the progressive aging of its customers. Raiffeisen implemented four consecutive work phases:

### CUENTA ACTITUD: PRODUCT DEVELOPMENT PHASES





In late 2015, a market study was conducted among a sample of 3,000 young people in middle and high school. It was intended to identify their savings and entrepreneurship behaviors and habits, since the product was going to be distributed through partnerships with schools and together with the implementation of a financial education and entrepreneurship program.

Students expressed an interest in having a debit card (this did not happen for regulatory reasons), accessing their account online, and receiving notifications via cellular phone. As incentives for savings, they mentioned awards such as electronics, sports equipment, school supplies, and cash.

Based on these results, a proposal was developed and then validated during Phase 3 using focus groups. Young people were specifically asked for their opinions about the product's name, among four options: Amig@s, Ami cuenta, Pop, and Cuenta Actitud. The last one was the most popular.

Interestingly, the credit unions already had accounts for children, but these did not match the preferences of young people. In particular, since they do not like names that use "child" instead of "youth," the product logo uses "tu cuenta joven" [your young account].



## CUENTA ACTITUD MARKET STUDY:

### WHAT IS THE SAVINGS CULTURE AMONG YOUNG PEOPLE?

#### Savings habit

In Querétaro, 42% of students have savings; in Chiapas, 26%; and in Oaxaca, only 18%.

#### Savings account

The majority keep their savings at home; 25% of youths have a savings account.

#### Monthly savings amount

From ~US\$7 in Chiapas up to ~US\$22 in Yucatán. Represents 20%–30% of monthly income.

#### Savings purpose

Purchase personal items (51%), school supplies (21%), and support the household (11%).

#### Source of savings

Parents contribute 80%.

## DISBURSING SOCIAL BENEFITS TO SAVINGS ACCOUNTS: THE CACPE PASTAZA EXPERIENCE IN ECUADOR

CACPE (Cooperativa de Ahorro y Crédito de la Pequeña Empresa/Small Business Credit Union) Pastaza is the only institution that participated in the program that still has a mechanism to disburse government payments into a savings account. This credit union was founded more than 30 years ago in Pastaza, in Ecuador's Amazon Region, where many indigenous communities live. The organization has a total of 120,000 members and 13 branches in 6 Ecuadorian provinces.

CACPE Pastaza is one of the entities that pay the Bono de Desarrollo Humano [Human Development Bond] (BDH). This monetary transfer—commonly known as "conditioned," although the fulfillment of commitments is not verified—was created in 1998 and is managed by the Economic and Social Inclusion Ministry. Today, more than 400,000 people receive it. Among recipients, 95% are women, 40% of whom live in rural areas. Beneficiaries receive the equivalent of US\$50 per month, which since 2018 can be obtained with an additional transfer of up to US\$150 called "BDH Variable." In 2013, the government authorized the deposit of social benefits into a savings account at a financial institution. It also enabled the benefits to be delivered in advance as a credit, the Crédito de Desarrollo Humano [Human Development Credit] (CDH), a modality that limits the potential to link social benefits with savings.

CACPE Pastaza customized its sight and commitment savings ("Ahorro futuro") products to match the needs of the low-income population, a segment that was new for this organization. This represented a great achievement. The organization offered social benefits recipients the option of receiving these benefits in a sight savings account.

In addition, customers can sign a document to set up an automatic transfer of part of the social benefits to a commitment savings account. Currently, the institution reports a total of 3,200 commitment savings accounts opened under this method, or slightly more than 10% of the potential market of BDH recipients in the provinces served.

## **ENSURING THAT THE MOST VULNERABLE POPULATION IS REACHED: THE FEDECRÉDITO EXPERIENCE IN EL SALVADOR**

The Federación de Cajas de Crédito y Bancos de los Trabajadores [Federation of Savings Banks and Workers' Banks] in El Salvador (Fedecredito) is a second-tier organization comprised of 48 savings banks and 7 workers' banks. Fedecredito has more than 1 million members and coverage in 188 of the country's 262 districts. The organization participated in the ProSavings program to provide financial services to recipients of government payments, particularly the social benefit for liquefied petroleum gas (GLP) from the Ministry of Economy. Fedecredito, which handled 30% of social benefit payments—in 2011, these were provided to 75% of the country's population—decided to develop a disbursement mechanism for these payments into a sight savings account: "Mi cuenta" [My account].

More than 32,000 accounts were opened. However, Fedecredito faced the challenge that between 2013 and 2015, the government's social benefits drastically decreased and the GLP benefit was eliminated. This situation had been identified as a potential project risk. One mitigation strategy was to offer products to a population with a similar profile ("base of the pyramid"), but not necessarily recipients of government payments.

This was the strategy that Fedecredito selected. However, the organization established five conditions for access to ensure that users of "Mi cuenta" actually had high socioeconomic vulnerability, as well as to avoid cannibalizing the existing products in participating institutions. These are: (i) the customer's monthly income may not exceed US\$300; (ii) the customer must be an informal worker, minimum-wage employee, or small farmer; (iii) the customer cannot have an account or card in the Fedecredito system; (iv) deposits may not exceed US\$500 for three consecutive months; and (v) the maximum balance in an account may not exceed US\$1,000.

## **THE "ASPIRING MEMBER" CONCEPT AT FEDECACES IN EL SALVADOR**

The Federación de Asociaciones Cooperativas de Ahorro y Crédito de El Salvador [Federation of Credit Unions of El Salvador] (Fedecaces) is a second-tier organization that groups 31 credit unions, with a total of 280,000 members. Fedecaces developed two products as part of ProSavings: the sight savings account Responde and the commitment savings account Cuchubal. As Fedecredito did, Fedecaces had to shift the marketing of its products when the government's social benefits programs ended.

An additional challenge for credit unions in reaching the lowest-income population is the barrier to entry represented by having to become a member to open an account. This involves paying a membership fee—the amount ranges between US\$5-US\$10—and submitting a taxpayer identification number (NIT), which costs up to US\$1.50 (up to US\$5 for replacements).

While the minimum amount to open an account at Fedecaces is only US\$1, these additional costs add up and could limit access. Therefore, Fedecaces worked on the concept of "aspiring members," a status authorized under regulations that enables people to open an account without having to become a member for one year. There is no consolidated data about the conversion rate from "aspiring members" to "members," and therefore the effect of this method on the access and use of financial services cannot be evaluated.

# DEVELOPING NEARBY, DIRECT DISTRIBUTION CHANNELS

## 2

**N**on-banking agents (also known as non-banking correspondents, banking agents, or subagents) provide a big window of opportunity to reach the low-income population. For users, they mean fewer trips to a branch and lower expenses. In addition, they enable social benefits recipients to avoid standing in line for several hours on payday. For financial institutions, the advantage is being able to expand the service network at a lower cost, particularly in semi-rural areas. For agents, the benefit is an increase in revenue, not just as a result of transaction fees—which can be limited—but also because the business has more potential customers.

For all these reasons, developing networks of non-banking correspondents (NBC) has been a central activity of the marketing component for several ProSavings projects. However, this involved numerous challenges, including:

- Fulfilling local regulations and obtaining authorization from the regulator;
- Having technical knowledge (e.g., technological aspects of operating systems);
- Investing in adapted technology (e.g., sufficient network reception capacity in remote rural areas);
- Gaining trust from potential agents and training them;
- Maintaining their interest with an attractive business model (without impacting users with fees that are too high) and guaranteeing a certain transaction volume;
- Overcoming fears related to security, with transaction limits and insurance policies;
- Gaining trust from the user population, through a very localized promotion / education strategy;
- Associating another channel for initial outreach, because in the majority of the countries NBCs are not authorized to open accounts.

## DEVELOPING A NETWORK OF NON-BANKING AGENTS: THE CHALLENGES FOR BCUL IN BELIZE

The Belize Credit Union League (BCUL) is comprised of 11 credit unions. With a total of 160,000 members, the BCUL provides financial services to one third of the country's population. In Belize, credit unions are particularly well positioned to achieve the financial inclusion of the most vulnerable population: They are recognized for their strong social mission and disburse the social benefits of the BOOST state program.

The BCUL designed two commitment savings products (Edusave and Freedom Fund) to be marketed through a national system of non-banking agents shared by at least seven credit unions in the league. This is a particularly relevant platform in Belize, where population density is very low and transportation times and costs are high.

The model has been developed and 50 agents were trained. However, the mechanism is not currently operating because the agents have not yet been accredited by the Central Bank. This situation had been identified as a potential risk from the start of the project, when the law on electronic banking was being prepared.

## THE BOOST PROGRAM IN BELIZE

BOOST (Building Opportunities for Our Social Transformation) is a conditional cash transfer program from the Government of Belize. It has been carried out by the Ministry of Human Development since 2010, and reaches 3,200 families living in poverty.

The majority of the recipients are women, who receive the equivalent of between US\$22-US\$40 by fulfilling certain school attendance and health care requirements for their children. Of recipients, 61% have monthly family incomes below US\$120.

Among BOOST recipients, 97% receive their benefits through an account at a credit union. The government paid the initial membership in the credit union for 53% of them.

An impact assessment conducted in 2016 showed that 23% of BOOST beneficiaries had accessed another type of financial service at the credit union. In most cases, it involved obtaining credit. Only 12.5% stated that they had opened a savings account.

In Belize, the concept of non-banking correspondents is still pretty uncommon: there are numerous requirements, it takes a long time to obtain accreditation, and the BCUL lacked complete visibility of the process to be followed. A particularly delicate issue from a regulatory point of view is that the BCUL model involves transactions from accounts. It is not, as for remittances, about receiving and sending money, but about crediting and withdrawing money from savings accounts. Currently, only three agents are continuing the accreditation process and are finishing gathering the information required. The remaining agents have lost interest or did not want to share all the information requested by the regulator.

## DESIGNING A SUSTAINABLE BUSINESS MODEL: ALNAP'S EXPERIENCE IN THE DOMINICAN REPUBLIC

ALNAP (Asociación La Nacional de Ahorros y Préstamos/National Savings and Loan Association) is a mutual savings bank that specializes in mortgage loans, with a track record of more than 45 years in the Dominican Republic. In 2004, it participated in designing the operating system for the social benefits payments of the Solidaridad program. It currently disburses social benefits to approximately 250,000 families and processes the transactions of about 1,500 establishments affiliated to the Red de Abastecimiento Social [Goods Supply Network] (RAS)—businesses where these social benefits can be used.

For ALNAP, participating in the ProSavings program meant serving a new population segment, because it used to be focused on middle and lower-middle class customers. In 2015, the organization designed two products: the commitment savings account “San Fácil Bienestar” and the card “Bienestar,” a prepaid Visa-affiliated card for more liquid savings.

## THE SOLIDARIDAD PROGRAM IN THE DOMINICAN REPUBLIC

Progresando con Solidaridad (Prosoli) is a program of social benefits and conditional transfers from the Social Policy Coordination Cabinet of the Vice President's Office of the Dominican Republic.

The program manages 10 social benefits and 3 transfers conditioned on the fulfillment of health care, education, or documentation commitments: “Eating is First” (884,000 families receive between US\$16-US\$20 monthly), followed by school attendance (US\$6 per child every 2 months), and a school bonus (US\$10-US\$28 every 2 months). The transfers are provided through a Visa-affiliated card, into which a “right to consume” credit is deposited for purchases of food, school supplies, liquefied gas for household consumption, and electricity from businesses affiliated with the RAS (Supply Network).

Financial inclusion is one of the program's core pillars: It has agreements with four banks to provide financial services. Access and use of banking services is optional, but beneficiaries are committed to attending financial education training. The program also includes savings and credit groups using the methodology of Fundación Capital.<sup>2</sup>

<sup>2</sup> <https://fundacioncapital.org/wp-content/uploads/2019/02/e-4-shortcuts-Grupos-de-Ahorro-RD.pdf>

To distribute its products, ALNAP developed a network of *subagentes bancarios* [non-banking agents] (SAB) called “Caja Fácil,” which has become the main channel to serve financial inclusion customers. Currently, in addition to its 53 branches, ALNAP has 447 SABs in 19 provinces around the country. In three of these provinces, ALNAP only has SABs. The organization had the advantage of being able to use the technology system from its subsidiary Visanet. Two elements of the ALNAP model are particularly interesting:

- **ALNAP developed a comprehensive model**, working with the same businesses from the RAS network, as non-banking agents. Bank transactions were implemented using the same terminal from which social benefits are operated. The organization designed a solid business model to be able to make it widely available. Fees vary depending on the type of transaction. Fees paid by ALNAP to the SAB and to Visanet are offset by those generated from recharging cellular phones and receiving payments for services.
- **ALNAP integrated a mobile sales force with its SAB network.** The institution’s initial idea was to have a mobile agency, with a truck set up to open accounts in the neighborhoods visited. Due to issues related to costs, security, and availability of urban spaces, this was not accomplished. A decision was made to have mobile stands, of which there are currently 13. These stands are installed temporarily in businesses or locations with large crowds to explain how Caja Fácil works and to open accounts—an operation that SABs are unable to carry out. With this method, ALNAP was able to acquire customers beyond the Solidaridad program.



## NON-BANKING CORRESPONDENTS OR SERVICE WINDOWS?

Fedecaces does not work with the non-banking correspondents modality, and instead decided to open service windows. These are extensions of agencies that make it possible to expand the service network at a lower cost but with an institutional presence. Six windows were implemented, of which three were in districts that lacked financial institutions. In some cases, the credit unions invested more to convert these windows into branches, which offer an entire range of financial services.

## GO WHERE THE CUSTOMER IS: THE ADOPEM MÓVIL ROUTE

Banco Adopem is a savings and loan bank located in the Dominican Republic, and is part of the group of institutions of Fundación Microfinanzas BBVA. It was founded in 1982 as a non-governmental organization and currently has almost 394,000 customers. Adopem does not directly operate the conditional cash transfers of Solidaridad, but it has developed working synergies with that program to provide financial products to its beneficiaries.

The organization designed two savings products for program beneficiaries: a sight savings product (Ahorro Solidario) and a



commitment savings product (San Solidario). At the end of the project, Adopem reported more than 20,000 accounts opened<sup>3</sup> (versus 15,000 expected) and a savings volume of US\$400,000 (versus US\$150,000 expected).

To market its products, Adopem came up with the “Adopem Móvil” route, which was implemented in 16 of the country’s provinces. This consisted of traveling along the streets of a town with a “savings caravan,” using a truck with signs that was set up to open accounts. Community gatherings to raise awareness about savings, where people could open accounts on the spot, were also organized, as well as home visits. These visits were identified as the main source of customer acquisition, and it is estimated that approximately 18% of participants in community events opened an account. In addition, a network of 200 non-banking agents was developed, which the institution also promoted outside the project as a strategic activity.

## **ALTERNATIVE CHANNELS: THE CHALLENGES OF MARKETING THROUGH SCHOOLS**

In Mexico, the main promotional channel for Cuenta Actitud—designed by Raiffeisen and marketed by six credit unions—were partner schools, with the implementation of a financial education and entrepreneurship program. Credit unions also promoted the product within their organizations, directly to the children of their current members.

The advantage of working with schools was being able to reach a large number of young people. However, that also entailed overcoming several challenges: initial mistrust, limitations in product promotion, and even situations involving corruption in some states. The option of opening accounts from schools did not materialize due to technological issues (e.g., no Internet available), but also because until March 2019, minors ages 15–17 were unable to open an account without the oversight of one of their parents or a guardian.

This channel did not enable the project to specifically reach young people from families receiving government payments. The project targeted the beneficiaries of the Prospera program, which was implemented by the Department of Social Development in 2000. Highly marginalized districts in states with a large number of program recipients were prioritized, but perhaps more granularity was needed. There is no precise data about the Solidaridad beneficiaries who were reached—since the young people were not systematically asked and sometimes did not know the answer. However, the project’s market study indicated that 47% of the young people’s families received some governmental financial support.

## **HOW TO REACH RURAL COMMUNITIES IN ECUADOR’S AMAZON REGION**

In Ecuador, CACPE Pastaza implemented a savings product “door-to-door” with mobile technology to reach isolated rural areas. The institution opened five service posts in rural areas, which joined the six existing posts. It also hired eight mobile officers, who were equipped with smartphones to collect money in the field so that customers did not have to travel. During the project, some operational improvements were necessary, specifically:

- Simplify the legalization process for documents with preprinted formats, signed by the member in their community and entered into the system subsequently, to avoid more travel;
- Adapt the technology to enable money collection in areas without cellular coverage, with a system that syncs automatically when the signal is available.

However, getting to hard-to-reach areas also entailed high operating costs. In some cases, officers had to use canoes or even light aircraft to get around. To achieve higher efficiency, in the end CACPE Pastaza decided to shift to group services, both to open accounts and to collect savings deposits.

<sup>3</sup> Includes accounts opened to disburse credits, not only accounts opened for savings purposes.



## THE DOOR-TO-DOOR SAVING OF CACPE PASTAZA IN ECUADOR



## REDEFINING THE STRATEGY AND FINDING ALTERNATIVE NICHES

Given the changed setting in El Salvador, Fedecrédito needed to develop new partnerships to implement the social benefits disbursement system for “Mi cuenta.” Two main channels were identified: non-governmental organizations that provide financial assistance using a method similar to conditional transfers and small businesses that disburse the minimum wage to their employees.

### SEEKING ALTERNATIVE NICHES: CAJA DE CRÉDITO AHUACHAPÁN (FEDECRÉDITO)

Caja de Crédito Ahuachapán is a savings bank with 21,000 members. It works with the non-governmental organization Unbound, which provides a social benefit of US\$60 per child to vulnerable families every three months. These benefits are deposited in low-cost accounts developed as part of ProSavings. A total of 1,535 accounts were opened, with an average balance of US\$9.80. Commitment savings are harder to promote: A total of 368 accounts were opened, of which 48 remain active, with an average balance of US\$432.

### PROSAVINGS: MARKETING CHANNELS

Executing agency	Main channels	Characteristics
<b>Raiffeisen (Mexico)</b>	Schools	<ul style="list-style-type: none"> <li>A large number of young people can be reached, but not specifically families that are recipients of government payments</li> </ul>
<b>BCUL (Belize)</b>	Non-banking agents	<ul style="list-style-type: none"> <li>Long approval process by the regulator</li> <li>A new concept that generates concerns among agents (security, legal aspects. etc.)</li> </ul>
<b>Adopem (Dominican Republic)</b>	<ul style="list-style-type: none"> <li>Community events, Adopem Móvil route, home visits</li> <li><i>Subagentes bancarios</i><sup>4</sup> “Adopem Express”</li> </ul>	<ul style="list-style-type: none"> <li>Remote opening of accounts during events</li> </ul>
<b>ALNAP (Dominican Republic)</b>	<ul style="list-style-type: none"> <li>Community events</li> <li><i>Subagentes bancarios</i> “Caja Fácil”</li> </ul>	<ul style="list-style-type: none"> <li>Remote opening of accounts during events</li> <li>Comprehensive model with RAS network businesses and mobile sales force</li> </ul>

<sup>4</sup> Name given to the concept of non-banking correspondents (NBCs) in the Dominican Republic.



Executing agency	Main channels	Characteristics
<b>Fedecredito (El Salvador)</b>	<ul style="list-style-type: none"> <li>■ "Fede Punto Vecino" network (NBC)</li> </ul>	<ul style="list-style-type: none"> <li>■ A fixed monthly fee of US\$250 is paid to build loyalty from the NBC (Non-Banking Correspondents)</li> <li>■ Since the channel was launched, 11% of the total transactions have been savings (5% by amount)</li> <li>■ Possibility of making a pre-application to open an account with an NBC (161 accounts opened in this manner during the first quarter of 2019)</li> </ul>
<b>Fedecaces (El Salvador)</b>	<ul style="list-style-type: none"> <li>■ Service windows</li> </ul>	<ul style="list-style-type: none"> <li>■ Extensions of branches instead of NBC</li> </ul>
<b>Ecuador</b>	<ul style="list-style-type: none"> <li>■ Door-to-door mobile office</li> </ul>	<ul style="list-style-type: none"> <li>■ System to open accounts and collect money (online and offline) in communities</li> </ul>
<b>Peru</b>	<ul style="list-style-type: none"> <li>■ Correspondents</li> <li>■ <i>Casas productivas</i> (productive and training centers)</li> </ul>	<ul style="list-style-type: none"> <li>■ Limitations for correspondents: low network reception capacity for the equipment and limited battery life</li> <li>■ The centers were training spaces, where it was not possible to open accounts or make deposits</li> </ul>

# CREATIVITY IN PROMOTING

# 3

## ADOPEM'S BRANDING STRATEGY

To promote its products among Solidaridad beneficiaries, Adopem implemented a creative, playful strategy, seeking to establish ongoing and direct communications with users. The bank came up with the character "Doña Olga," played by actress Olga Bucarely. Theater skits featuring Doña Olga were organized in the locations visited by the savings caravan. Also, a song about savings called "La bachata del ahorro" was written and played on the radio.

### EXCERPT FROM "LA BACHATA DEL AHORRO"



*Oh Doña Olga!  
she got into so many messes that she didn't even have  
enough for rice*

*Olguita saw the light  
and with much sacrifice  
she joined the Adopem Solidario savings plan*

*She started with 100 little pesos in Adopem and  
already has savings  
for her small home*

*My people, get ahead by saving what you can in your  
passbook for free  
or with programmed community savings*

## HOW TO COMMUNICATE WITH YOUNG PEOPLE

In Mexico, financial institutions had to adapt their promotions to the profile of young people. They distributed brochures in schools, and in some cases, set up Facebook pages. In Oaxaca, Caja Solidaria San Dionisio focused on sports, designing shirts for the local basketball league with the hashtag #dalelikealahorro [#clicklikeonsavings]. From the perspective of the credit unions visited in Oaxaca, promoting accounts is an aspect that still needs improvement.

## THE CUENTA ACTITUD IN OAXACA

### Caja Solidaria San Dionisio (3,600 members)

- 172 Actitud accounts (vs. 500 expected)
- 50% young women / 50% young men
- Accumulated savings as of March 2019: ~US\$6,800
- Average savings per account: ~US\$31.50 (young men) and ~US\$39.50 (young women)
- *"The youngest are the ones who save the most because they are encouraged by the parents":*
  - Average savings ages 10–15: ~US\$31.50
  - Average savings ages 16–17: ~US\$22.50

### Cooperativa Acreimex (162,000 members)

- 7,213 youth savings accounts opened. Among them, 706 Actitud accounts (vs. 2,000 expected)
- 48% young men
- Accumulated savings as of March 2019: ~US\$26,320
- Average savings per account: ~US\$38 (young men) and ~US\$33 (young women)



## TAILORING ITS COMMUNICATIONS: LESSONS LEARNED BY ALNAP

To better familiarize itself with a segment that was new to ALNAP, this institution conducted focus group meetings with a guide containing concepts and phrases to be evaluated. The conclusions showed that low-income users are unfamiliar with banking terminology. For example, the word “subagent” is a term that causes confusion. Therefore, for its messages, ALNAP selected the name “Caja Fácil.”

## HOW DO ALNAP’S CUSTOMERS INTERPRET BANKING TERMINOLOGY?

- *“La ventanilla de la sucursal”* [The branch window] → is understood as the bank opening a window of opportunity
- *“El pago en línea”* [Online payment] → is confused with making a payment before it is due or making one payment after the other
- *“Tips para ahorrar”* [Tips to save] → the word “tip” is interpreted as “ti mismo” [yourself] or as a nervous tic
- *“Reposición del plástico”* [Replacement of plastic] → is confused with laminating the card to protect it from damage
- *“Subagente”* [Subagent] → is associated with the *sub-gerente* or assistant manager of a branch or with “suba, gente” [go up, people]

# BEYOND ACCESS, ENCOURAGING UNDERSTANDING

# 4

**F**inancial education is essential to be able to convey the importance of savings and encourage the use of accounts. All the projects—except for Belize’s—included these types of activities, with various methods and results. In some cases, such as with Fedecaces and Financiera Confianza, the executing agencies thought that financial education was even more strategic than the product component.

## FINANCIAL EDUCATION IN QUECHUA AND WITH FIGURINES: “AHORRO PARA TODOS” FROM FINANCIERA CONFIANZA

Financiera Confianza, which is part of Fundación Microfinanzas BBVA, has more than 500,000 customers in Peru. It participated in the ProSavings program to offer its liquid savings product “Ahorro para todos” [Savings for everyone] to the beneficiaries of Juntos, a conditional transfers program (~US\$70 every two months) that the government has had in place since 2005. A cooperation agreement with the Juntos program was not established, but approximately 75% of the project’s participants were identified as recipients or former recipients of the social benefits.

The project took place in the departments of Apurímac and Cusco, locations with a high concentration of rural poverty in Peru’s mountain range. In the beginning, the institution thought that financial education could be conveyed through teaching and as an “award” for savers. But it quickly realized that it was an essential activity to overcome the high level of mistrust and lack of knowledge about the formal financial system in these isolated rural areas. Therefore, financial education became the strategy to promote “Ahorro para todos.”

A methodology was developed for the rural population who lacked knowledge of the financial system and had a low level of literacy. This methodology was based on dramatization with figurines, which represented various characters in stories

### “AHORRO PARA TODOS” TRAININGS



based on their saving and spending practices, as well as with cardboard houses, which represented financial system institutions. The sessions were presented in the Quechua language.

Four modules were designed, which focused on savings, controlling expenses, insurance, and credit. In addition, productive trainings were offered to foster income generation. The materials were easy for promoters to transport and could be used in any physical space.

The program's 23 promoters trained 18,722 people—95% of them women—in one or more modules. To reach the communities, the institution relied on mothers who are community leaders, using existing community venues: meetings of the Juntos program, soup kitchens, neighborhood committees, etc. Currently, due to cost issues, the trainings are not offered systematically but instead on specific occasions.

## CONNECTING FINANCIAL AND ENTREPRENEURSHIP EDUCATION

In Mexico, Raiffeisen trained volunteers—from credit unions or external personnel—to teach the sessions of its financial and entrepreneurship education program in 31 partner schools. A total of 15,111 young people were trained (versus 8,000 planned) using a program with 18 weekly sessions: 6 financial education and 12 entrepreneurship education sessions, culminating in an entrepreneurship fair. The Oaxaca credit unions estimate that approximately 50% of the Actitud accounts were opened as a result of the program. Many of the young people who participated in focus groups explained that the entrepreneurship education impacted them more than the financial education. There is no data available to identify whether having savings enabled the generation of entrepreneurial activities.

## TAKING THE BANK TO THE COMMUNITY

In El Salvador, Fedecrédito trained about 12,000 people from the “low-cost” segment, the name that this institution used for customers with the lowest income. It used the materials it had available from an agreement with the German Savings Banks Association, such as “My Home and My Money” and “The 4 Golden Rules to Improve Your Finances.” The institution defined three target groups: adults, microentrepreneurs, and young people, and it organized workshops by profile. For Caja de Crédito Ahuachapán, financial education has become a strategic element. In addition to the “traditional” sessions, it implemented playful activities such as bringing an ATM to communities on a truck, to teach “low-cost” customers how to use their debit cards. The activity generated much interest, and there were long lines to use the device.

### LEARNING TO USE AN ATM WITH CAJA DE CRÉDITO AHUACHAPÁN





## INDIVIDUAL ADVISORY SERVICES: THE FEDECACES STRATEGY

For Fedecaces, financial education was the central element of the project, which involved a total of eight credit unions. The initial plan was to implement group training sessions. However, the staff realized that people did not want to share financial information in public. The institution then developed a one-on-one counseling methodology, with 20–30 minute sessions provided to users—members and non-members—who came to a branch to complete a transaction. The information provided includes budgeting, financial goals, and savings. The advantage is to be able to personalize the content and identify needs to propose tailored products. At the end of the session, the advisor completes a form to be able to create profiles. More than 20,000 people received counseling, 70% of them women. Almost 75% were recipients of some sort of social benefit from the government.

Fedecaces is one of the institutions that collected the most documentation of the impact of financial education. The results are positive:

### RESULTS OF INDIVIDUAL COUNSELING SESSIONS BY FEDECACES

- Savings increased between 5%-25% during the month of the counseling session.
- 10% of the participants made a deposit the same day, 6% became members the same day, and 5% opened a savings account.
- 90% of the participants wanted to tell their family what they learned, 75% wanted to use some of the savings methods, 47% wanted to create a budget with savings, and 32% wanted to open an account.

An activity that significantly increased the conversion rate (that is, when people carry out a transaction at the credit union: become a member, open a savings account, make a deposit, etc.) was the “gratitude strategy.” It consisted of asking questions such as “*Are you grateful for something in particular today?*” during the counseling session. When the strategy was not applied, the rate was 7%. When it was applied, the rate reached 15% or even 20%.

Since conducting counseling sessions was incompatible with the other activities of the credit officers, dedicated employees were hired. The focus was on young people without professional experience, and a total of 15 were hired. This added a job-inclusion aspect to the project.

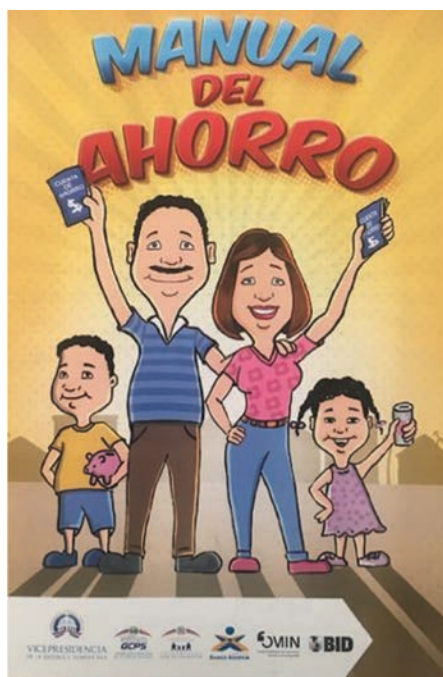
One challenge was getting management at credit unions to become interested. However, for some, it has become a strategic priority. That is the case for Acodjar in San Sebastián. The credit union, which has 24,000 members, conducted more than 5,000 counseling sessions. It hired three full-time young advisors and continues to have two employees dedicated to this task. It reports a member conversion rate of 20% (1,084 people). The credit union collected US\$1.5 million in savings (an average of US\$1,422 per person), in addition to US\$230,000 in share savings.

Another interesting consideration is that financial education also targeted credit union staff, and training activities were included even in employee orientation processes. In Acodjar, savings accounts were opened for employees, with the requirement of saving US\$10 a month. In Acecenta in Santa Tecla, in addition to conducting 4,000 financial education counseling sessions, all the operations and administrative personnel received training.



The average grade in evaluations of knowledge acquired was 8.46/10. The biggest change that the credit union identified is that now employees think beyond the sales target and provide better advice to members. In Acecenta, 1,379 Responde accounts were opened (average balance US\$130) and 172 Cuchubal accounts (average balance US\$281).

## ACQUIRING CUSTOMERS DURING FINANCIAL EDUCATION EVENTS



In the Dominican Republic, financial education activities—for both ALNAP and Adopem—took place in close coordination with the Solidaridad program. Both institutions integrated product sales into these community events. For example, ALNAP trained 7,015 people with a booklet containing three modules: budgeting, savings, and credit. These workshops were an important tool for customer acquisition.

Of course, they also contributed to raising awareness about finances and savings, but their effects with respect to knowledge acquired seemed to have been limited, because these processes take time. An evaluation indicated, for instance, that only 239 people (versus 6,300 expected) could prepare a spending plan after receiving the training. Some explanations include the large number of event attendees (at times even more than 100), which limits knowledge application, or limited interest from attendees, who had to attend because they were invited by the program.

## PROSAVINGS: FORMATS FOR FINANCIAL EDUCATION

Executing agency	Format	Description
<b>Raiffeisen (Mexico)</b>	Groups in schools	Financial and entrepreneurship education program. 18 weekly sessions in 3 or 4 months
<b>Adopem (Dominican Republic)</b>	Groups at community events	2.5-hour workshop with opportunity to open an account on the spot
<b>ALNAP (Dominican Republic)</b>	Groups at community events	Workshop with opportunity to open an account on the spot
<b>Fedecredito (El Salvador)</b>	Workshops or group seminars	Groups of 20–25 people, divided by profile
<b>Fedecaces (El Salvador)</b>	Individual counseling sessions	Counseling sessions of 20–30 minutes for customers visiting the branch
<b>Ecuador</b>	Groups in communities	During savings group meetings
<b>Peru</b>	Groups in communities	In coordination with mothers who are leaders in their communities and using existing venues: Juntos program meetings, soup kitchens



# DESIGNING INCENTIVES TO INCREASE USE

# 5

One challenge faced by institutions that promote savings among the low-income population is the low transaction frequency of the accounts once they are open. The situation varies by country: In Mexico, reports indicate that 27% of Actitud accounts are active. In Peru, 35% of the accounts were active at the end of the project. At Adopem, the percentage of accounts with at least one transaction (savings or deposit) per quarter was 30% when the project ended in 2015, but it decreased and currently is 7%. This ratio is, however, higher for commitment savings accounts: The share of Solidaridad beneficiaries who made at least one transaction in their commitment savings account between January-April 2019 is 17%.

At ALNAP, in 2017, only 4% of the accounts opened by Solidaridad beneficiaries had at least one transaction (5% in 2016). The causes identified include lack of regular income, need for a stronger culture of savings, and living in areas without non-banking agents.

More than 75% of ALNAP's financial inclusion savings products consist of the prepaid card Tarjeta Bienestar, with an average balance of US\$5. With respect to commitment savings, six-month goals tend to be between US\$100–US\$140. Between the two products, the project generated a savings volume of US\$255,000. Solidaridad beneficiaries account for 30% of the cards and 43% of the commitment savings.

To promote the use of the accounts, ALNAP created several incentives, such as the “easy roulette” game, which takes place at a non-banking agent's location. Customers who make a deposit can win consumer vouchers for that store. For 2019, the institution is planning a contest to reward customers who regularly save: Those who are up to date with their savings plan will see their deposit amount double until they complete their plan. ALNAP also plans to set up a reminder mechanism via SMS—which requires updating the telephone database—and to invite customers who are not using their account to attend financial education activities again.



## INCENTIVIZING SAVINGS: THE TECHNIQUES OF SAINT MARTIN'S CREDIT UNION IN BELIZE

Saint Martin's is located in the city of San Ignacio. It has almost 10,800 members and is planning to launch the savings products Edusave and Freedom Fund over the next few months. The credit union has already implemented some savings incentives among its most vulnerable members:

- It recommends that BOOST recipients deposit the equivalent of US\$1 or US\$2 of the social benefits in their “share savings” or capital contributions to the credit union. These special savings generate dividends with

an annual interest of 4%, while the accounts into which the social benefits are disbursed do not generate any interest. In addition, having a higher amount of share savings gives the right to receive benefits, such as funeral insurance.

- Having savings is a requirement as collateral to have access to loans from the credit union.

## HOW TO INCENTIVIZE YOUNG PEOPLE TO SAVE

Among young people, this is a particularly important challenge. At the project level, Raiffeisen estimated that one of every three youths meets their savings plan. At Caja San Dionisio, only 10% of the 172 Actitud accounts recorded at least one deposit during the past three months. At Acreimex, of the 7,213 youth savings accounts, only one third had a transaction between January–May 2019.

The low account use was verified during three focus groups organized with about 20 students in Oaxaca. In one group, all the students had opened a Cuenta Actitud because it was a requirement to participate in the entrepreneurship fair, but none of them were using it. In another group, no one had opened an account because they were considered to be still too young (ages 12–13 during the program) and “did not have the need.” However, almost all the young people stated that they saved at home.

### WHY AREN'T YOU USING YOUR CUENTA ACTITUD?

- “I once went to find out, but the branch was closed.”
- “The branch is far away.”
- “It costs 30 pesos to get to the branch.”
- “We need them to explain how it works.”

To promote the use of the accounts, Acreimex conducted the campaign “Premiamos tu actitud” [We reward your attitude], giving out gifts (headphones, school supplies, USB memory sticks) to youths who were able to save the equivalent of US\$20 in four months. Caja San Dionisio implemented a similar campaign and also used the movies: It set up a room to show movies, rewarding the young people who made a deposit with tickets for entry, popcorn, and soft drinks.

# THE IMPACT OF THE PROSAVINGS PROGRAM

# 6

**D**uring the six years of the program’s implementation, a total of 13 savings products were designed: 7 commitment savings products and 6 liquid savings products, surpassing the program’s objective (12 products). In El Salvador, a death microinsurance was also designed, but it had a limited scope (1,400 insurance policies were provided to customers, at times for free). Thanks to the participation of second-tier networks, the objective regarding the number of participating institutions was also exceeded: A total of 43 institutions continue to be involved two years after completion of the project, more than doubling the 20 expected. Moreover, one of the executing agencies, Raiffeisen, is working on replicating projects with five additional institutions.

The program objective was to reach 136,000 recipients of government payments, achieving financial inclusion for the first time for 45,000 of them. Two years after the end of the project, the target was to have 300,000 social benefits recipients with access to a liquid and/or commitment savings account, among them 100,000 who were accessing and using banking services for the first time. With respect to these indicators, the program was below the target: The institutions reported a total of 94,158 accounts opened among the lowest-income population<sup>5</sup> at the end of the projects and a total of 129,510 accounts in 2019. The opening of accounts for the first time is difficult to evaluate: The data reported does not reflect the reality, because most of the entities report the persons opening an account for the first time at their institution, not in the financial system overall. In the Ecuador project, where people were systematically asked whether they already had a bank account, reports show a total of 7,906 people who opened an account for the first time as of June 2019.

However, if all the savings accounts that were opened as a result of ProSavings are taken into consideration—particularly those of Fedecredito, which opened more than 100,000 savings accounts as a consequence of the project—the total to date is 230,789 accounts opened. These people, while they may not be the most vulnerable segment of the population, have low incomes and probably lacked access—or had very restricted access—to savings products.

## PROSAVINGS: OVERALL RESULTS<sup>6</sup>

	At the end of projects		2019	
	Target	Achieved	Target	Achieved
Number of underbanked people with access to commitment or liquid savings	136,000	94,158	300,000	129,510
Among them, number of people with first-time access	45,000	83,861	100,000	111,138
Number of savings accounts opened as a result of the project	179,590		230,789	

The majority of those who opened savings accounts as part of the program were women. In some institutions, the gender component was very significant, such as at Adopem in the Dominican Republic (70% women) and Financiera Confianza in Peru (95% women). Indeed, the majority of recipients of government social benefits are women, and in addition, many of the program’s participating institutions traditionally serve more women than men.

<sup>5</sup> People who are economically vulnerable, although not necessarily recipients of government payments. This includes about 15,000 savings accounts opened to deposit loans.

<sup>6</sup> The “access and use of banking services” data reported by most of the institutions refer to the accounts opened for the first time at their institution, not necessarily in the formal financial system.

An important limitation in evaluating the program’s impact is that, in general, the executing agencies did not closely monitor the progress toward the targets. Operational fulfillment milestones were reached in the majority of the cases—at times with delays of a few months—but the outcome indicators were only measured until the end of the projects and the impact indicators were not measured. These included: increases in household income, using savings for an economic activity or an emergency, etc. This lack of monitoring could be connected to the way in which some indicators were formulated (e.g., what is considered an “emergency”), the lack of institutional or technological capacity for monitoring, or the low priority of these types of indicators for executing agencies.

At the program level, the intention was to conduct five impact evaluations, in order to assess the improvement in poverty indicators and increases in formal savings by recipients of government payments. Ultimately, the cost-benefit of experimental impact evaluations for product improvement was reconsidered, and only two evaluations were selected: Adopem and Financiera Confianza. The results of the Adopem evaluation are not yet available and are being processed by the Solidaridad program.

In Peru, the Peruvian Studies Institute (IEP) conducted an impact evaluation of “Ahorro para todos” in July 2016. As part of the project, 3,936 savings accounts were opened, with an average deposit amount of less than US\$6 in 69% of them. The main concerns for women when saving were children’s education (44%), followed by emergencies (27%), health care (17%), and business (8%).

The evaluation was conducted through a survey of 1,801 households in four provinces in the Apurímac region, with a control group in locations of similar characteristics where the program was not implemented. Among participants, 99% were women, and their average age was 42.

The results of the impact evaluation conducted in Peru indicate that the program contributed to generating more trust and knowledge of the formal financial system, besides reducing the probability of being poor by 7.7%. It also had an impact on the probability of saving for a specific goal and the probability for women of deciding on their own how to spend their income. The limited impact of the financial education could suggest that this is a lengthy process, whose effects are not immediately noticeable. It should also be taken into account that some women who participated in the project were only trained on one module, not necessarily on the entire program. Aspects such as age and educational level also influence the program’s impact.

## MAIN RESULTS OF THE “AHORRO PARA TODOS” IMPACT EVALUATION

Project impact on	Outcome
Probability of knowing about Financiera Confianza	+12.1% in treated group vs. +1.2% in control group
Trust in financial institutions	+22.7% in treated group
Trust in Financiera Confianza	+37.1% in treated group vs. +5.4% in control group
Probability of making transactions in the financial system	Did not have an impact
Probability of using non-traditional channels (e.g., non-banking correspondents)	Did not have an impact
Probability of saving	Did not have an impact <sup>7</sup>
Probability of saving for a specific goal	+8.3% in treated group vs. +1.2% in control group
Probability of obtaining credit	Did not have an impact
Probability of preparing a budget correctly	Did not have an impact
Opening of new businesses	Did not have an impact
Probability of poverty	Decreased 7.7% for the treated group

<sup>7</sup> However, administrative data from Financiera Confianza indicated an increase in the probability of saving of 9.7% in the treated group and a maximum average savings amount higher than for the control group.

# CONCLUSIONS, CHALLENGES, AND SUSTAINABILITY

**T**he hypothesis of the ProSavings program was that low-income people excluded from the formal financial system—particularly recipients of government payments, mostly women—could improve their living conditions by accessing liquid and commitment savings products that enabled them to improve their finances and make long-term investments in their homes and/or businesses. **The program was able to foster interest among entities in the region about savings for the lowest-income population. The hypothesis with respect to the existence of demand in the population was validated, and in some cases, there is some viability in a small scale. While a savings model connected to government payments did not become as widely available as expected, the lessons learned from the program are numerous and the various experiences show that savings with financial education in this segment could be an entry-level strategy toward financial inclusion.**

**The program showed that it is not necessary to be an institution that pays social benefits in order to offer financial products to the population receiving these payments. However, what is essential is having an institutional strategy that is aligned with the financial inclusion of the most vulnerable population, so that there is internal ownership.** In fact, only in Ecuador was it possible to establish a mechanism that still exists to disburse social benefits into a savings account. In the other countries, that method was not considered, accomplished, or able to be sustained. In any case, a project's conditions can change: social benefits can cease, as happened in El Salvador. **The ProSavings experience shows that it is relevant to market products not only to government payment recipients, but to the “base of the pyramid” in general, because the needs and preferences are very similar.** Also, whether or not social benefits are received can reflect political support rather than economic vulnerability.

**ProSavings also confirmed that low-income people have a capacity for saving. Moreover, in several projects, the amounts saved greatly exceeded those expected.** In Mexico, for instance, the savings generated were of approximately US\$520,000 at the end of the project, versus the approximately US\$121,000 expected. In Ecuador, there were US\$2.6 million in savings, four times more than expected. The same happened in Fedecaces, where the average savings reported were US\$531 per customer, versus the US\$90 expected. These results indicate that perhaps the capacity for savings in the segment was underestimated during the projects' design stages and/or the most-vulnerable-population segment was not fully reached.

**Beyond having simple, low-cost products, the results of the ProSavings program suggest that to serve the target population (vulnerable persons, recipients of social benefits from the government, and mostly women), it is necessary to adapt the entire business model. With respect to sales, it is necessary to have nearby and direct channels, and therefore non-banking correspondents have been one of the strategic elements in many of the projects.** But in very isolated rural areas, as in Peru and Ecuador, taking the bank to the communities turned out to be very expensive and the strategies had to be redefined.

**Promotion requires much creativity to foster interest, using simple language for a population that is unfamiliar with banking vocabulary. Financial education is essential to convey personal finance and savings concepts, and it became a strategic activity for several institutions.** Nevertheless, there is little data to measure its impact and the available information indicates that the process to be able to notice the effects on the population can be lengthy. Without favorable supply conditions, financial education can even be counterproductive. This was a conclusion

reached by Fundación Capital and the Peruvian Studies Institute (IEP), in a book<sup>8</sup> published about their experience in the region. Both institutions co-implemented “Proyecto Capital.” They worked with over 10 governments in Latin America and the Caribbean to provide financial education and access to savings products to beneficiaries of conditional cash transfer programs.

The greatest challenges for institutions include:

- Finding a profitable business model;
- Overcoming regulatory challenges (e.g., regulations on qualifying businesses as non-banking correspondents, specific provisions for minors to open accounts or have a debit card, and potential withholding of interest earned through savings);
- Getting customers to understand the products (e.g., differences between liquid and commitment savings, between debit and credit cards, etc.);
- Fostering the use of accounts once they are open, to increase the transaction frequency;
- Working against people’s fear of being excluded from the social benefits program if they are able to save;
- Improving the tracking of operational and impact indicators to adapt strategies.

About the last point, it is worth mentioning that the operational indicators of the logical frameworks are no longer monitored once the projects are completed, perhaps due to the lack of internal capacity or because they are not considered as key indicators by the institutions. **In general, both IDB Lab and its partners can improve the tracking of the impact and use of the products, especially indicators such as** fulfillment of savings plans, member conversions, increase of savings in accounts, etc. Although these are essential aspects to understand the segment, they are not being monitored systematically.

**Some institutions see the segment as part of their corporate social responsibility. Others, such as ALNAP, created a new business area.** As a result of the program, ALNAP developed the ConfíaMás credit card, with a credit line up to US\$600, designed for people without a credit history. It also offers “Mi primer crédito” [My first credit]—without a co-debtor or co-signer—for people who have been employed for at least 12 months and have monthly income of at least US\$170. At Adopem, product promotions have decreased but a positive point for sustainability is the strong alignment of the institution’s strategy with financial inclusion. Belize was the country that came across the most difficulties and product sales could not be started during the time of project execution. In the majority of the other institutions, savings products are still being offered, although with different priority levels.

**In some organizations, the project’s focus differs from its initial purpose.** For instance, for Fedecredito, savings became strategic, but well beyond the “low-cost” segment: The institution designed the savings product with medical benefits “Crece Mujer” [Women’s Growth] and is implementing a project for opening 100,000 savings accounts, of which it has been able to open more than 30,000. In Fedecaces, financial education became a priority activity and was included in the 2020 strategic plan. In Ecuador, the project enabled CACPE Pastaza to begin its activities in rural areas, where it now has a group-service methodology. In Peru, the priority stopped being savings groups and the institution instead is focusing on group lending. Raiffeisen is the only entity that began to replicate the project, in Mexico, Honduras, and Guatemala.

With respect to IDB Lab, the scope of ProSavings was smaller than initially expected (8 projects financed instead of 12–14) and the new institutional strategy implemented as of 2015 influenced the program’s priority level. This also entailed significant changes in the teams, with the challenge of maintaining interest and the knowledge generated.

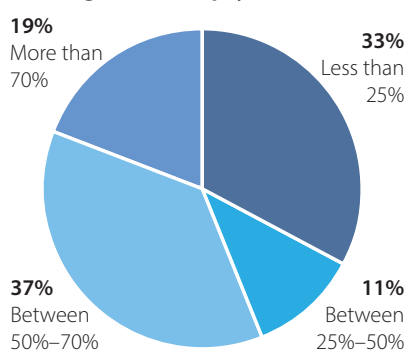
An informal survey was conducted among 30 people from IDB Lab and the executing agencies in the five countries where the program was implemented, to ask their opinions about certain aspects that the program was attempting to validate. The results show that a strong demand for savings products was identified in the most vulnerable segments:

<sup>8</sup> “Proyecto Capital: diez años vinculando la inclusión financiera con la protección social,” 2018

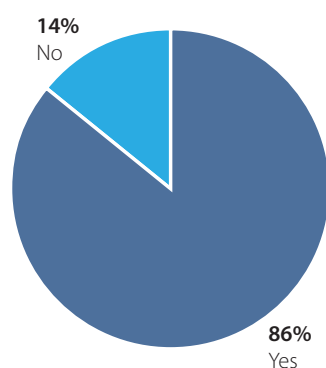
56% of those surveyed think that more than 50% of low-income people have demand for savings products. A large majority also think that it is necessary to have specific products and distribution channels (nearby and direct) for this population. The main incentives for saving are financial education and giveaways, raffles, and sweepstakes, although the characteristics of a product can help (e.g., interest, simple processes, requirement to save in order to obtain a loan, etc.). Only 28% said that serving this segment could be profitable, although an additional 24% clarified that it could be viable “in the long term,” with volume and/or cross-sales or thinking about the next generation. **It is worth mentioning that 48% of interviewees think that serving the lowest-income population is not profitable.**

## PROSAVINGS: CONCLUSIONS ABOUT THE FINANCIAL INCLUSION OF THE MOST VULNERABLE SEGMENTS

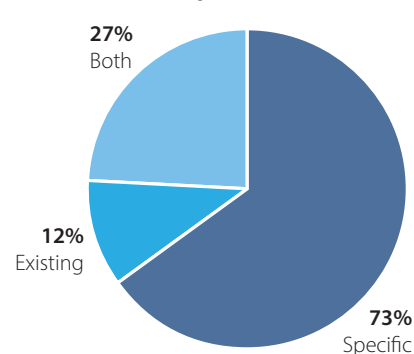
**What do you think is the demand for savings products among recipients of government payments?**



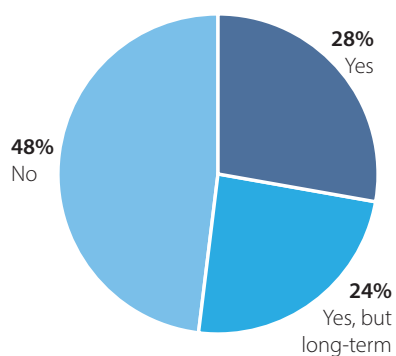
**Is it necessary to develop specific distribution channels?**



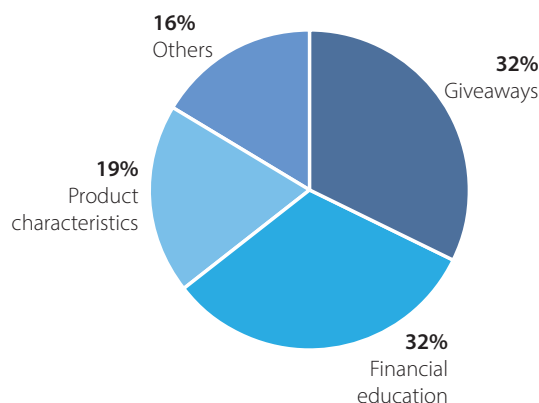
**Do they need specific products?**



**Is it profitable to serve this segment?**



**Which incentives promote savings the most?**





# LESSONS LEARNED FROM THE PROSAVINGS PROGRAM



## PRODUCT DESIGN

- Several entities decided to use a mix of commitment and liquid savings to find a balance between cash flow and discipline;
- Commitment savings deposits work for the lowest-income population, but these products are harder to market;
- In some countries, similar savings products already existed in the market, but the segment did not know about them;
- It is important to give products a name and personality to position them in the market;
- Products must be simple to be understood;
- Having a large variety of products can cause low visibility and confusion;
- Operating processes must be simple to maintain a low cost structure;
- The market research and population opinion survey stage is essential;
- Product design can take several months (process definition, authorization from the Central Bank, etc.).

## DISTRIBUTION CHANNELS AND NEW TECHNOLOGIES

- Reaching the most vulnerable population involves going where they are located;
- Therefore, non-banking correspondents are particularly appropriate for this segment;
- Developing a non-banking correspondents network entails several challenges: selecting the right location and businesses, training them, mastering the technical requirements to operate the system, complying with local regulations, designing a sustainable business model, generating trust among the population, etc.;
- In several countries, non-banking correspondents are not authorized to open accounts, and therefore there should be another channel for initial outreach;
- The generalized feeling among executing agencies is that the most vulnerable population is still not ready to use mobile technology as a banking channel. In El Salvador, Fedecredito connected low-cost products to mobile banking. Membership increased from 1,600 to 80,000 customers, but the percentage of members who are from the “low-cost” segment is unknown.

## COMMUNICATION

- Communication with this segment needs to be ongoing and direct;
- Developing working synergies with government programs facilitates outreach and communication;
- Language must be adapted, since in general the segment is unfamiliar with banking vocabulary;

- Branding products with names that recall informal savings mechanisms that people are familiar with facilitates understanding (e.g., for commitment savings, group savings systems known as “San” in the Dominican Republic and “Cuchubal” in El Salvador);
- Communication should not be limited to marketing for opening accounts; it is also essential to promote use of these accounts.

## FINANCIAL EDUCATION

- Financial education is essential for the segment. In some projects, it was even more strategic than product development;
- Cultural shift is an ongoing process; it does not result from a single workshop;
- Financial education can be expensive and hard to sustain over time. It can require synergies with other stakeholders;
- Individual counseling sessions involve even higher costs than trainings, but yield good results;
- Materials should be playful and use simple vocabulary, given that the population may be unfamiliar even with the concept of savings;
- The incorporation of sales into financial education activities enables customer acquisition;
- When these activities are part of a conditional cash transfer (CCT) program, attendees may have limited interest (they attend because they have to);
- It is relevant to also work on income generation aspects: In the region, CCTs usually account for less than 20% of total household income;
- Financial education is also recommended for the institution’s employees, even at the level of management and boards of directors;
- For a young audience, it is also necessary to work on these aspects with parents.

## INCENTIVES

- Saving for a specific goal is essential;
- For the most vulnerable population, there are incentives that are more concrete than interest rates: raffles, awards, sweepstakes, etc.;
- Having a passbook is very much appreciated, since people need to have something tangible;
- Being treated warmly is very important.

## INSTITUTIONAL OWNERSHIP

- The project must be consistent with the corporate strategy to promote ownership at the managerial and operational levels;
- The staff must have a positive opinion of the product and understand it in order to be able to explain it;
- One way to raise awareness among employees is to open a savings account for them;
- Incentive mechanisms can be adjusted, such as rewarding employees based on the savings portfolio instead of on customer acquisition.

## CONNECTIONS WITH GOVERNMENT PROGRAMS

- The project’s conditions can change: Social benefits can cease, or an organization may stop disbursing them. Therefore, the target should be the “base of the pyramid” in general, and not just recipients of social benefits;

- It is not necessary for an institution to disburse social benefits in order to offer financial products to the population receiving these payments;
- It is essential to develop strong working synergies with these programs to reach the segment. These partnerships can require much coordination.

## PROJECT MANAGEMENT

- These types of projects require strong investments in human capital;
- They also require a certain level of internal capacity (administrative, operational, monitoring, and reporting processes);
- Management through a pilot program can be very relevant to validate processes and products before making them widely available;
- Project components are interconnected: Products must be ready when financial education activities begin;
- A factor in success is maintaining ongoing communication with the various stakeholders (regulators, government, etc.);
- A failure to monitor key operational indicators (e.g., account use, savings increase, etc.) limits the understanding of the demand and impairs the ability to make informed strategic decisions.

## SECOND-TIER NETWORKS

In Mexico, Belize, and El Salvador, the program was implemented through second-tier networks. This offers the advantage of achieving a multiplier effect, but it also involves challenges: fostering interest among partners, proposing the project to them at the right time, avoiding the risk of “cannibalizing” existing products, conducting ongoing tracking to consolidate data, etc.

# ANNEXES

# 9

## **ANNEX 1: PROJECT FACT SHEETS**

The following fact sheets present the main results from the projects, as reported by the executing agencies in the last project status report and at the time of this evaluation.



## CREATING A SAVINGS CULTURE AMONG MINORS

**EXECUTING AGENCY:** Raiffeisen Latina, the consulting arm of the German Cooperative and Raiffeisen Confederation (DGRV)

**COUNTRY:** Mexico

**PROJECT APPROVAL AND COMPLETION:** September 2014–September 2018

**APPROVED BUDGET:** US\$848,130 (IDB Lab contribution 56%)

**PRODUCT DEVELOPED:** Cuenta Actitud (commitment savings)

### Project Objectives

- Offer a commitment savings product to young people (ages 12–18) who are beneficiaries of government payment programs and those who have low income in general;
- Implement alternative distribution channels for opening accounts outside financial institutions;
- Conduct financial and entrepreneurship education campaigns in educational institutions.

### Fulfillment of the Main Indicators

Logical framework indicator	Target	Achieved at project completion (June 2018) <sup>9</sup>	Updated as of 2019
Number of young people who opened a savings account	6,800	8,521	9,411
Number of young people who opened a savings account for the first time	2,720	3,741	4,186
Number of active accounts <sup>10</sup>	2,250 or 33%	2,345 or 27.5%	2,556 or 27%
Amount of savings mobilized	US\$121,595	~US\$520,000	~US\$607,000
Number of partner educational institutions	At least 12	31	6 new (in Jalisco and Honduras)
Number of young people trained	8,000	15,111	15,111

### Sustainability Outlook

Raiffeisen exceeded all of the logical framework milestones. Overcoming the initial mistrust among schools, it was able to establish a link between these schools and credit unions. The Cuenta Actitud is still being offered by the six participating entities. Some of the credit unions already have installed capacity to continue on their own. The main challenges are low account use and building loyalty among young people as future credit union members. The training component is no longer active at participating schools due to costs; however, the satisfaction level among young participants was high. They were particularly interested in entrepreneurship education. Raiffeisen is working on replicating the project in five entities in Mexico, Honduras, and Guatemala. A key factor in being able to replicate this internationally is making adaptations to fulfill local regulations, which at times are strict to limit certain risks such as money laundering. For example, in Honduras, a minor is unable to open an account if their parents are not members of the same credit union.

<sup>9</sup> Data from the project status report, completed with additional information provided by Raiffeisen.

<sup>10</sup> Ongoing deposits for at least four months.



## INCLUSIVE SAVINGS WITH SHARED AGENTS

**EXECUTING AGENCY:** Belize Credit Union League (BCUL)

**COUNTRY:** Belize

**PROJECT APPROVAL AND COMPLETION:** December 2014–September 2018

**APPROVED BUDGET:** US\$573,855 (IDB Lab contribution 70%)

**PRODUCTS DEVELOPED:** Edusave and Freedom Fund (commitment savings for education and retirement)

### Project Objectives

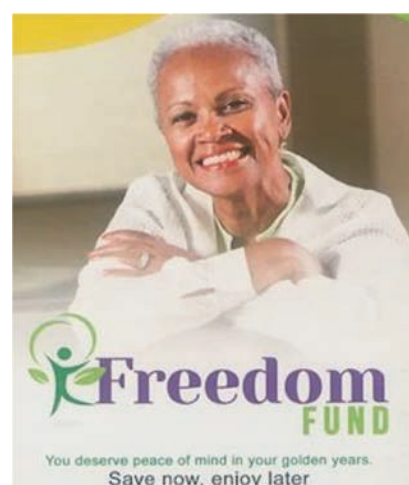
- Design savings products for beneficiaries of the BOOST (Building Opportunities for Our Social Transformation) government program and remittances recipients;
- Market the products through a network of non-banking agents shared among participating credit unions.

### Fulfillment of the Main Indicators

Logical framework indicator	Target	Achieved at project completion (2017)	Updated as of 2019
Number of products designed	2	2	2
Number of people who opened a savings account	7,000	0	0
Number of people with first-time access to a formal savings account	2,500	0	0
Amount of savings mobilized	US\$350,000	0	0
Number of service outlets (branches and agents)	64	0	0 (3 agents in accreditation process)

### Sustainability Outlook

The project has faced difficulties and product sales have not started yet. The long accreditation process for non-banking agents has demotivated many of them. Currently, only three continue with the approval process, and new agents will have to be identified and trained. The products could have been offered directly from the credit union branches—three expressed their interest in proposing them—but that did not happen. There are opposing opinions on the alignment of savings products—both commitment—with the profile of BOOST recipients, and it could be necessary to adapt the branding and communication. There are few working synergies between BCUL and the BOOST program, and for now there are no additional financing prospects to continue the activities. A positive point for sales is that there are plans to have interconnectivity between credit unions and the rest of the financial system by early 2020 as part of the National Payment System.





## PROMOTING A SAVINGS CULTURE AND THE USE OF SAVINGS PRODUCTS FOR SOLIDARIDAD BENEFICIARIES

**EXECUTING AGENCY:** Adopem

**COUNTRY:** Dominican Republic

**PROJECT APPROVAL AND COMPLETION:** January 2012–December 2015

**APPROVED BUDGET:** US\$688,700 (IDB Lab and Citi Foundation contribution 65%)

**PRODUCTS DEVELOPED:** San Solidario (commitment) and Ahorro Solidario (liquid)

### Project Objectives

- Design at least one savings product customized for the needs of Solidaridad program beneficiaries;
- Implement a savings awareness program for 2,000 beneficiaries living in remote areas.

### Fulfillment of the Main Indicators

Logical framework indicator	Target	Achieved at project completion (December 2015)	Updated as of 2019
<b>Number of Solidaridad beneficiaries using at least one savings product</b>	15,000 (65% women)	21,514 (~70% women). The majority are loans, and 16% are commitment savings.	21,448 (vs. 30,000 expected two years after completion). The majority are loans, and 8.4% are commitment savings.
<b>Number of Solidaridad beneficiaries who opened a savings account for the first time</b>	4,500 or 30%	20,438 (first account at Adopem, not necessarily in the financial system)	844 for the January-April 2019 period (first account at Adopem, not necessarily in the financial system)
<b>Number of users making at least one deposit / transaction (deposit or withdrawal) per quarter</b>	2,250 or 15%	3,425 (deposit) / 6,548 (transaction) or 30%	1,182 (deposit) / 1,520 (transaction) or 7%
<b>Amount of savings mobilized</b>	US\$150,000	US\$400,000	US\$123,594
<b>Number of beneficiaries who received a training session on savings</b>	2,000	7,912	N/A

### Sustainability Outlook

All the numeric targets were exceeded by the end of the project, and the two products are available at the bank's 74 branches. However, the 2019 indicators show a decrease in the number of accounts, use, and volume of savings mobilized. Almost 90% of the accounts reported are sight savings accounts into which Adopem disburses the loans for the segment; they were not opened with the intention of saving. The current number of commitment savings accounts is 1,766, with an average savings amount of US\$55. As a reference, average savings in commitment savings accounts for non-beneficiaries of Solidaridad are three times higher (US\$142). Some financial education activities are continuing, although not in the same format and scope as during the project. A positive point for sustainability is the alignment of Adopem's strategy with the financial inclusion of the most vulnerable population. The institution is in the pilot stage of implementing a debit card that could facilitate payments and withdrawals.





## FINANCIAL INCLUSION OF BENEFICIARIES OF THE SOLIDARIDAD PROGRAM

**EXECUTING AGENCY:** Asociación La Nacional de Ahorros y Préstamos (ALNAP)

**COUNTRY:** Dominican Republic

**PROJECT APPROVAL AND COMPLETION:** January 2013–June 2017

**APPROVED BUDGET:** US\$601,795 (IDB Lab contribution 53%)

**PRODUCTS DEVELOPED:** San Fácil Bienestar (commitment) and Bienestar prepaid card (liquid)

### Project Objectives

- Design three financial products (commitment savings, liquid savings, and debit card) customized for the needs of Solidaridad program recipients, as well as two products connected to the payment of remittances;
- Develop a network of 75 non-banking correspondents to market these products;
- Implement a financial education program.

### Fulfillment of the Main Indicators

Logical framework indicator	Target	Achieved at project completion (end of 2017)	Updated as of 2019
<b>Number of Solidaridad beneficiaries using at least one product</b>	5,600	13,299	33,235
<b>Number of Solidaridad beneficiaries who opened a savings account for the first time</b>	1,100	12,712 (at ALNAP)	24,244 (at ALNAP)
<b>Number of people with average monthly balance <math>\geq</math>US\$12</b>	1,600	711	956
<b>Number of users making at least one monthly transaction</b>	2,800	1,087	356
<b>Number of beneficiaries who received financial education</b>	12,600	13,175	15,916

### Sustainability Outlook

From an exploratory project in a new market segment, ALNAP created a new business area with dedicated management (financial inclusion and banking subagents department). The entity began a process of downscaling through savings, and the most-vulnerable-population segment is now integrated into its strategic plan. The project enabled the institution to acquire 45,777 new customers, between Solidaridad beneficiaries and non-beneficiaries with a similar profile. As of March 2019, ALNAP had 14,980 San Fácil Bienestar accounts (58% Solidaridad beneficiaries) and 48,132 Bienestar prepaid cards (51% Solidaridad beneficiaries), with total savings of approximately US\$275,000. One of the challenges is the low account use. ALNAP wants to diversify its product portfolio for the segment, with home-improvement loans and microinsurance. What has not been accomplished yet is the offering of products connected to remittances. The sales network went from 284 agents in 2018 to the current 323. Total savings collected through it were US\$1.8 million (43,000 deposit transactions).



## PROMOTION OF SAVINGS AMONG RECIPIENTS OF GOVERNMENT PAYMENTS

**EXECUTING AGENCY:** Fedecrédito

**COUNTRY:** El Salvador

**PROJECT APPROVAL AND COMPLETION:** October 2012–June 2017

**APPROVED BUDGET:** US\$1,152,504 (IDB Lab and Citi Foundation contribution 41%)

**PRODUCTS DEVELOPED:** Mi Cuenta (liquid savings) and commitment savings account

### Project Objectives

- Provide savings accounts for 40,000 recipients of government payments, specifically the social benefit for liquefied petroleum gas, of which 10,000 will use at least one commitment savings product and/or electronic savings account;
- Offer the products through 25 partner entities, a network of 50 correspondents, and cell-phone-based banking;
- Implement a financial education program.

### Fulfillment of the Main Indicators

Logical framework indicator	Target	Achieved at project completion (June 2017)	Updated as of 2019
<b>Number of social benefits beneficiaries receiving them in their account</b>	40,000	32,965	40,219
<b>Number of recipients mobilizing savings in their electronic / commitment savings account</b>	8,000 (electronic) / 2,000 (commitment)	2,026 electronic (126 social benefits recipients) / 3,575 commitment (1,305 social benefits recipients)	411 social benefits recipients with electronic accounts / 4,253 commitment
<b>Volume of commitment savings</b>	US\$60,000	US\$1.4 million (US\$15,668 from social benefits recipients)	US\$1.8 million (US\$35,875 from social benefits recipients)
<b>Number of people opening an account for the first time at Fedecrédito with a balance below US\$500</b>	800	116,567 (does not only include low-cost accounts)	139,657 total accounts opened, including 50,000 of low cost and 4,000 commitment
<b>Number of beneficiaries trained</b>	3,520	5,284	12,600 from "low-cost" segment, 25,000 total
<b>Number of mobile banking users</b>	2,000	40,037 (does not only include low-cost accounts)	79,801 (does not only include low-cost accounts)

### Sustainability Outlook

Fedecrédito adapted its strategy to the change of context in the payment of social benefits in El Salvador: It shifted its offerings to the "base of the pyramid" in general, with "low-cost" products. For 2019, the entity reported a total of 40,219 low-cost accounts (91% of the accounts reported in 2017 remain active and approximately 10,000 additional accounts were opened), and the 31 participating institutions have confirmed their willingness to continue marketing them. Financial education activities continue to be conducted (not only in the "low-cost" segment), at a rate of 4,000 to 5,000 people trained per year. The project's largest impact was the importance it placed on savings for Fedecrédito's entire customer base, beyond the "low-cost" segment: In 2019, the savings product Crece Mujer was launched, with an opening amount of US\$5, medical benefits, and financial education. The institution also launched a project to open 100,000 savings accounts, of which it has opened 34,000.



## FINANCIAL INCLUSION FOR RECIPIENTS OF GOVERNMENT PAYMENTS

**EXECUTING AGENCY:** Fedecaces

**COUNTRY:** El Salvador

**PROJECT APPROVAL AND COMPLETION:** April 2012–December 2016

**APPROVED BUDGET:** US\$605,230 (IDB Lab, Citi Foundation, and AusAID contribution 60%)

**PRODUCTS DEVELOPED:** Ahorro Responde (liquid) and Cuenta Cuchubal (commitment)

### Project Objectives

- Design commitment or transactional savings products and microinsurance products for recipients of government payments;
- Offer the products through eight associated credit unions and a network of six service windows;
- Implement a financial education program that will benefit 8,000 people.

### Fulfillment of the Main Indicators

Logical framework indicator	Target	Achieved at project completion (December 2016)	Updated as of 2019
<b>Number of recipients of government payments using at least one savings product (commitment or liquid)</b>	3,000	2,965	9,365 (does not only include social benefits recipients)
<b>Number of people who opened a savings account for the first time</b>	750	4,795 (does not only include social benefits recipients)	N/A
<b>Volume of savings in commitment savings accounts</b>	US\$270,000	US\$1.9 million (average savings of US\$531 vs. US\$90; does not only include social benefits recipients)	N/A
<b>Number of beneficiaries trained</b>	8,000	20,976 (members and non-members)	N/A
<b>Number of microinsurance policies marketed</b>	800 (including 200 for the first time)	1,400 (including 712 for the first time)	N/A

### Sustainability Outlook

The eight participating credit unions continue promoting their products, not only among “aspiring members” but also as part of their product portfolio. As of May 2019, reports included 9,013 Responde accounts (90% in a single credit union) and 352 Cuchubal accounts. However, additional credit unions did not want to participate in the project. At Fedecaces, the financial education component had the largest impact. This component has a high sustainability level, and has been incorporated into the organization’s 2020 strategic plan. In some of the associated credit unions, there is a very high level of institutional ownership, with hiring of dedicated personnel and impact measurements. Fedecaces developed a performance management tool that is in its pilot stage.



## DOOR-TO-DOOR SAVING

**EXECUTING AGENCY:** CACPE Pastaza

**COUNTRY:** Ecuador

**PROJECT APPROVAL AND COMPLETION:** October 2014–June 2018

**BUDGET:** US\$770,400 (IDB Lab and Citi Foundation contribution 53%)

**PRODUCTS DEVELOPED:** Ahorro a la vista (sight savings) and Ahorro futuro (commitment savings)

### Project Objectives

- Customize existing savings products for the low-income population and recipients of government payments (mainly the Bono de Desarrollo Humano or Human Development Bond) living in rural areas of provinces in the Amazon Region;
- Open three new service outlets in rural areas and hire eight new “door-to-door” officers;
- Conduct seminars to raise awareness and provide training regarding savings.

### Fulfillment of the Main Indicators

Logical framework indicator	Target	Achieved at project completion (June 2018)	Updated as of June 2019
<b>Number of low-income people accessing a commitment savings account</b>	9,500	10,958	11,896
<b>Among them, number of government payment beneficiaries</b>	2,800	3,022	3,200
<b>Number of beneficiaries making at least one deposit into their commitment or sight savings account</b>	8,450	12,149	13,386
<b>Number of beneficiaries who opened a savings account in the formal sector for the first time</b>	2,500	7,104	7,906
<b>Total savings in commitment savings accounts</b>	US\$510,000	US\$2.6 million	US\$3.2 million
<b>Number of beneficiaries trained</b>	2,000	3,010	3,753

### Sustainability Outlook

The project enabled CACPE Pastaza to conduct its activities in isolated rural areas. The entity had to overcome several challenges, specifically difficult conditions for access, a high level of mistrust among communities, and high human resources turnover at rural agencies. While the institution incorporated a “sustainable rural service focus” as a result of the project—which is currently known as Semilla—the methodology changed: For higher efficiency in terms of operating costs, customers are served as a group, no longer on an individual basis, and credit is also being offered. Financial education activities continue. The institution is working to obtain authorization from the regulator so that mobile officers are able to deliver money in addition to collecting it.



## SAVINGS FOR ALL

**EXECUTING AGENCY:** Financiera Confianza

**COUNTRY:** Peru

**PROJECT APPROVAL AND COMPLETION:** December 2012– June 2017

**APPROVED BUDGET:** US\$635,190 (IDB Lab, Citi Foundation, AusAID, and CAF contribution 72%)

**PRODUCTS DEVELOPED:** Ahorro para todos (liquid)

### Project Objectives

- Provide liquid and/or commitment savings products to recipients of government payments—mainly from the Juntos program—in areas of extreme poverty;
- Promote the methodology of community savings groups through deposits in individual accounts;
- Provide financial education to customers at *casas productivas* (productive and training centers)

### Fulfillment of the Main Indicators

Logical framework indicator	Target	Achieved at project completion (June 2017)	Updated as of 2019
<b>Number of recipients of government payments opening an “Ahorro para todos” account</b>	6,000	3,936	3,936
<b>Number of recipients of government payments opening an account for the first time</b>	5,000	3,936	3,936
<b>Number of transactions in areas that previously lacked access</b>	2,500	25,212	N/A
<b>Volume of accumulated savings</b>	US\$100,000	US\$4.9 million in accumulated deposits	N/A
<b>Number of beneficiaries trained</b>	15,000	18,721	18,721

### Sustainability Outlook

The methodology of community savings groups in very remote areas, where the majority of conditional cash transfer recipients live, was expensive. Financiera Confianza did not continue it and the results have not progressed since the project’s completion. Instead, Financiera Confianza decided to focus on providing loans using a group lending methodology known as “Palabra de mujeres” [Women’s word]. The institution developed an ad hoc financial education methodology for the rural population, although now it is only presented on specific occasions and not systematically, because of cost. Of the financial education promoters, 100% were integrated into the sales force for “Palabra de mujeres.” The two productive and training centers became basic-operations facilities, which are channels for financial information and basic operations.

## ANNEX 2: PROSAVINGS PUBLICATIONS

The publications are available on the following website: <https://www.iadb.org/en/research-and-data/publications>

### Publications in Spanish



#### **Herramientas efectivas para el ahorro inclusivo en América Latina y el Caribe**

(March 2015)



#### **Claves de éxito del ahorro programado: los mejores ingredientes**

(December 2013)



#### **¿A dónde van los grupos de ahorro? Aspiraciones y retos**

(August 2014)



#### **La oferta de ahorro programado: recorriendo el mercado**

(October 2013)



#### **¿Cómo operan los grupos de ahorro? Experiencias destacadas en América Latine y el Caribe**

(July 2014)



#### **¿Qué es el ahorro programado? Conociendo el producto**

(October 2013)



#### **¿Qué son los grupos de ahorro? Evolución de los mecanismos grupales de ahorro y crédito**

(July 2014)



#### **Educación financiera: una camino hacia la inclusión**

(November 2012)



#### **Ahorro programado inclusivo en América Latina y el Caribe**

(April 2014)



#### **Vinculación de pagos de protección social con el ahorro**

(June 2012)



#### **Ampliando el ahorro programado: menú de desafíos**

(March 2014)



## Publications in English



### **Where are Savings Groups Headed? Aspirations and challenges**

(August 2014)



### **How Do Savings Groups Work? Experiences from Latin America and the Caribbean**

(July 2014)



### **What are Savings Groups? The evolution of group mechanisms for savings and credit**

(July 2014)



### **Inclusive Commitment Savings in Latin America and the Caribbean**

(April 2014)



### **Expanding Commitment Savings: A Menu of Challenges**

(March 2014)



### **Keys to Success for Commitment Savings: The Best Ingredients**

(December 2013)



### **Commitment Savings: Exploring the Market**

(October 2013)



### **What is Commitment Savings? Getting to Know the Product**

(October 2013)



### **Financial Education: A Path Towards Inclusion**

(November 2012)

