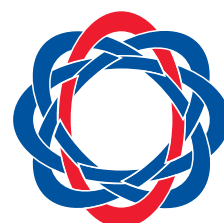


Working with savings banks in order to double the number of savings accounts among the poor: WSBI leading the global effort

WSBI (World Savings Banks Institute) is working with its members in 10 countries as a part of a global effort to dramatically increase the number of savings accounts among poor people in developing countries. The programme is a part of continued efforts to expand even further the existing financial services of savings banks to more people throughout the world.

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DOUBLING THE NUMBER OF SAVINGS ACCOUNTS AMONG THE POOR

The importance of savings

Research by the World Bank suggests that building domestic savings mobilisation helps the poor get out of poverty. Setting aside small sums in a safe place allows people to guard against risks like illness or crop failure, build assets, and provide opportunities to the next generation. Poor households with access to savings accounts and other basic financial services can manage unexpected events, invest in opportunities like education, and build financial security. Access to financial services in general is increasingly

considered to be a key condition for helping to break the chain of poverty and in supporting developing countries to achieve greater economic growth.

For more information on the programme go to: www.savings-banks.com/savingsprogramme

Overview of the projects which will be implemented

SONAPOST, Burkina Faso - Improvement of services in rural areas

Sonapost plans to improve services to rural customers through modernised electronic transaction systems and through better communication throughout its existing post office infrastructure. Existing village-level delivery services will also be expanded to include access to savings accounts. The project aims to increase the customer base by over a million people, of which over 80% are among the poor.

Sistema FEDECRÉDITO, El Salvador - Expansion of the non-bank network of agents

Fedecredito aims to open a network of non-bank outlets (such as retail stores) in areas with limited or no financial institutions present. These are mostly also areas of heightened poverty. The project will specifically include establishing and funding ATM/agent networks, launching mobile phone banking and supporting the recruitment of agents and customers. The project aims to expand coverage to at least half of the 173 currently unserved or underserved municipalities of El Salvador and add 200,000 poor households to the existing customer base.

PT Bank Tabungan Negara (Persero) (Bank BTN), Indonesia - Automation of postal outlets

BTN plans to automate all 576 postal outlets in Central Java, a region of heightened poverty, to serve as a pilot project for potential expansion nationwide. This will make BTN savings and current accounts much more attractive to the poor as the accounts will be able to receive social assistance transfers currently being paid in cash. This will also help BTN to bring its card services to the otherwise unserved. BTN will also strengthen its IT systems, improve service levels in postal outlets, develop risk management for the new business and raise awareness among customers and postal staff about the new service. Through the project, BTN aims to add

1 million poor clients to its existing customer base just in Central Java. The potential subsequent national-level implementation would improve access for millions more poor households.

Kenya Post Office Savings Bank (KPOSB) - Employing the non-bank financial services network

KPOSB will expand a small existing pilot network of non-postal agents into a major new service channel for otherwise unserved rural areas. The efforts will include:

- implementing the technological changes needed to support the new network;
- implementing current international best practice on managing agency network risk;
- re-engineering business processes and IT systems to improve service levels;
- making existing deposit and payments services more useful for the poor;
- developing and implementing a communications strategy to support network expansion;
- and longer-term business planning

The project aims to add 1.5 million people to the entire customer base of which almost 1 million would be classified as poor.

Lesotho PostBank (LPB) - Affordably banking the unbanked

LPB is introducing payment card technology. The bank aims to ensure that this technology meets the needs of the poor as well as other unbanked individuals. If required, additional resources may also go towards investments in infrastructure and marketing initiatives. The aim is to triple the entire customer base to 250,000 of which 90% would be classified as poor.

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Expanding financial inclusion – the role of WSBI members

Three quarters of the estimated 1.4 billion accessible (low cost/low average balance) accounts in developing and transition economies are currently managed by savings banks. WSBI selected the banks for this programme after a global competition based on proposals to increase access to financial services and banks' existing presence in local communities. All of the banks involved are members of WSBI with broad geographical outreach within their respective countries and strong traditions of working with lesser advantaged populations.

Projects which WSBI members will undertake as part of this broad programme address three basic areas:

- Upgrading IT systems to make savings accounts more affordable;
- Developing non-banking agent networks; and
- Designing or re-engineering specific products for poor people.

Projects which will be implemented, continued

Poste Maroc, Morocco - Providing low-income group customers with dedicated services

Poste Maroc plans to market its basic savings account and pre-paid card product more explicitly to the rural and peri-urban population. Poste Maroc will market the new services in an economy with very low levels of bank usage and a literacy rate of only 40%. The project will also create special service points to assist the poor in using the service and provide aid in simplifying products. The project aims to add 2 million clients to an existing base of 3 million.

South African Post Office (SAPO) - Moving from just having cash to having an online-account

SAPO aims to replace simple cash payment of social security transfers with automated credits direct into low-cost bank accounts that customers can then use for other savings and payments needs. It will also market this new possibility to customers and encourage the individual members of informal savings groups (wherein one common account is held by a group of people who save together) to open individual savings accounts. The aim is to double SAPO's accounts among the poor from 2.5 million to over 5 million.

Tanzania Postal Bank (TPB) - Increasing rural savings by using Point-of-Sale terminal networks

TPB plans to automate its current network of postal agencies and roll out a parallel network of non-postal agents. The project will provide critical enhancements in TPB's payments and card production capacity, develop a network of Point of Sale terminals and lower the cost of transactions carried out at post offices. It will also establish best practice agent network management and fund marketing activities to support the rollout. The overall aim is to double the entire customer base from 1.25 million to 2.5 million of which 90% will be classified as poor.

PostBank Uganda (PBU) - Linkage banking for the poor

PBU aims to reach the unbanked rural poor through a mix of channels – e.g. agencies, low-cost service centres or mobile vans. As part of the project, PBU will develop marketing initiatives for both agents and customers, move the IT platform and card production in-house to lower costs, and design new products around the needs of the rural poor. The aim is to increase the number of poor customers by 150,000, which would expand the whole customer base by 50%.

Vietnam Postal Savings Service Company (VPSC) - Integrated package of microfinance services

VPSC will repackage its existing savings services and then roll these services out across all automated post-offices in one or two pilot regions. To do this VPSC will re-engineer existing services, reconfigure the existing IT platform, market the new service, and train their staff. They will also prepare a longer term business plan to rollout the improved services nationwide. In one pilot province alone, the project aims to add 165,000 poor clients to VPSC's current total customer base of 400,000.



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Important Terms

Unbanked: People who do not hold or utilise either a savings or current/checking account and lack proper access to formal financial services. There are more than a billion people worldwide lacking bank accounts.

Deposit and payment services: Services provided by an agent or a bank to allow customers to deposit money into their account or process payments into or from their account. Depositing money through formal payment services, such as remittance transfers, helps poor people to manage unexpected events and invest in opportunities.

Point of Sale terminal: The location where a financial transaction occurs – e.g. a check out counter at a store. PoS counters or stores operate with inexpensive POS devices which read debit and credit cards and can even be used without

constant telecommunications and electricity connections in remote areas.

Non-bank outlets: Places that are not banks but where customers can carry out financial transactions (such as withdrawing and depositing money) that are linked to their bank accounts – e.g. post offices, retail stores, etc. Non-bank outlets have the power to provide banking services to the unbanked poor without the need for full bank branches.

Agent network: A network of people and businesses/organisations that carry out business on behalf of a company – in this case on behalf of the bank. Banking agents offer the potential to deliver financial services, reaching further into remote areas. Agent networks enable a bank or microfinance institution to increase outreach without the high cost of building a bank branch.

Mobile phone banking: The process of conducting banking business through a mobile phone – e.g. checking a balance, processing a payment, etc. Mobile phone banking helps to make basic financial services more accessible to millions of poor people across the world. Mobile phones have become the first communications technology to have more users in developing countries than in the developed world.

Electronic transaction system: The system for payments that are not in cash – e.g. credit cards, debit cards, electronic transfers, etc. Electronic solutions and innovation can reduce costs, and aid in making services to the very poor financially sustainable.

Card services: Services related to cards including credit cards, debit cards, etc. Being a card holder will also allow low income groups to receive money transfers and store money in a safe way.

For more information

This programme is supported by a three-year grant from the Bill & Melinda Gates Foundation to WSBI. The grant is part of the foundation's Financial Services for the Poor initiative, which is working with a wide range of public and private partners to harness technology and innovation to bring quality, affordable savings accounts and other financial services to the doorsteps of the poor in the developing world.

For more information, go to: www.savings-banks.com/savingsprogramme. More background information and research on the topic of access to finance can be found in the following editions of WSBI's research series "Perspectives":

- Perspectives 49 – Access to finance - What does it mean and how do savings banks foster access
- Perspectives 52 - Savings banks and the double bottom-line - A profitable and accessible model of finance
- Perspectives 56 - Who are the clients of savings banks?
- Perspectives 57 - Measuring the social dividend in WSBI members' activities: revealing the hidden elements

These documents can also be found by going to www.wsbi.org – Publications – Perspectives Research.

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