

KENYA

KENYA: LINKING THE CASH BOX
TO THE BANK—FORMAL BANKING OF
SAVINGS GROUPS THROUGH MOBILE MONEY



ACCESSAFRICA
the power of financial services



ACRONYMS

CBT Community-Based Trainer

CEO Chief Executive Officer

CIK Care International in Kenya

GS&L CARE International Kenya's abbreviation for "Group Savings and Loans." This term has been adapted for Kenya from the term "Village Savings and Loan Association" (VSLA) because, in Kenya, some groups are found in urban areas, not just in villages.

M2i Microfinance Management and Investment Advisory

MNO Mobile Network Operator

MOU Memorandum of Understanding

NGO Non-Government Organization

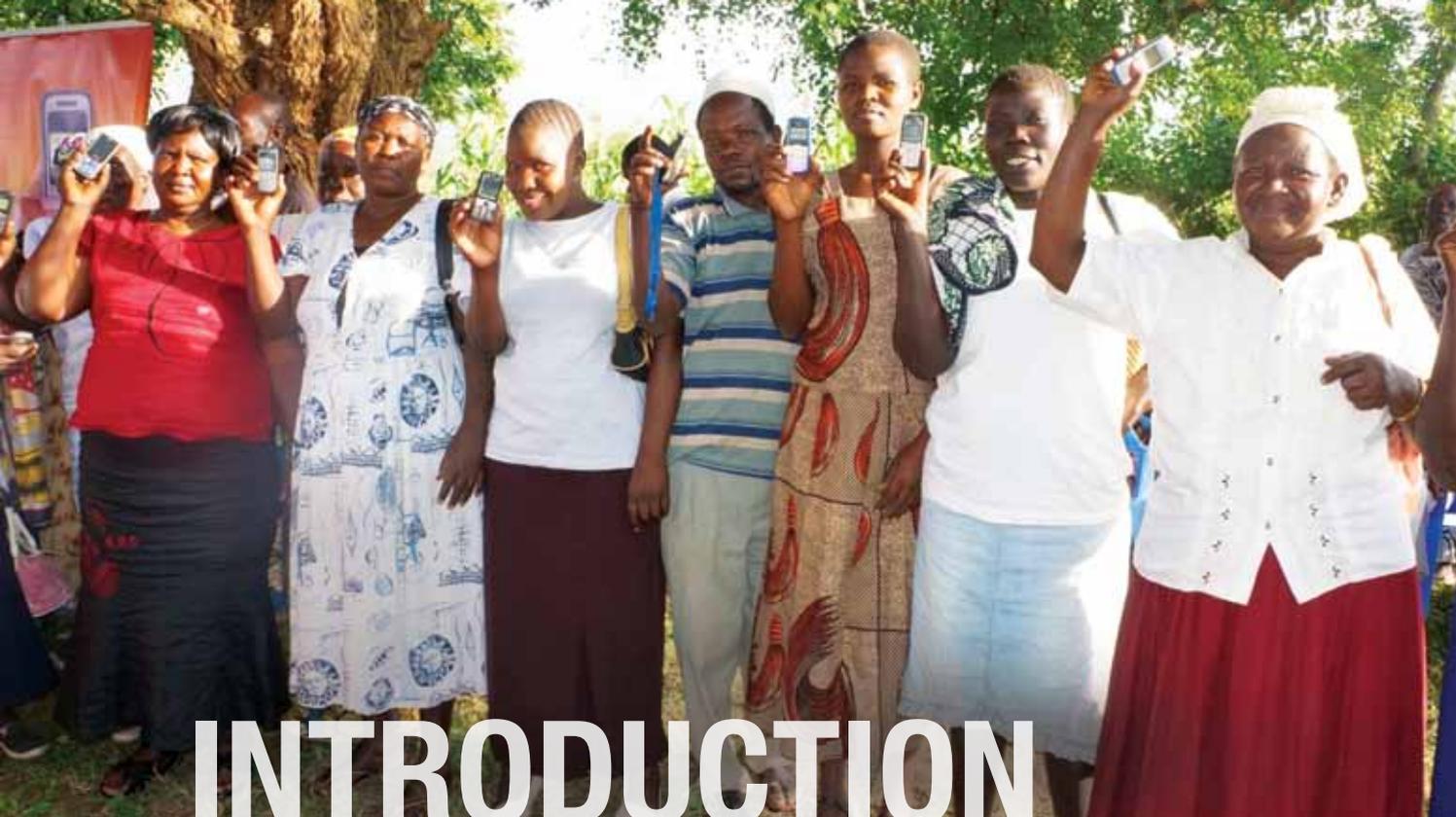
PIN Personal Identification Number

SIM Subscriber Identity Module

KENYA



ZONE OF INTERVENTION HIGHLIGHTED



INTRODUCTION

Throughout Africa mobile phones have had a revolutionary effect in linking people to people and to information as well as providing a range of financial services. The potential of using mobile phone technology to aid in financial inclusion is being explored by financial institutions and other organizations all over the world. When CARE International in Kenya (CIK) partnered with Equity Bank and Orange to develop a

“The bank has come to the field, and now the clients don’t need to go to the bank.”

*Nelly Otieno,
CARE Kenya*

group-based savings account, the Pamoja savings product, a new threshold was crossed. CIK linked their proven group savings and loan (GS&L)¹ methodology to a new and innovative mobile phone application, Orange Money and Eazzy 24/7. The program allows even the most rural groups to manage their money safely using a formal financial service through their mobile phones and Equity Bank’s extensive agent banking network.

CIK has been promoting GS&Ls in Kenya since 2004. Currently CIK’s outreach alone has grown to over 500,000 clients working together in over 29,000 groups with a cumulative savings of over \$2.3 million. As many groups have matured, their need for a more secure place to keep their savings and excess cash, as well as their demand for larger and longer-term loans, has increased. In turn the uptake of mobile financial services such as M-Pesa and wide mobile phone ownership, estimated to be as much as 65 percent of all CIK GS&L members,² led to the combination of banking and mobile phones for groups as a natural next step.

In September 2011 CIK launched a partnership with Equity Bank and Orange for GS&L financial linkage. The pilot project, which received technical support from CARE’s Access Africa initiative, lasted until December 2012 and targeted 200 mature GS&L groups in the Bondo and Suba districts. The partnership marked a first-of-its-kind partnership between a non-government organization (NGO), commercial bank, and mobile network operator (MNO). This publication describes the process of developing and piloting the partnership and product that brings the bank to rural GS&L members via their mobile phones.

¹ In other countries where CARE works, GS&L is referred to as village savings and loan associations (VSLAs).

² CIK’s GS&L membership totaled 532,995 as of December 2012.

Developing A Mobile Product for Gs&Ls

Identify the Need

After more than 8 years promoting GS&Ls in Kenya, mature groups were asking for CARE's support in accessing a more secure method to manage their growing funds. With Microfinance Management and Investment Advisory (M2i) Consulting Company, CIK undertook a needs assessment to understand the demand for linkage of GS&Ls to formal financial institutions and to identify opportunities for such a linkage. They had observed a number of groups finding ways to link to banks and micro-finance institutions for their own savings and lending, and they found micro-finance institutions and banks competing to recruit mature groups as clients.

GSL Needs Assessment Process

1. Identify and prioritize.
2. Identify potential financial institutions and mobile payment service providers for linkages with GS&Ls.
3. Analyze existing products and delivery systems of financial institutions and mobile financial service providers to identify most appropriate existing product and delivery channels for GS&Ls.
4. Dialogue with short-listed financial institutions to assess their willingness to adapt products and delivery channels to meet GS&L needs.
5. Develop a pilot program for linkage of GS&Ls and financial institutions.
6. Suggest evaluation criteria to determine success of pilot and to determine whether a pilot can be scaled up, modified or closed.

The January 2011 financial linkage needs assessment conducted by consulting firm M2i and CIK revealed that groups expressed a definite demand for linkages to formal financial institutions to store excess funds and to access larger loans. Although GS&Ls had multiple benefits for members, a number of groups found creative but high-risk ways to meet the need to store funds and make larger loans, including becoming members in multiple groups, borrowing from one group to repay another, borrowing from a financial institution to repay the group, and sharing out before the end of a cycle. Finding solutions to these practices was important to CARE because they interfere with groups' ability to make the most effective use of their funds. As well, these practices compromise the security of the groups' funds.



TABLE 1: Key Needs Assessment Findings on GS&Ls³

| BENEFITS | CHALLENGES/ISSUES |
|---|---|
| <ul style="list-style-type: none"> • GS&Ls created supportive communities in which a savings culture developed and thrived. • Members used their savings and loans to build assets (i.e., livestock), pay school fees and meet other daily household expenses. • Share-out gave members access to large lump sums that they invested in assets or businesses. • GS&Ls made it possible to save even very small amounts and to earn a high return on savings, often higher than that of a commercial bank account. • Social funds helped in times of distress. • GS&Ls created a feeling of security (no longer necessary to visit moneylenders in an emergency). • Members could run joint enterprises. • Women were empowered as they could purchase assets in their own names. • GS&Ls created feelings of unity and social interdependence, particularly for vulnerable members such as widows. | <ul style="list-style-type: none"> • During the first 3 months, demand for loans is high but saved funds are low, limiting the number of members that can get a loan and the amount they can borrow (generally between \$2.50 to \$12.50). • Groups stop disbursing loans 1 to 2 months before share out, during which time funds are available but members cannot borrow. • Cash box security is an issue for groups, especially towards the end of the cycle when groups have large amounts of cash; not all groups purchase a cash box. • Loan tenure (1 to 3 months) is too short to invest in a seasonal or agricultural business and earn a return since, often, crops cannot be sown, harvested and brought to market in such a short time; however, tenure cannot be increased as there are other members waiting for loans. • Business losses (such as those caused by crop failure) can make it impossible to repay loans on time. • Interest rates on loans of 10 percent or higher per month are high. • Larger loans for larger investments (more than \$50) are not available and generally impossible to repay within 1 month. • Members sometimes borrow from other sources to repay the group. • Groups over-lend to avoid keeping too much money in the box, leading to over-indebtedness and default. |

At the same time a bridge was needed to cross the divide between GS&L members and formal financial services. GS&L members needed to better understand banks and financial services before they could use them to their full benefit. Additionally, existing products and services were not accessible to many clients given the distance from rural areas to branches and the costs associated with accounts. To better understand the potential for linkages and the advantages of the GS&L methodology for low-income Kenyans, bank staff needed an orientation on how GS&Ls work.

CIK's challenge was to find a partner that would respect and maintain the benefits of the GS&L methodology while providing a new avenue for members to meet their growing financial needs. The project objectives (all successfully met by the end of the project) are outlined in the box below.

Objectives of the Bank Linkage Project

- Partner with formal financial institutions to develop appropriate savings products for GS&L groups.
- Partner with formal financial institutions to develop appropriate credit products for GS&L groups.
- Develop a cash transfer application using mobile phone technology.

³ Market Research and Product Development for Linking VSLA groups to Financial Institutions, Kenya. Study conducted by Microfinance Management and Investment Advisory (M2i) commissioned by CARE International Kenya. January 2011.

Form a Partnership

Another key aspect of the needs assessment was the identification of potential partners among financial institutions and MNOs in Kenya. CARE sought formal financial institutions that had existing partnerships with MNOs. It was crucial that any potential partner demonstrated a commitment to serving rural low-income clients and a willingness to adapt their products and delivery channels in response to the GS&L needs.

“Through the Pamoja account, Equity Bank has linked the GS&L cash box to the bank. Those who could never before bank with Equity now have access to our full range of financial products and services.”

*Phyllis Wawire,
Equity Bank Kenya*

CIK found an ideal match in Equity Bank, who emerged as the first-choice partner because of their existing branchless banking framework and wide-reaching agent network, allowing them to provide service in remote locations. The bank had representation in all areas where CIK promotes GS&Ls. Equity Bank had already established a partnership with Orange Kenya, which meant they had the experience and mechanism to build a new product. Both Orange and Equity Bank had shown previous commitment to designing products and services to reach the financially excluded.

When approached by CARE, Equity Bank found the proposal of a new product for GS&Ls attractive because it matched their mission and gave the bank an opportunity to expand their financial literacy program, forming a strong foundation for the linkage process. They found the link with the proven GS&L methodology to be a natural entry into previously unbanked clients. Equity saw the potential to become a market leader for this segment and

to recruit new clients at a lower cost because the new product would likely fit with current bank offerings and because CARE and their partners carried the initial outreach and organizing costs. Finally the prospect of scalability (within Kenya and in neighboring Tanzania, Uganda, Rwanda and South Sudan) meant the product could become a viable part of Equity’s portfolio and not just an NGO-led, one-off pilot project.

Equity Bank, Orange, and Eazzy 24/7

Since its beginning in 1984 (as Equity Building Society), Equity Bank’s vision and mission is to be the champion of socio-economic prosperity in Africa by offering inclusive, customer-focused financial products that socially and economically empower clients and other stakeholders. By 2012 Equity had more than 8 million customers in five countries, boasting nearly half the bank accounts in Kenya as well as 140 branches and over 5,000 agents throughout the country.

Equity Bank brought their Eazzy 24/7 mobile banking service to the partnership, which allows clients to access their bank account through their mobile phone. Eazzy 24/7 is available through four major MNOs in Kenya, making it possible for clients with Safaricom, Orange, Yu, and Airtel mobile telephone accounts to access their Equity Bank accounts.

Together with Orange, an integrated telecommunications provider committed to providing innovative, accessible and simple communications solutions, Equity Bank launched Iko Pesa in 2010. Iko Pesa is the full-service bank account (accessible by mobile phone) that provided the foundation for Pamoja. When a customer signs up for Iko Pesa, he or she automatically receives an Equity Bank account and a linked Orange mobile money account and can perform transactions with any Equity or Orange agent. An Iko Pesa customer pays only one unified fee per transaction, 52 KES (\$0.61) rather than paying separately for MNO and bank charges, as with other mobile banking services.

After 3½ months of negotiation, Equity Bank and CIK signed a memorandum of understanding (MOU) stipulating roles and responsibilities in December 2011. The three institutions formed a team to develop and test appropriate products. Although a grant from the Bill and Melinda Gates Foundation helped fund CARE’s operational costs in terms of preparing groups, training CBTs, and the ongoing monitoring of group linkage activities, Equity Bank and Orange received no other subsidies and covered their own development costs.



TABLE 2: Project Timeline

| DATE | ACHIEVEMENT |
|----------------------------|---|
| October 2010 | Evaluation performed by consultants to identify needs; scoring exercise to identify potential partners |
| September - December 2011 | MOU between CARE and Equity Bank negotiated and signed to provide a foundation for the project |
| December 2011 – March 2012 | Savings product developed; CARE shared desired features with Equity Bank and tested with 15 groups in the project area |
| March 2012 | Launched project |
| March 2012 – November 2012 | Credit product developed; in process, slated testing for 2013 |
| March 2012 | Mobile cash transfer application tested and passed; groups who have opened accounts can now access these accounts through their mobile phones |
| December 2012 | Project ended |

Developing a Secure Product

Equity Bank has developed a comprehensive methodology for product development and testing that can take up to 1 year from conception to launch. Working together with CARE, the bank condensed this process to just over 6 months for the savings product by streamlining bureaucratic approval processes and forming an inter-departmental committee. (From the start of the project to MOU development was 3 months. After the MOU was agreed upon and signed, negotiation for savings product development took another 3 months.) Furthermore, to help Equity and Orange understand the GS&L methodology, a number of key staff members were taken for a field visit to observe the initial stages.

CIK's goal for the new product was to preserve the principles that made GS&Ls successful while moving into modern banking technologies. CARE wanted to preserve the sense of transparency and security inherent in the group process. This was achieved in two ways. First Orange developed a new subscriber identity module (SIM) card for the groups. The SIM card replaced three locks with three different passcodes. Second all

members can register their own mobile phones, and designated members receive a short message service every time a transaction has been made on the group account. This provides further assurance that no one can use the group's accounts between meetings.

For added safety, when officials open the account and the personal identification numbers (PINs) have been received, each signatory must change his or her PIN number in the system. The system is designed to allow further PIN changes in case an official suspects his or her PIN has been compromised. Group SIM cards are kept in the cash box to ensure that they are not used outside group meetings. If a group loses the group SIM card, it can be replaced by an Orange or Equity agent.

Product concept development and testing was done with 15 groups in Suba district, and group members were given input on the concept and naming of the product. These groups were trained on the concept of linkage and principles and given financial education on mobile technology, consumer protection, budgeting, planning, savings and credit management. Equity and Orange staff were also trained on linkage and the group rating system. The terms and features of the Pamoja account, as well as the requirements for linkage, are outlined in the box below.

Pamoja Savings Account ***Akiba kwa Chama; Maendeleo Mashinani*** **(Savings for Groups; Grassroots Development)**

Terms and Features

- No minimum balance, deposit or ledger fees
- Withdrawal fees minimal
- Unlimited withdrawals; no prior notification necessary for withdrawals
- Interest rate: 2.5 percent per annum
- 24-hour account access via Eazzy 24/7 mobile phones
- Account access with Equity and Orange agents and at Equity branches (withdrawal tariffs apply)
- Free initial cheque book with each account
- Access to business development services and financial education
- No charge for passport photographs for group officials upon account opening
- Future access to group loans

Process to Open An Account

- Acquire group registration certificate from the Ministry of Gender, Children and Social Development
- Provide bank with signed list of group members
- Execute original group officials identification documents; national ID
- Provide bank with:
 - Minutes of the group or association meeting that specified the signatories and mandates
 - Certified copy of group constitution
 - Recommendation letter from the local CIK office
- Group can register at any Equity Bank branch or with bank or Orange agent or directly with an Equity field officer
- Three representatives who receive the PIN numbers are listed on the account at registration

Introducing Individual Accounts

At the outset CARE and Equity had not anticipated opening accounts for individual members, but during the development process they observed that, for entirely cashless transactions, both the group and the individual members must have bank accounts. In addition some individuals were ready and eager for their own accounts. Equity Bank recognized another opportunity to reach more clients and added individual Pamoja accounts to their offerings. These accounts mirror the features of the group account except that each such account is owned by just one individual. In fact the mobile banking system works best when individuals have accounts because the cash transfer by mobile phone is possible, and the individual-account features mirror those of Pamoja. Individual account holders also receive an Equity ID card with their name, photo and account number. For the first time, people had a form of ID that demonstrated that they were members of a formal financial institution.



Nyangoma Women Group members transacting through their mobile phones.

Launching Pamoja

In March 2012 Equity Bank's chief executive officer (CEO) James Mwangi approved the Pamoja saving product, and the full operational product was launched as a pilot in the Bondo and Suba districts just a few weeks later. (A credit product has also been designed and will be tested and launched this year.)

For the first time anywhere GS&L groups were given remote access to full-service banking using their mobile phones. On launch day alone 21 groups signed up to participate, and over 600 individuals opened their own personal accounts. By December 2012 CARE and Equity Bank reached their goals set out in the MOU linking 223 groups and opening accounts for over 4,000 individuals with more than \$35,000 saved in these accounts.

Preparing Groups for Linkage

Before linking the Pamoja savings product, a group must be considered sufficiently mature, which is ascertained using a rating tool provided by CARE's Access Africa initiative (see the Determining Group Readiness box for criteria).

"The Pamoja account marks the first time there has been a unique product designed for savings groups where groups can save and borrow using their cell phones with the same level of transparency they are used to in their regular GS&Ls."

*Sybil Chidiac,
Senior Technical Advisor,
CARE Access Africa*

"This product enables GS&Ls to replace cash completely and ensure security, at lower cost, with less risk, and with a remarkable level of transparency."

*Martin Mulwa,
Orange Regional Sales
and Agency Manager*

In addition groups ready to link need to become registered with the Government of Kenya's Ministry of Gender and Social Services. The Central Bank of Kenya requires that groups be registered so that both the client (in this case the group) and the bank are protected under regulation.

Determining Group Readiness for Linkage to a Financial Institution

CARE International uses the following criteria, measured with a rating tool developed by Access Africa, to determine if a group is mature, which, in this case, means ready for linkage with a financial institution for savings or savings and credit. The tool contains both quantitative and qualitative measures. Some of the indicators used are listed below.

Quantitative Indicators

- Age of group and participation
- Amount of group savings
- Loan fund utilization
- Portfolio at risk
- Amount of debts and investments

Qualitative Indicators

- Member adherence to methodology
- Meeting procedures and group norms
- Maturity of group (how many cycles they have completed together)
- Savings volume
- Loan fund utilization
- Portfolio at risk

Once a group was determined to be ready for linkages, they also had to go through training and become registered with the government of Kenya. Many groups were not registered, posing a barrier to their linkage with a formal financial institution. Equity staff, who carried out field visits to recruit and sensitize groups, found that they often had to make multiple visits since many groups were delayed in obtaining formal registration.

In terms of training, both CARE and Equity Bank had already developed workshops on linkages, financial literacy and financial education. All groups ready to be linked were taken through a 5-day linkage training. Training of groups was delivered by Equity Bank staff as well as by CARE's community-based trainers (CBTs). The CBTs received \$1 as a payment for every participant trained and linked. Equity Bank and CARE shared the costs for the financial education that was delivered to groups.

The Linkage Process

The interested group:

1. Is rated by CARE to determine readiness for linkage
2. Participates in a 5-day training on linkages and financial literacy by a CBT or Equity staff person, which includes modules on:
 - Definition of linkages and reasons to link
 - Understanding the linkage products and process
 - Formulating group norms for linkage
 - Managing GS&L records for linkage
 - Impact of linkage on members and on the GS&L
3. Makes the decision to link by consensus, rather than by majority, then passes a resolution to this effect.
4. Registers with local authorities
5. Prepares required documents to open the account
6. Opens the account with an Orange agent, Equity agent or at an Equity branch
7. Automatically receives their account upon sign-up and receives the group SIM card
8. Changes the PIN numbers for the three officials who will memorize these pass codes
9. Transacts during meetings by passing the phone to the three pass-code keepers; each keeper enters a separate code to unlock and use the account
10. Later, upon launch of the credit product, the group is rated again to determine credit readiness



Member Perspectives

Even with several challenges and steps before linkage could be made, GS&L members expressed satisfaction with the Pamoja product. This success can also be verified by the high account uptake, which exceeded the initial goals. Members were happy with the accounts for a number of reasons.

“To be sure that our treasurer would not be attacked and robbed and our group lose everything, I once put money in a plastic bag, dug a hole and kept it underground. On the night before share out, when I went to draw the cash, the notes had all stuck together and it took until past midnight to separate them.”

*John Odayo,
Former Group Secretary,
Masaku*

It provides security for their money. Members stated that they were happy to have a secure place to store their surplus cash after group meetings. Having the three-PIN system and designated members who receive confirmation of all group transactions gives members a feeling of safety and transparency, just as with the physical cash box.

It is low-cost. The average cost of opening a non-Pamoja account in Kenya is estimated at around \$13 (\$2 for printing and photocopies of documents plus \$11 in transport costs and meals for three officials to journey to the main branch) while, for those who opened a Pamoja account at the community level (most clients), the cost was just below \$2 (printing and photocopying costs). Additionally the costs associated with product registration and usage are minimal, especially when compared to other mobile money products in Kenya.

It is easy to access. Groups can access their Pamoja accounts in multiple ways. Group officials can transact in the main Equity branch or with Equity agents and via their mobile phones during group meetings. They can also go to Orange money agents or ATM machines.

They receive good customer service. Group members initially felt that banks could not be trusted to have cash when they wanted to withdraw their savings, might refuse withdrawal, take days to process, or consume their savings in charges. However, given Equity Bank’s willingness to work

on the ground and their extensive agent network, these fears were unfounded. Members were pleased with the speed and friendliness of service by the Equity agents. They liked the low cost of the account and the ease of access. They also liked that they are able to get bank statements monthly to track their transactions.

It gives them a financial identity. Having a bank account, and the ID card that comes with it, helps people feel as though they are really a part of their country's economy. In a sense it legitimizes their financial identity. Especially for individuals living in remote and rural areas, this identity brings legitimacy to their role in the Kenyan economy.

Some of the groups reported that they linked to have access to larger, longer-term loans, a product that will launch this year. However, most groups did not link until CARE assured them it was safe to do so and were further reassured by group participation in the development, testing and naming process. The initial reticence of groups to link further highlights the importance of preparing clients for linkage through training and raising awareness. The model developed by CARE, Equity Bank and Orange in Kenya is important to replicate when beginning similar linkages because this is likely to be the first time such partnerships will have existed.

Implementer Perspectives

“It’s amazing—the members go to an airtime retailer, and, in a few minutes, they have all the protection and security of a regulated commercial bank account.”

Martin Mulwa, Orange Regional Sales and Agency Manager

CARE, Equity Bank and Orange all consider the pilot project a success for a number of reasons.

It financially includes the previously excluded. For many it is the first time they have had any sort of interaction with a formal financial institution.

“This is a pioneering NGO/private-sector partnership that has the potential to conveniently and affordably offer high-quality retail financial services to millions of previously un-served people across Africa. There is enormous unmet demand for financial services across the continent.”

Helene Gayle, President and CEO of CARE International

It has potential for scale. Now that the program has been developed and tested, and found to be a viable product, there is a great possibility for uptake both in Kenya and in other countries where Equity Bank works. There is potential to open thousands of new accounts and financially include tens of thousands of the previously unserved.

“We are excited about Pamoja because it has the potential to reach outside of Kenya and into the other markets where Equity works, like Uganda and Rwanda. It has a great deal of potential to reach the unbanked in a number of African countries.”

James Mwangi, CEO, Equity Bank



It is a truly demand-driven product. The partners did not want to approach financial inclusion solely from the supply side but truly from the demand side. Given the involvement of groups from the beginning of the development process and the attention paid to their desires, the product meets the expressed needs of GS&L members.

Finally, CARE observed a number of positive changes at the group level after linkage. Among these were:

- Increased share amount in some groups as members are more confident in the security of the excess money kept at a bank
- Improved advance financial management skills for the funds saved and withdrawn by most groups
- Increased meeting frequency from monthly to every two weeks or every two weeks to weekly for some groups
- Interest in accessing a similar individual savings account provided by Barclay Bank (bonus savings account) by some linked (and unlinked) members

Future Plans

Lessons Learned

Key lessons learned during the linkage process include:

- The main challenge that still exists is that groups are located far away from the Ministry of Gender, Children and Social Services, and obtaining the required documents for registration can be expensive, time-consuming and difficult.
- The rating process is vital to linkage success. It saves the bank valuable time, especially in decision-making for credit linkages.
- Agency banking is necessary for effective linkages because distance from a branch is often a serious challenge and cost for members. Increasing the number of bank agents was necessary to counter this challenge as some groups were as far as 30 km from the nearest Equity Bank branch. In some cases (see box below) GS&L members were recruited to become Equity agents.
- Banks have systems for product development and testing that take time, which should be factored into work plans for the development of such products. Normally development of a new product at Equity Bank takes 1 full year covering legal and security considerations, Central Bank compliance and testing. Six months from start to finish was a new record for product development.
- Similar projects should factor in time for MOU negotiation. It took 3½ months of negotiation to successfully negotiate the MOU between Equity Bank and CARE due to staff changes and the need to re-orient new bank staff to the project. Forming a small central committee at the bank that was in charge of spearheading MOU negotiations solved this challenge.
- It is necessary to create the most appropriate bank team for product development at the beginning. Equity's group lending team, a team not accustomed to developing savings products, was tasked with savings product development and the approval process for each stage. Forming an interdepartmental team with the authority to make decisions at a single meeting solved this problem. This team was given a field orientation to GS&L operations that streamlined the process.
- Staff from Equity going to the field to open accounts, rather than requiring the accounts be opened at the branch, helped to roll out the account. However, because groups sometimes did not obtain all necessary documents in time for the field visits, sometimes Equity staff needed to make multiple field visits.
- A significant challenge at outset was that Orange was the smallest MNO provider in Kenya with a small market share and limited network coverage. A tower-sharing deal between Airtel and Orange increased network coverage, and the launch of Eazzy 24/7 by Equity Bank enabled clients to access Equity Bank's services regardless of the mobile network they use. Now any mobile phone using any network in the country can access the application, meaning that Equity's mobile banking application is now available anywhere in the country, even the remotest areas.

Member Who Became an Equity Agent:⁴ Johannes Abwao

Johannes Abwao has been a GS&L member since 2004 when he helped to found the Tabla A GS&L group with nine other members. The group has since split into three groups and inspired the forming of 12 new groups in the area. Johannes took his first loan of \$25 in 2004 to start a small business. Later he took bigger and bigger loans, up to \$625 and diversified his activities to include grocery stores, fish marketing, video shows and fishing. He currently owns two engine boats and two row boats.

When CARE, Equity Bank and Orange began their partnership, they recruited new bank agents to address the issue of low coverage in the pilot area. Tabla had 15 GS&L groups and was in need of more agents to help serve these groups. Johannes applied to be an agent and met the criteria. He is now an Equity Bank agent in addition to his other business ventures.

⁴ GS&L Bank Linkage Quarterly Report. CARE International Kenya. April 2012.



Horizons

CARE, Equity Bank and Orange are eager to continue their partnership and roll out the Pamoja savings product in more areas of Kenya. Additionally they plan to test the credit product this year. Some GS&L groups have already opened accounts and could be added to the new product. Several considerations, including the challenges to group registration and design of an appropriate guarantee, will be undertaken before the product can be rolled out.

Equity Bank's promotional and communications department plans to market using brochures, radio programs, road shows and other media. The bank will assign a specific officer to work with the CBTs on preparing groups for linkage and work closely with the CBTs to ensure that groups are trained on credit product features and credit approvals. Furthermore Equity Bank plans to improve on Orange's limited network coverage by using the Eazzy 24/7 application more broadly and is exploring other options as well. This year Pamoja should roll out across Kenya. Finally CARE and Equity Bank are excited about the prospect of launching the product in Rwanda and Uganda, where both currently work.

The government of Kenya has agreed to help with solutions to some regulatory challenges as well. The Ministry of Gender and Social Services agreed to help CBTs by registering groups through field visits. The government's involvement makes sense because, from a regulator perspective, Pamoja or its subsequent versions could have a great effect on financial inclusion. Among CARE GS&L members, 70 percent of whom live below the \$2 per day poverty line, only 10 percent had access to formal financial services before joining a GS&L. Now any mature group can have access to an account, leading to financial inclusion and the potential to reach the estimated 60 percent of financially excluded Kenyans.

"Community-managed GS&Ls are an important first step to financial inclusion for many of the poorest households. GS&Ls help vulnerable members develop financial skills and build assets. For many members the intersection of mobile payments with financial products specialized for groups will allow GS&Ls to become an on-ramp for formal financial inclusion." — Lauren Hendricks, Executive Director, CARE Access Africa

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Lauren Hendricks, Executive Director, CARE Access Africa

CARE VSLA Membership



Data as of December 2012





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