Protecting Savings Groups

Reached Through High-Tech Channels:

Guidance from the New Client Protection Principles for a Digital Savings Product

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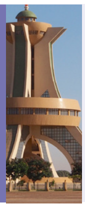
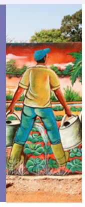




Acronyms

AFD	Agence Francaise de Developpement
CGAP	Consultative Group to Assist the Poor
CNIB	Burkinabe National Identity Card
CPP	Client Protection Principles
CPP	Consumer Protection Principles
FII	Financial Inclusion Insights
FSP	Financial Service Provider
FSP	Financial Service Providers
GSMA	Groupe Speciale Mobile Association
KM	Kilometers
MNO	Mobile Network Operators
PIN	Personal Identification Number
RCPB	le Reseau des Caisses Populaires du Burkina Faso
RMF	Responsible Microfinance Facility
SDG	Sustainable Development Goal
SG	Savings Group
SLWG	Savings-Led Financial Services Working Group
SMS	Short Message Service
SOFIPE	la Société de Financement de la Petite Entreprise
UNCDF	United Nations Capital Development Fund
VSAT	Very Small Aperture Terminal

Executive Summary

This case study, utilizing an experience from Freedom from Hunger's[1] Bridge to Financial Inclusion project based in Burkina Faso, aims to highlight experiences of integrating **client protection principles** – the minimum standards microfinance clients should expect – into the initial design and roll-out of a digital savings product designed for savings groups.

[1] In December 2016, Freedom from Hunger and Grameen Foundation integrated their organizations to form one organization, that going forward will be known as Grameen Foundation. Throughout this report, we will continue to use Freedom from Hunger as current programmes and field staff in Burkina Faso continue to be associated with Freedom from Hunger.

Introduction

Digital finance conjures images of tapping into a cell phone and instantaneous transactions. Loans. Transfers. Payments. We may think of the well-known M-Pesa, the mobile phone-based money transfer and microfinance service launched by Vodafone in Kenya and Tanzania, or many of the other imitators that provide similar services across the globe.

The World Bank estimates that in 2014, only 34 percent of adults across Sub-Saharan Africa had an account with a formal financial service provider (FSP); but the region leads the world in mobile money accounts.[i] Two percent of adults worldwide have a mobile money account, 12 percent of adults in Sub-Saharan Africa do.[ii] In Burkina Faso, 15 percent of men have a formal FSP account, 12 percent of women do.[iii] Compared to the average for Sub-Saharan Africa, only 3.1 percent of men and women in Burkina Faso have a mobile money account. This mobile money account ownership is even less among the poorest 40 percent. However, it is estimated that almost 25 percent of women in Burkina Faso are saving with some sort of informal savings group (SG), [iv] likely accounting for the majority of financial transactions among women.

Local market in Burkina Faso

> "In 2014, only 34 percent of adults across Sub-Saharan Africa had an account with a formal financial service provider; but the region leads the world in mobile money accounts."

Despite what now appears to be ubiquitous acceptance and excitement that the world's poor are or soon will be transacting financially through their mobile phones, digital finance, and in particular digital savings, is still relatively new. For countries like Burkina Faso, there is still significant ground to cover in digital financial services. Seventy-one percent of the population lives in rural areas. In 2014, it was estimated that there were approximately nine internet users per 100 people in Burkina Faso, but almost 80 percent of the population had a mobile phone connection (this references the number of unique mobile subscribers, which risks double counting since it is based on the number of SIM cards, and one individual could have multiple mobile connections).[v] The promise of digital services is significant for the rural unbanked in Burkina Faso. However, there are very few clear-cut best practices for designing these services. There are even fewer best practices when designing for client protection.

This case study looks at the experience of UNCDF MicroLead partner, Freedom from Hunger, and its Bridge to Financial Inclusion project in Burkina Faso. The case study aims to demonstrate how two financial service providers—through a client protection lens—introduced and linked savings groups to formal savings accounts using digital platforms.

Building Bridges to Financial Inclusion

Background

In 2014, with support from the UNCDF MicroLead Expansion initiative, Freedom from Hunger set out to answer whether formal FSPs could effectively form their own SGs, given the effectiveness of SGs for reaching and serving poor rural women, and link them to formal savings accounts via a mobile phone platform.

To accomplish this, two Burkinabé FSPs, le Reseau des Caisses Populaires du Burkina Faso (RCPB) and la Société de Financement de la Petite Entreprise (SOFIPE), began developing a large network of self-managed SGs.

RCPB, founded in 1972, is the oldest savings and credit union network in Burkina Faso and one of the oldest networks in Africa. It is also the largest microfinance institution (MFI) in Burkina Faso and has been a partner of Freedom from Hunger for over 20 years. As of December 2016, RCPB reported 1,095,000 savings accounts and approximately 72,000 borrowers.

SOFIPE, founded in 2008 as a subsidiary of Ecobank, is a non-bank MFI, and became a Freedom from Hunger partner in 2014. As of December 2016, SOFIPE reported approximately 37,000 savings accounts and 13,000 borrowers.

Saving for Change

Freedom from Hunger trained RCPB and SOFIPE in *Saving for Change*, a cost-effective and affordable SG-formation approach that uses local community agents to facilitate the formation and support of SGs.

> "SGs are generally easy to establish, require very little infrastructure, and are easily replicable. For these reasons, SGs have been found to be an effective strategy for creating savings and borrowing capacity, even in the remotest locations and among the poorest, for improving food security and household resilience."

SGs, consisting of 15-30 people, the majority women, regularly meet to save money in a common fund. This fund is used to make loans to group members, with interest on the loans used to remunerate the savings of each individual. At the end of an established savings cycle, anywhere between nine to twelve months, the savings with accumulated interest and fees are shared out among the group members and a new cycle begins. SGs are generally easy to establish, require very little infrastructure, and are easily replicable. For these reasons, SGs have been found to be an effective strategy for creating savings and borrowing capacity, even in the remotest locations and among the poorest, for improving food security and household resilience.[vi]

While SGs allow members to benefit from savings and loan services offered within the group by the members themselves, SGs face a serious issue of excess cash, particularly as they mature, which creates security challenges in their villages. An additional challenge to savings groups is that after a few operational cycles (typically after a year of group operations), members' financial needs evolve and can no longer be met fully by the group, which lacks the capital to make larger loans. In such situations, groups in close proximity to formal financial institutions tend to link up with these institutions to access available services. For those groups operating in particularly rural or remote communities, this linkage is often unlikely due to travel costs.

The Bridge to Financial Inclusion Project

Given the opportunities as well as challenges faced by SGs, technology was seen as an enabler for increasing formal financial inclusion of group members. The hypothesis for the Bridge to Financial Inclusion project was that technology could improve proximity to formal financial services, improve security, improve immediacy and validation of transactions, create a pipeline for other financial services (such as agricultural loans), and lower transaction costs for both FSPs and the (prospective) clients.

To this end, SGs built by RCPB and SOFIPE were linked to specialized formal group savings accounts through mobile technology. While both organizations provided financial education to the group members and were using mobile phone technology to link groups to formal savings accounts, this was where the similarity of their models ended. SOFIPE used the third-party Airtel Money platform for the mobile linkage of SGs to formal group savings accounts, whereas RCPB used their own in-house application *Intercaisses* (or inter-credit union), which in the past primarily facilitated money transfers for clients within RCPB's credit union system.

The Bridge to Financial Inclusion project aimed to achieve the following results:

1. Cost-effective models of group-based savings services for SOFIPE and RCPB would be scaled up using digital linkages so the rural poor, primarily women, could access and interface more effectively with the formal financial system.
2. 55,200 women in Burkina Faso would improve their financial capability through group-based savings services and financial education using a technology-enabled delivery approach.
3. SOFIPE and RCPB would adopt and operationalize Smart Campaign client protection principles and extend principles to a mobile money delivery mechanism.
4. Knowledge products and best and innovative practices would be disseminated among key stakeholders to support the transformative role that savings mobilization could play in response to financial inclusion for those currently outside of the formal financial ecosystem.

Box 1: Bridge to Financial Inclusion Summary

SOFIPE decided to leverage the existing Airtel Money platform instead of building their own system to facilitate digital transactions. In Burkina Faso, Mobile Network Operators (MNOs) are the main technology providers unlike other markets where financial technology, or FinTech, companies also capture market share of financial service clients. This decision by SOFIPE to utilize Airtel's existing platform appeared to provide the quickest and most cost-effective pathway to linking its SGs to formal savings accounts.

Box 2: Understanding the term "mobile money agent"

Throughout this case study, we will use the term *mobile money agent* to refer to the people RCPB and SOFIPE rely on to interact with their SGs for mobile money transactions. In practice, RCPB refers to their agents as *mobile agents* whereas with SOFIPE, they are referred to as Airtel *mobile money agents*. RCPB calls them *mobile agents* to distinguish them from *mobile money agents* who are typically associated with MNOs. RCPB's mobile agents are recruited and contracted by RCPB directly to provide mobile money services whereas Airtel mobile money agents are associated with the MNO Airtel and therefore are a third-party in SOFIPE's model. SOFIPE has no direct control or relationship with Airtel mobile money agents but collaborates with Airtel Money to meet the needs of its SGs.

RCPB, on the other hand, had already made the investment in the *Intercaisses* system to facilitate a client's ability to transact at any one of their five main credit unions situated across Burkina Faso. This allowed a client, for example, living in the capital Ouagadougou to make financial transactions in Ouahigouya in the north. Clients who wanted to use the *Intercaisses* system set a Personal Identification Number (PIN) and could meet with an RCPB representative in a branch or kiosk which had a connection to the system and could complete a transaction on their account. For the Bridge to Financial Inclusion project, the FSP had to make a further investment to allow for mobile transactions occurring outside of branches or kiosks. This made it possible for SG members who lived within 5 kilometers (KM) of a branch to transact at the branch or kiosk, or if beyond 5 KM, they interacted with a network of agents put in place by the organization.

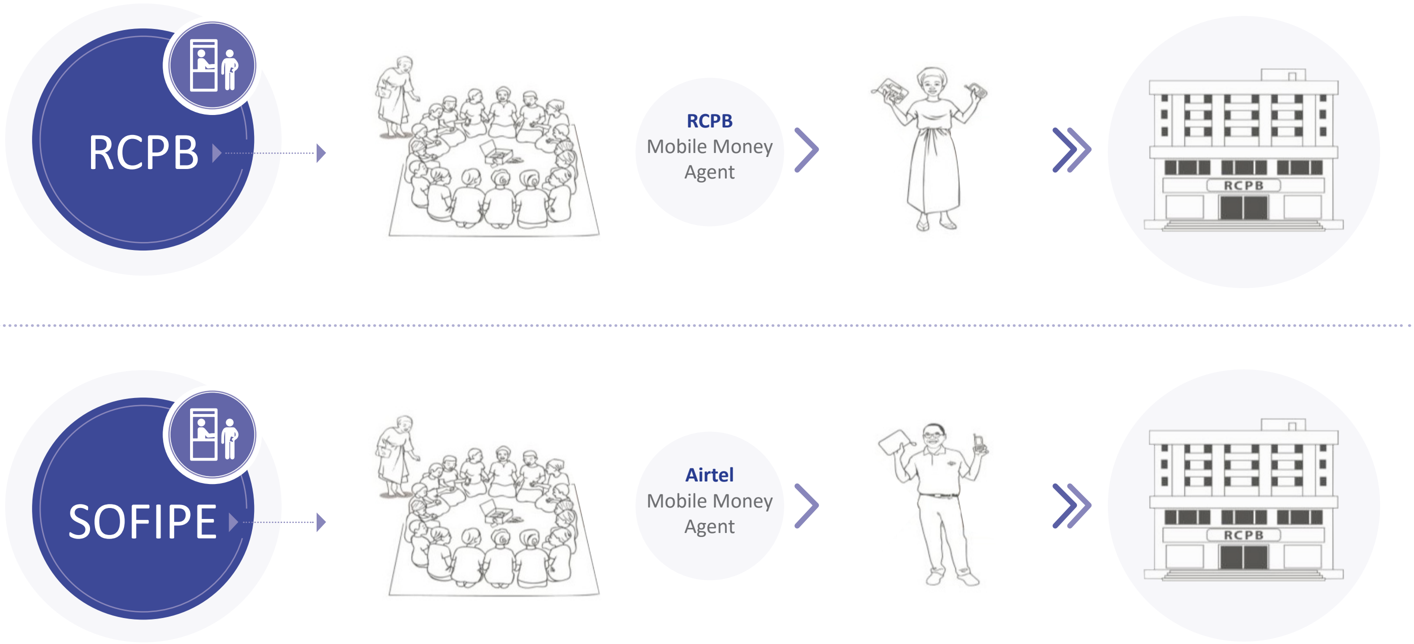
Local Women

Neither SOFIPE's nor RCPB's clients were required to use their own phones to make transactions; only the Airtel mobile money agent or the RCPB mobile money agent made the transactions on their phones (see Box 2 for definition of mobile money agent being used in this case study). Both RCPB and SOFIPE clients were only responsible for remembering and using their PIN with the agent. This helped overcome one of the most important barriers in the Burkinabe context of women generally lacking access to their own personal mobile phones. Also, given the estimated poverty levels of the clients,[2] the mobile money services were designed to incur no fees when members make deposits. Fees are incurred for withdrawals, however (discussed in more depth in the pages to follow).

[2] Based on Freedom from Hunger research conducted in 2014, it is estimated that approximately 64 percent of women who fit a similar profile as those referenced throughout this report lived below the USD 1.25/day international poverty line.

Figure i highlights the similarities and basic differences in how SGs interact with RCPB and SOFIPE. The rest of this case study will assess each of the models in depth and how product and service characteristics respond to client protection principles.

Figure i
Linking SGs to Savings Accounts at RCPB and SOFIPE



Challenges and Risks for Digital Savings Services

Bridging the gap between informal SGs and formal institutions by way of a digital channel comes with unique challenges. Operational, social and cultural hurdles can impede the product from taking off, which poses a risk to the institution, and can harm a clientele that is already highly vulnerable.

The Smart Campaign Client Protection Principles (CPP) 2.0 provide guidance to help FSPs avoid some of the pitfalls associated with digital channels and third party providers (like SOFIPE's arrangement with Airtel). The CPPs, first launched in 2013, were updated in 2016 with this very objective—to expand client protection by providing specific guidance for FSPs offering savings, insurance and payments alone or via third party providers like mobile phone companies. See Box 3 for summary of the CPPs. [vii]

- **Appropriate product design and delivery**
  Providers will take adequate care to design products and delivery channels in such a way that they do not cause clients harm. Products and delivery channels will be designed with client characteristics taken into account.
- **Prevention of over-indebtedness**
  Providers will take adequate care in all phases of their credit process to determine that clients have the capacity to repay without becoming over-indebted. In addition, providers will implement and monitor internal systems that support prevention of over-indebtedness and will foster efforts to improve market level credit risk management (such as credit information sharing).
- **Transparency**
  Providers will communicate clear, sufficient and timely information in a manner and language clients can understand so that clients can make informed decisions. The need for transparent information on pricing, terms and conditions of products is highlighted.
- **Responsible pricing**
  Pricing, terms and conditions will be set in a way that is affordable to clients while allowing for financial institutions to be sustainable. Providers will strive to provide positive real returns on deposits.
- **Fair and respectful treatment of clients**
  Financial service providers and their agents will treat their clients fairly and respectfully. They will not discriminate. Providers will ensure adequate safeguards to detect and correct corruption as well as aggressive or abusive treatment by their staff and agents, particularly during the loan sales and debt collection processes.
- **Privacy of client data**
  The privacy of individual client data will be respected in accordance with the laws and regulations of individual jurisdictions. Such data will only be used for the purposes specified at the time the information is collected or as permitted by law, unless otherwise agreed with the client.
- **Mechanisms for complaint resolution**
  Providers will have in place timely and responsive mechanisms for complaints and problem resolution for their clients and will use these mechanisms both to resolve individual problems and to improve their products and services.

Source: http://www.smartcampaign.org/storage/documents/smart_campaign_cpps.pdf

Box 3: The Smart Campaign Client Protection Principles

In April 2016, Freedom from Hunger, RCPB, and SOFIPE leveraged funding from the Responsible Microfinance Facility (RMF)[3] and UNCDF MicroLead, to host a workshop with representatives from the three organizations and with the support of Valerie de Briey, a Smart Campaign-certified trainer, to explore how RCPB and SOFIPE could build client protection principles into the design of the Bridge to Financial Inclusion project. This case study will outline the areas of client protection related to digital financial services and will highlight the progress made-to-date regarding the products, processes, and policies that were developed to ensure that client protection was at the center of the project and product design.

[3] The RMF is funded by the Agence Française de Développement (AFD) and managed by the Social Performance Task Force in collaboration with the Smart Campaign.

Below the main challenges to providing a digital group savings product, as identified by SOFIPE and RCPB, and how the CPPs can help FSPs mitigate both institutional and client risk are addressed. Related CPPs are highlighted in the blue boxes throughout each section and commentary regarding how RCPB or SOFIPE responded is articulated in the main text.

Challenge - Client Understanding 1

The digital savings product, as proposed by both Burkinabe institutions, builds on the existing SG methodology. The SGs meet regularly to save in their lock-boxes, but periodically make deposits of these savings into the group savings account held with either RCPB or SOFIPE. At RCPB, clients, depending on their proximity to an RCPB branch, can transact using one of the following two methods: those within five kilometers (KM) of a branch can go directly to that office to conduct their transactions; those more than five KM away can make deposits and withdrawals with an RCPB mobile money agent. RCPB mobile money agents are recruits from the community agents who already facilitate the SGs. The mobile money agents tend to be the most literate among community agents and are willing to take on the mobile money agent role in addition to their community agent role. They must also have financial capacity to invest the necessary operating funds with RCPB; this is discussed more throughout the case study. The RCPB mobile money agents serve their own groups (playing both the role of community agent and mobile money agent) as well as additional SGs in their area with mobile savings transactions transacted on mobile phones supplied by RCPB which are linked real-time to RCPB's core banking system. For RCPB, the digital component is literally in the hands of the RCPB mobile money agent, who uses her mobile phone to make transactions on behalf of the group members. For SOFIPE, the digital component is similarly facilitated by a mobile money agent, but instead this agent is from a third-party actor, Airtel Money.

SG members are trained on how to enter their group's private PIN number on the RCPB or Airtel mobile money agent devices to protect privacy and prevent fraud. Two members from each group transact on behalf of the group. Each of the two members only knows half of the PIN and enters their part of the PIN when a transaction takes place. A deeper description of the mobile money transaction for both RCPB and SOFIPE is provided later in Box 13.

- A policy is in place that defines how the provider will offer suitable products and services through appropriate channels (1.1.1.0)
- The provider considers design and delivery suitability when products and services are designed or offered through a third-party provider (1.1.1.1)
- The provider evaluates the client's ability to interact effectively with the technologies it uses to provide services and information (1.2.1.2)

Box 4: CPPs and Client Understanding – Suitability

Still, ensuring client understanding of the conditions, fees and importance of confidentiality is a challenge, given low levels of literacy, and inexperience with banking services and mobile money transactions. The risk is that clients make ill-informed choices that lead to decapitalization (for example, multiple withdrawals that generate fees that eat away at their savings) or the potential for theft (for example, sharing sensitive information about the SG's meeting times, their PINs, or group deposit sums).

Mitigating Risks Associated with Client Understanding

The CPPs give guidance on how to mitigate the risks around client understanding. First of all, there is the question of suitability (Box 4, prior page). Is the design of this savings product suitable to the target group, their education level, and their financial capability? Assessing suitability is fundamental to any product design, and particularly important when introducing something completely new to a given context, like digital savings in Burkina Faso, and when leveraging the digital platform of a third-party actor.

A second element key to client understanding is **transparent disclosure**. The CPPs (Box 5) list information that clients should receive whether the product is provided directly by the institution and its agents, as in the case of RCPB, or via a third-party like Airtel Money, as in the case of SOFIPE. This would also include how to access the service from their personal location, for example, through the agents that they will transact with and when, where they can open their digital account, what information they need to do so, who is able to do this, etc.
A third element for client understanding is training of both staff and clients. The CPPs (Box 6) indicate clients should be provided information in a way that accounts for literacy and numeracy and language requirements. They also define how staff or agents interacting with clients are trained to convey these messages in a way that meet the same requirements.

Savers should receive verbally and in writing the following information

- interest rate and how amounts will be calculated
- minimum and maximum balances
- whether deposits are governmentally insured
- timing, conditions and fees for accessing their savings
- fees charged by third-party providers or agents
- taxes
- cancellation conditions (including closure fees)

(3.1.3 3.1.3.1 3.1.6.1 3.1.7 2.1.2)

Box 5: CPPs and Client Understanding – Transparent Disclosure

In response to these CPPs, RCPB and SOFIPE have taken a number of steps to make sure clients understand their digital group savings product. These included human-centered design research, group-based education sessions, agent training, and various internal controls and processes. Where both organizations had similar or same experiences, these are combined in Table ii on the pages further below; where different, they are highlighted in separate columns.

The provider communicates all information related to products, services and policies to clients:

- in plain language
- in the local language
- without hidden legalese or small print
- at an appropriate level given financial literacy limitations. For less literate clients, oral communication supplements written information. (3.3.3.2 3.3.3.1)
- The provider trains staff so that they fully understand how to determine whether products, services and channels are suitable for specific clients, and for lending staff, that collateral policies are understood. (1.1.4.0)
- The provider verifies that third parties train their own representatives to determine whether products, services and channels are suitable for specific clients. (1.1.5.0)

Box 6: CPPs and Client Understanding – Training

Financial literacy of the SG members was seen as one of the key strategies that both institutions could employ to mitigate risks regarding client understanding. Estimates from 2007[viii] suggest only 22 percent of women in Burkina Faso are literate. Therefore, relying on written materials for conveying information on product and service characteristics is not likely to be helpful for the majority of women being served by SOFIPE or RCPB.

Mobile-based financial education sessions designed by Freedom from Hunger further leveraged the use of mobile phones to facilitate dialogue among SG members. For this project, a mobile-phone based application was designed such that the community agents who were conducting the training physically shared their phone with the group so that the group members could take turns watching a series of pictures and listen to a recording of important messages about how SGs can link to formal savings accounts with either SOFIPE or RCPB. After all members watched the videos, the community agent would facilitate a discussion about what the members had heard. The use of the mobile-based financial education helped ensure that messages regarding the savings accounts and the product details were consistently and accurately shared across all SGs.

By March 2017, approximately 5 facilitators, who are staff members of SOFIPE and RCPB, had trained a network of 110 community agents each who were in turn trained to build and train savings groups. Among SOFIPEs 1200 SGs, 570 had opened savings accounts. Among RCPB's 1170 SGs, 225 had opened savings accounts. See Table i for key performance indicators.

Table i
Project's Key Performance Indicators (as of March 2017)

Performance Indicators	SOFIPE	RCPB
Facilitators (FSP staff members)	5	5
Community agents trained	110	110
Total number of SGs formed	1,214	1,165
Total number of members	30,955	24,908
Total number of SGs exposed to financial education	1,032	984
Total number of members exposed to financial education	25,800	20,664
Total number of SG accounts opened	570	225

To date, key challenges faced with the education and the use of videos on a phone are related to synchronizing the savings product description with the financial education messages as well as the time it took to pass the community agent's phone to the members so that they each could watch the video. Future replications of the mobile-based financial education will likely utilize mobile phones or tablets that have larger screens.

At the time of publication of this case study, the pre- and post-test results were yet to be published.[4] The survey reflected on group preparedness for opening a savings account, member comfort with the way group funds are managed in the account, group dynamics since account opening, basic knowledge on how to use savings accounts, how to seek assistance with savings accounts, the members' view of safety of funds, familiarity and use of other financial products, pressure to take financial products, and whether they would recommend others to join a SG and link to a group savings account. Early results suggest that there was mixed understanding of the withdrawal fees and interest earned on the savings accounts; however, all groups sampled felt their group was adequately prepared to open their savings account with either RCPB or SOFIPE.

Challenge - Affordability 2

The stakes are high when it comes to keeping the new digital group savings product affordable. Pricing needs to cover costs being sunk into this innovation in a reasonable period of time[5], but the product must remain accessible, so that clients can actually use it. A key risk for clients is paying a disproportionate amount of fees to withdraw their savings compared to their savings balances. For both RCPB and SOFIPE, affordability to the client poses a challenge. While there are no costs for deposits for either organization, there are minimum account balances, and there are costs for withdrawals and transfers.

The CPPs (Box 7) lay out practices to follow as it pertains to pricing. For example, FSPS should not charge for confirmation of transactions or balance inquiries. However, the CPPs do not establish a pricing scale, which is necessarily influenced by context.

- The provider does not charge clients for confirmation of transactions and balance inquiries. Fees are acceptable for repeated balance or receipt requests over a stated frequency. (4.2.4.1)
- Fees on deposit accounts are not disproportionately high relative to small deposit balances. (4.2.4.4)
- The provider monitors the fees charged to its clients by its third-party providers to ensure that they are in line with peers. (4.2.4.6)
- Interest is calculated in a straightforward manner (on a declining balance; according to the exact date of payment; for deposits -- based on daily balances). (4.2.2.1)

Box 7: CPPs and Affordability

[4] Some pre- and post-test findings have been noted here but will be highlighted in their entirety in the forthcoming report: Gash, Megan. (2017). "Bridge to Financial Inclusion in Burkina Faso Client Outcomes Study Endline Report." UN Capital Development Fund. *Forthcoming.*

[5] A separate costing assessment was completed to document and compare and contrast the RCPB and SOFIPE models. Please see: Loupeda, C. (2017). "Cost, Revenue, Performance and Effectiveness Analysis of Rural Mobile Savings Accounts in Burkina: Savings groups, financial education, and mobile financial linkages." UN Capital Development Fund. *Forthcoming.*

Mitigating Risks Associated with Affordability

A side-by-side comparison of the costs is provided in the table in the annex.

RCPB…:

- originally priced the withdrawal fees at USD 0.43 for its new digital SG product based on what they understood to be affordable but could also ensure the savings product could be profitable.
- eventually reduced the fees to USD 0.41 for the first USD 166 to better meet the capacity of savings groups to pay based on their average revenues. For every interval of USD 166 in withdrawals, USD 0.41 is charged. For example if the group withdraws USD 170, the group will be charged USD 0.82 for the withdrawal.
- required a minimum balance of 3,000 FCFA (~USD 5.00); did not charge for deposits, transfers made to other people, or to check balances.
- paid 3% interest annually on the savings based on the minimum account balance. To facilitate client understanding of how the interest helped grow their savings, the mobile-based financial education described this in terms of amount of money earned on 10,000 FCFA (will earn 300 FCFA) and 100,000 (will earn 3,000 FCFA), respectively.

$0.00 – $16.66: 41 cents
$16.67 – $41.66: 82 cents
$41.67 – $83.33: $1.25
$83.34 – $166.66: $1.66
$166.67 – $333.33: 1.0% of the amount withdrawn

Box 8: Airtel Withdrawal Fees

SOFIPE…:

- unlike RCPB, faced a particular challenge regarding affordability, because it had to work to align Airtel's pricing with what SOFIPE's SGs could actually pay. While Airtel offered tiered pricing (Box 8)—i.e., the more you withdraw, the less you pay relative the amount withdrawn—SOFIPE struggled to negotiate with Airtel to reduce these costs on behalf of their clients. Airtel's relative monopoly of the mobile money platform in Burkina Faso weakened SOFIPE's bargaining power and weakened SOFIPE's control over its model. It has also resulted in less revenue for SOFIPE given they do not collect any of the fees associated with the Airtel mobile wallets.
- required a minimum balance of 3,000 FCFA (~USD 5.00); did not charge for withdrawals due to Airtel withdrawal fees and did not charge for deposits, transfers, or to check balances.
- paid 3.5% interest on the savings accounts, based on the average account balance for the year, and paid this interest annually. To facilitate client understanding of how the interest helps grow their savings, the pictorial financial education sessions described this in terms of amount of money earned on 10,000 FCFA (will earn 350 FCFA) and 100,000 (will earn 3,500 FCFA), respectively.

At the time of developing this case study, a cost-effectiveness analysis was underway to understand the cost- and revenue-drivers to inform improved models and to strengthen the business case for an FSP-led SG approach and the linkages to formal savings accounts. Affordability is a particular risk for SOFIPE, because it is forced to submit to Airtel Money's pricing of financial transactions; pricing of services is therefore more expensive for SOFIPE clients. It is also important to note that from a business case perspective, SOFIPE is at a disadvantage given Airtel collects most of the fees associated with the mobile money wallet transactions. Therefore, SOFIPE primarily will be able to sustain this product due to the intermediation of funds—or on-lending the savings in the form of loans or cross-selling of other financial service products. (See footnote 5.)

Table ii
Client Understanding: RCPB and SOFIPE Product Designs

	RCPB	SOFIPE
Suitability	• Feasibility study/market research for linking SGs to financial institutions using technology; study to assess suitability of mobile training tools; human-centered design research.	
	• Support SGs to make the decision whether or not they want to open an account. After the financial education sessions are completed, the SGs can choose whether or not to open an account.	• Support SGs to make the decision whether or not they want to open an account. After the financial education sessions are completed, the SGs can choose whether or not to open an Airtel Mobile Money account as well as a SOFIPE savings account.
Training and Transparency	• Pictorial financial education sessions provided through videos on: - **Introduction to savings accounts with RCPB** (describes how to open a savings account with RCPB, with an RCPB mobile money agent who will come to the village or if close to a branch, the group can travel to the branch), - **Benefits and costs of a savings account** (describes fees and process for managing an account), - **How to open an account** (group representatives practice entering their part of the secret code into RCPB mobile money agent phone), - **How to make deposits** (describes confirmations of deposits- paper receipts), - **How to make withdrawals** (associates group savings distributions or loan needs with how much to estimate for withdrawals, when to contact RCPB mobile agent to set up amount for withdrawal), - **How to manage risks** (what to do if lost phone, compromised code, bad network signal), - **Decision on whether to open an account or not** (group discusses pros and cons of an RCPB group account, votes on decision to open or not).	• Pictorial financial education sessions provided through videos on: - **Introduction to savings accounts with SOFIPE** (describes how to open a group savings account with SOFIPE through an Airtel mobile money agent; describes need for SG to purchase an Airtel SIM Card as well as Airtel Mobile Money account/wallet), - **Benefits and costs of a savings account** (describes fees and process for managing an account), - **How to open an account** (describes how members can meet with Airtel mobile money agent or visit SOFIPE; representatives practice entering secret codes), - **How to make deposits** (describes confirmations of deposits- SMS messages), - **How to make withdrawals** (associates group savings distributions or loan needs with how much to estimate for withdrawals, when to contact Airtel mobile money agent to set up amount for withdrawal), - **How to manage risks** (what to do if lost phone, compromised code, bad network signal), - **Decision on whether to open an account or not** (group discusses pros and cons of an account, votes on decision to open or not).

	RCPB	SOFIPE
	• Supervisors/community agents from RCPB are trained on how to assess and provide feedback to mobile money agents if interactions between clients and the mobile money agents are not going well.	• No mechanism has yet been set up with SOFIPE regarding a feedback mechanism.
	• A pre- and post-test were completed to test member knowledge of key pieces of information they should gain from the financial literacy training. Results forthcoming.	
	• Community agents who conduct the education are trained to use a mobile-learning financial education tool[6] that both reinforces their own training on the education sessions, and ensures quality and accuracy of the messages to be delivered. SGs watch the short videos on the community agents' phones and the group engages in a discussion about what they learned.	• Community agents who conduct the education are trained to use a mobile-learning education tool that both reinforces their own training on the education sessions, and ensures quality and accuracy of the messages to be delivered. SGs watch the short videos on the community agents' phones and the group engages in a discussion about what they learned. • Airtel mobile money agents were invited to participate in group formation sessions of SOFIPE's savings groups so that they could see how SGs worked and understand the market potential.

Challenge - Network downtime

3

Network downtime—due to a phone network outage or saturation or technical bugs in the platform—is a major challenge with multiple risks.[ix] Both RCPB's *Intercaisses* platform and the Airtel Money server need a 3G[7] internet connection to function effectively and fully complete the digital savings transactions. Network downtime can lead to:

- **Temporary loss of access to savings**, thus harming clients who want to take a loan from the group, meet a debt obligation or who have urgent liquidity needs (medical bills, social obligations, making transfers to other family members, or accounts, etc.).
- **Breach of privacy**, if savers leave their money or group leaders leave their PIN numbers with mobile money agents to complete a transaction when the network connection returns.
- **Higher cost of service** as an interrupted transaction can lead to multiple transactions, i.e., if the network drops when the agent is in the middle of registering a withdrawal and the saver has to redo the transaction when the network connection returns, there is a risk she will be charged twice for the withdrawal.
- **Loss of customer trust**, particularly when network downtime occurs when a customer initially starts transacting. This trust is often difficult to repair.[x]

[6] For a visual example of the mobile-based financial education shared during the Bridge to Financial Inclusion Project, see: https://youtu.be/hc0ceXZXMOk

[7] 3G, which stands for 3rd Generation, is the 3rd generation of wireless mobile telecommunication technology. A 3G network, unlike a 2G network that mainly supports mobile phone calls, is capable of supporting mobile internet access, wireless internet access, and mobile TV.

- The provider and/or its agent network has a system to monitor third party agent liquidity and network availability and take action in the event of system failures. (1.2.3)
- If a funds transfer or similar electronic transaction is made to the incorrect account, mechanisms are in place to correct the error by either the agent, branch or provider. (5.4.2.2)

Box 9: CPPs and Network Issues

Mitigating Risks Associated with Network Issues

Network problems are an infrastructure issue, which means they are largely out of the control of financial institutions. Still, as the CPPs indicate (Box 9), providers need to plan for them and have systems in place—like a contingency plan and a recourse mechanism—to deal with their consequences. Also, CGAP, in their publication, "In the Fast Lane: Innovations in Digital Finance,[xi]" outlines that financial service providers, while they may not be able to control the network, should discuss and integrate the following into agreements with the network providers:

- Establish regular network system testing and real-time monitoring with adequate business continuity and contingency plans.
- The network should integrate smoothly with other ecosystem players.
- Prices and business rules should be set to ensure adequate bandwidth allocation for digital financial services.
- Relationships and responsibilities should be established carefully from the inception.

Despite not being in a position to control network quality, both RCPB and SOFIPE have taken some steps to mitigate this risk.

RCPB…:

- conducted an assessment to determine which days of the week and which times of day the network were likely to offer the most reliable internet connection, and informed their agents to transact at these times, if at all possible,
- staff closely monitored the network quality in their particular areas and informed the mobile network operator as well as the community agents, who in turn informed their groups if there was a risk to stable transactions,
- staff made sure to listen to SG concerns through frequent communications with the community agents that served the groups,
- recommended that their mobile agents carry two SIM cards: one from each of the two MNOs that operate in Burkina (Airtel and Telmob) to interchange when needed,
- invested in VSAT (Very Small Aperture Terminal) equipment, which is a satellite communications system that interfaces with the mobile agent's phone and a satellite transponder, to ensure more reliability of the internet connection needed to facilitate the digital transactions. RCPB purchased at least five VSAT terminals, one for each of their regions, to improve reliability of internet connection for their staff and mobile money agents.

SOFIPE…:

- similar to RCPB, relied on their staff to closely monitor network stability in their area and to inform Airtel of any issues of connectivity,
- staff made sure to listen to SG concerns through frequent communications with the community agents that served the groups, and were still developing a protocol with Airtel to formalize this activity. While no particular protocol has been completed to-date, SOFIPE indicated it would report to Airtel when there was a failure in network connectivity.

For the foreseeable future, network connectivity will remain a key risk for both organizations. Recently, Airtel was acquired by Orange Business Services[xii], a global telecommunications operator. It is still unknown whether this change in management will improve or challenge current connectivity issues and the particular collaboration between SOFIPE and Airtel. To date, Orange continues with the same team and there is continuity in the collaboration between SOFIPE and Orange.

During the workshop where both SOFIPE and RCPB met to identify client protection risks, both developed action plans for the year to further develop processes and policies to help reduce the risks. At the time of writing this case study, the project had only been fully operational—meaning SGs were at the point they could open up group savings accounts—for approximately four months. To date, there has not been an opportunity to receive any client feedback as to whether network downtime has been a particular challenge, even though from an FSP-level, this is noted as a continual challenge. However, both organizations have been working to develop a procedures manual that would provide specific guidance and policies related to network downtime that could be used as this programme continues to roll-out and scale-up. For this reason, there are no specific policies or procedures to yet highlight except for the monitoring that both organizations continue to do.

Challenge - Fraud that targets customers

4

Misuse of client information combined with lack of information on how to safeguard SG information can open the door to fraud by mobile/mobile money agents. Various situations may increase the risk of fraud:

- Lack of time, understanding or simple negligence may lead clients to entrust their code to a third party (for example, to perform the transaction in their stead) or to choose an easy-to-use privacy code (e.g. using 1234).
- Agents may take advantage of the low level of education of clients to engage in dishonest behavior (e.g., spying on client code, encouraging them to disclose their code, etc.).
- Well-informed third parties may commit theft if they have knowledge of the date and time of the transaction, which is necessarily communicated in advance to the agent so as to ensure sufficient liquidity at the time of the SG's transaction.
- Telephone scams to obtain user identity data have been observed in some countries.
- Agents can run away with the groups' savings deposits.

Mitigating Risks Associated with Fraud

Having a **code of conduct** and clear policies on what is acceptable and unacceptable is the first step to deter fraud. **Training** staff (on the code, privacy policies, etc.) and clients (on how to safeguard their information) is the second step, followed by a **robust internal control system** that checks that policies are being applied through client visits. (See CPPs in Box 10 below). This applies to both RCPB and SOFIPE. SOFIPE, however, must take an additional step: the Airtel mobile money agents serving the SGs with the digital savings product are Airtel Money contractors. It is therefore up to SOFIPE to include in their contract with Airtel Money that Airtel mobile money agents adhere to the same rules of conduct expected of its own employees.

- The provider has an effective training programme in place to ensure that staff understand and have the skills to implement policies and procedures related to fair and responsible treatment of clients and aligned with the code of conduct. Unacceptable behavior is highlighted. (5.1.2.2)
- The provider verifies that third parties train their own representatives on fair and responsible treatment of clients. The training is aligned with the provider's code of conduct and spells out unacceptable behavior. (5.1.2.3)
- A documented process is in place to avoid fraud related to client savings, and is in line with international best practice. (5.4.1)
- A policy and documented process are in place to maintain the confidentiality, security, and accuracy of clients' personal, transactional and financial information. They cover gathering, processing, use, distribution and storage of client information. (6.1.1)
- The provider's agreement with third-party providers that have access to client data specifies that these providers will maintain the security and confidentiality of client data. The provider monitors fulfillment of this agreement and takes action when problems are identified. (6.1.1.2)
- The provider verifies that third parties (agent network managers, etc.) train their own representatives on policies and processes related to privacy of client data. (6.2.5)
- Group leaders are trained to safeguard group member information, particularly saving account balances, dates of loan disbursement, and information on repayment problems. (6.2.4.11)
- Staff inform clients on importance of protecting Personal Identification Numbers (PINs) and how to do so. (6.2.4.2)

Box 10: CPPs and Protecting Clients from Fraud

To mitigate fraud, Freedom from Hunger worked with both RCPB and SOFIPE to build their capacity to train their field staff in SG formation, financial education, and marketing the group savings account product. SOFIPE also developed their own procedures manual for the new group savings account product, which describes how the services should be delivered to the SGs. Both RCPB and SOFIPE saw financial education as an important step to mitigate fraud and, therefore, provided financial education sessions to all SG members (Table iii). The financial education concludes with the group deciding whether or not they will open a group savings account (and in SOFIPE's case, whether they will open an Airtel mobile money/mobile wallet account as well). During the education sessions, members are informed how every deposit and withdrawal transaction should take place and that each transaction is confirmed and verified with a paper receipt (in the case of RCPB) or with an SMS that they receive directly on their group's mobile phone (in the case of SOFIPE).

Table iii
Mitigating Fraud

<table>
<tr><th></th><th>RCPB</th><th>SOFIPE</th></tr>
<tr><td>Code of Conduct</td><td>• RCPB has a Code of Conduct that covers the organization as a whole, but to date, does not provide specific provisions regarding digital transactions with clients.
• To date, no specific privacy policies have been completed related to the digital savings product.</td><td>• SOFIPE has a Code of Conduct that covers the organization as a whole, but to date, does not provide specific provisions regarding digital transactions with clients.
• To date, no specific privacy policies have been completed related to the digital savings product.</td></tr>
<tr><td>Training</td><td colspan="2">• The pictorial financial education sessions guide the SG members through a process to elect two people to serve as secret code holders. Each person holds two of the four-digit code required to make transactions. Neither person should share their code with anyone else, not even the other code holder. This helps mitigate risks of codes being used without permission both inside and outside of the group.</td></tr>
<tr><td>Internal Controls</td><td>• Once transactions occur, group members receive a paper receipt that outlines the transaction activities.
• As with the Saving for Change methodology, the group also uses a verbal memory system (where as a group they say out loud what their account balance is at each meeting). This can be compared with the balance in their account.
• The mobile agents are closely monitored by RCPB facilitators and through the Intercaisses platform on a daily basis.
• RCPB mobile money agents are remunerated both for deposits (payment of a lump sum for each deposit by the institution) and for withdrawals (remuneration based on a percentage of the amount withdrawn).</td><td>• Once transactions occur, group members receive an SMS from Airtel outlining the transaction activities.
• As with the Saving for Change methodology, the group also uses a verbal memory system (where as a group they say out loud what their account balance is at each meeting). This can be compared with the balance in their account.
• Thanks to the integration of the SOFIPE core banking system and the Airtel Mobile Money platform, SOFIPE is able to monitor the movement on the accounts in real time as with any other accounts. The financial education also helps SGs to control the accuracy of their transactions.
• Airtel mobile money agents are only paid in the case of withdrawals because the deposits are free.</td></tr>
</table>

Most effort to-date regarding fraud has been on training clients on how to avoid or reduce the likelihood of fraud and ensuring that transactions with clients are transparent. Work is still to be done regarding fraud, particularly in the development or inclusion of digital transactions within Codes of Conduct and privacy policies.

Challenge - Absence of customer recourse

5

Client complaint or dispute mechanisms are critical for any service provider for a positive client experience and for client retention. However, these mechanisms are particularly important when clients are transitioning from one product or interaction to another, such as SGs transitioning from guarding savings in a physical cash box to saving in a formal savings account through use of technology and/or third-party providers. When issues do occur, lack of a clear and appropriate complaints mechanism can result in:[xiii]

- Clients not knowing who to approach when there is a problem.
- Front-line staff who do not know how or are not empowered to resolve complaints as they occur.
- Clients concerns not being addressed in a timely and fair manner.
- Risks to the financial institution's or the third-party provider's reputation if a client is dissatisfied with their services resulting in negative word-of-mouth communication and reduced willingness of others to try the service.
- Further exclusion of and lack of trust by SGs due to their low-literacy levels to complete written complaints as well as the lack of mobile phones, or limited financial means to cover the cost of a phone call, or SMS message to make a complaint.

Research conducted for the Financial Inclusion Insights (FII) study carried out by InterMedia for the Bill & Melinda Gates Foundation and for CGAP[xiv] regarding customer recourse indicates that most customers look to their agents to resolve any problem they may have. The same research highlighted that among customers interviewed across Ghana, Rwanda, Tanzania, and Uganda, between 59 and 87 percent experienced at least one problem, but only between seven and 14 percent ever reported this problem to customer care. This creates additional risks for potential fraud or reputation risk.

Mitigating Risks Associated with Customer Recourse

Developing a complaints mechanism for digital financial services can require a fairly sophisticated system, particularly when there are multiple responsible parties. However, in the most basic form, **clients should be informed and educated** regarding the recourse mechanisms available to them (whether it's a call center, complaint box, or other mechanisms); it should be clearly defined as to **which provider is responsible** for resolving the client complaint; **staff should be trained** to resolve complaints, and a **time period** should be established in which a client's complaint will be resolved (Box 11).

To date, neither RCPB nor SOFIPE has an accessible and effective complaints mechanism for members of SGs who do not have the opportunity to go to a point of service (where suggestion boxes are sometimes present). This is still a step to complete in the action plans they developed for the digital savings product as well as for their institutions as a whole.

- The provider has an effective system in place to receive and resolve client complaints. (7.1)
- The provider informs clients about their right to complain and how to submit a complaint. (7.3)
- The provider uses information from complaints to manage operations and improve product and service quality. (7.3)
- Complaints about the provider's third-party providers can be submitted directly to the third-party providers or to the provider. If submitted to the provider's third-party provider, the provider needs to get reports of the complaints. (7.1.2)
- The provider verifies that third parties (agent network managers, etc.) train their own representatives on how the complaints mechanism works, the role of complaints staff, how to appropriately manage complaints until they are resolved, and how to refer them to the appropriate person for investigation and resolution. (7.3.6)

Box 11: CPPs and Customer recourse

Once the system is put in place, it will still be necessary for customers to be informed of the existence of this mechanism and to make use of it. The financial literacy training provided to the SGs members would be a natural channel for sharing this information to new groups, but additional training to existing groups would also be necessary.

Community agents who support the SGs are not yet equipped to provide feedback or complaints to the organization. These same agents must also be informed of the existing tools and procedures in order to follow the information through the appropriate distribution channels and to the authorized resource persons. Complaint resolution systems and procedures must then be put in place to satisfy the SG members and help the institution improve their services and the client experience.

RCPB is currently anticipating leveraging its existing internal audit team that already interacts with clients to validate and assess how services are being delivered in the field by its staff and agents, to equally meet with the SGs and understand their experiences with the products and services being offered to them.

It should be recognized that customer recourse is an even greater challenge in the model adopted by SOFIPE given the use of Airtel's Mobile Money platform for making the digital savings transactions. Airtel has a toll-free customer service phone line where support can be provided and where complaints can be voiced. However, anecdotes from the field suggest that it takes Airtel a long time to resolve the complaint; they'll often request for the caller to call back a few days later or visit an office. This does not adequately meet the needs of clients, particularly rural ones. Any establishment or improvement of an official complaints mechanism will have to be done through close cooperation between Airtel and SOFIPE.

Challenge - Insufficient Agent Liquidity

6

Lack of liquidity on behalf of the mobile agent is a real risk for digital transactions as it "deprives users of their own money."[xv] It can also result in the SGs having to split their transactions, which can increase the cost of the withdrawals. In the FII study referenced above, liquidity was the second most commonly experienced problem among digital financial service users, following network downtime.[xvi] This can also result in loss of trust of the entire process if a client feels they are unable to access their own money.

Mitigating Risks Associated with Agent Liquidity

The CPPs only have one standard related to liquidity (Box 12), despite the challenge that liquidity creates for protecting clients from unnecessary fees and costs associated with making the withdrawal and despite the frequent mention of liquidity as one of the problems faced by customers in their use of digital financial services.

The provider and/or its agent network has a system to monitor third party agent liquidity and network availability and take action in the event of system failures. (1.2.3)

Box 12: CPPs and Liquidity

It is first important to understand and capture, with an example from RCPB, how liquidity works with its mobile agents. Terminology often used to describe mobile money will be referenced. Definitions for each of the terms bolded below can be referenced from a publication by GSMA on Mobile Money Definitions.[xvii] Box 13 (bottom of page) is a description of how mobile money works.

To anticipate and respond to liquidity constraints:

- **RCPB** links its mobile money agents (serving the groups) with fixed agents that have larger financial capacity to serve as rebalancing points. These fixed agents are typically local shopkeepers with whom RCPB has a contractual relationship and whom have the capacity to make mobile money transfers to RCPB. As with RCPB's mobile money agents, fixed agents receive commissions based on transactions made. When mobile money agents have an excess of cash (with no more room for electronic money), they can go to the fixed agents covering their area to deposit the cash and recover their electronic money to be able to accept new SG deposits. In the case of a large withdrawal, RCPB encourages the SGs to inform their mobile money agents at least a week before needing their cash to allow him or her the time to arrange for this transaction. As of March 2017, RCPB had 40 mobile money agents serving the SGs and 20 fixed or super agents.
- **SOFIPE** relies on the Airtel Money mechanisms that are already in place. Airtel's mobile money agent network consists of super agents who have large financial capacity and develop their own network of mobile money agents (who are on a salary basis or on commission) to whom they guarantee liquidity. The super agents, like the RCPB "fixed agents" mentioned above, will buy bulk liquidity. Similar to RCPB, SOFIPE also encourages their SG members to inform their agent a week before when they need to withdraw a large amount of money to avoid issues of on-the-spot liquidity.

Empowering the RCPB and SOFIPE SG members to reduce liquidity risk by coordinating communication prior to the interaction with the mobile agent is likely to greatly reduce this risk as long as mobile money agents are able to meet the liquidity requirements when the SG members need to transact.

RCPB and SOFIPE's SG linkages models both rely on mobile money agents to facilitate mobile money transactions. The examples below highlight how RCPB and SOFIPE make the linkages work.

RCPB mobile agents are required to deposit an amount of money into an account with RCPB to establish their **float**, which is the amount of money they can use to transact both in electronic money and cash. The amount of money becomes the limit with which they can transact with SG members—it is like a security deposit. So, imagine a mobile money agent whose balance is 20 USD with RCPB. They have 10 USD in cash, and they have 10 USD in their own account. If someone wanted to transact with them, they would have a limit of 20 USD to work with. **Liquidity** is a measure of a mobile agent's float balance. This is the maximum value he/she can do business with. This means, the most money that can be **cashed in** from SG members is also 20 USD and this is the maximum amount that can be **cashed out**.

If an SG needs to make a deposit, the group calls the mobile money agent and indicates they have a five USD deposit. Using 20 USD float as an example, the mobile agent visits the group, takes their 5 USD, and deposits this amount, electronically, into their account. In a sense, the group is purchasing electronic money. Now, the mobile agent has 5 USD in cash and 15 USD in electronic money. Another group calls and wants to deposit 5 USD. She takes their 5 USD and credits their account; the mobile agent now has 10 USD in cash, and 10 USD in electronic money. If at one point she has a group (or groups) that wants to deposit more than her 20 USD limit, the mobile money agent can visit an RCPB branch if close in proximity and physically deposit the cash or she has to visit a **fixed or "super agent."** These fixed or super agents are often small businesses that can handle more liquidity due to business cash flows and are registered with RCPB. The fixed agent will "purchase" the 20 USD that the mobile money agent is carrying in cash in order to restore the electronic money that the mobile money agent needs to be able to continue to accept deposits. The fixed agent will electronically deposit these funds—or transfer these funds—to RCPB and keep the cash to use in their business. Once the deposits are made in person or electronically by fixed agents, RCPB reconciles the transactions made on the mobile money agents' phones and the amount of money that shows in RCPBs accounts (through physical deposits or electronic transfers made by fixed agents).

With SOFIPE, instead of relying on a SOFIPE mobile money agent, clients interact with an Airtel mobile money agent. Airtel mobile money agents also interact with fixed agents in the same way as described for RCPB, except these are Airtel super agents. From a SG perspective, when SG members transact with an Airtel mobile money agent, their funds are first deposited in an Airtel mobile wallet. The group can either request that the mobile money agent transfers none, some, or all of their deposit from the Airtel mobile wallet into the SOFIPE group savings account or the SG members can transfer the amount using their own group phone. Airtel and SOFIPE rely on a systems integration to ensure that these transfers happen seamlessly.

Box 13: Description of Mobile Money Transactions by RCPB and SOFIPE/Airtel Mobile Money Agents

Challenge - Cultural barriers

7

During the client protection workshop, participants noted additional risks to clients that the CPPs don't directly address. The following risks are not specific to digital financial services, but are risks to both the appropriate design of the products and services and how they are implemented:

- **Lack of Burkinabe National Identity Card (CNIB)** by poor households increases the risk of complete exclusion or non-use of the financial services by the target clients. The utilization of the village banking methodology is one way people who lack ID cards can access financial services, since generally only group leadership, such as the group president, treasurer and secretary (in the case of savings groups, this is the cash box holder), need to provide their ID cards. Both RCPB and SOFIPE chose to continue this requirement for SGs to open up group savings accounts. Only the three group leadership committee members have to provide copies of their identity cards.
- **Lack of adequate equipment to take photos in remote areas:** as with the ID cards mentioned above, copies of photographs of the leadership committee members are required for opening up the accounts.
- **Discrimination by the community agents forming SGs and conflict among members of the SG:** These two risks have more to do with building SGs and the self-management of the SG by its members. If the community agents do not have the right incentives to reach poor and/or under-served people and the training to build groups made up of members with similar needs or similar backgrounds, this can lead to discrimination and risk to the reputation of the financial institution. The incentive mechanisms for the community agent must be designed in such a way that the community agents are motivated to provide quality support to disadvantaged, illiterate and sometimes isolated clientele.

  Moreover, group members themselves can pressure other members to take loans when other members do not actually need loans or pressure other members into making transactions that don't benefit all members. The SEEP Savings-Led Financial Services Working Group (SLWG)[xviii] has developed some client protection guidelines for SGs on these aspects.

  The pre-test assessment that was conducted with the SG members for the Bridge to Financial Inclusion project found[xix] that when members were asked if, in the case someone was unable to repay their loan to the group, they believed there was fair and respectful treatment of that person by the group members, less than half said "yes", suggesting that some unfair treatment may be occurring within the group itself. In addition, when asked if anyone was unfairly excluded from joining their group, approximately 13 percent said "yes."

  This would suggest that client complaint mechanisms are equally necessary for the SG mechanism itself. The role played by the community agents are of paramount importance since for some clients, these community agents will represent the only form of interaction and support from RCPB or SOFIPE. Providing the community agents with resources and skills to help resolve internal conflict will be important.

  At the time of the post-test analysis, early results suggest that there was improvement, suggesting more SG members felt the group members treated them fairly and respectfully if they were unable to make a loan payment. All of SOFIPE members by the post-test felt this way, but only half of RCPB members did. RCPB staff felt perhaps the SG members did not understand this question well since RCPB had yet seen any recorded instance of default on a loan by any members. Either way, RCPB staff committed to strengthening awareness among SG members on the issue of respectful and fair treatment in the case of repayment issues or default.

Conclusion

When the Client Protection Workshop was conducted with RCPB and SOFIPE in April 2016, client protection principles for digital services were nascent. Digital services for West Africa, compared to East Africa where services such as M-PESA in Kenya are globally well-known, were and continue to lag behind other markets; however, these market dynamics are slowly changing as lessons are being utilized to build the infrastructure to support and grow digital services.

The CPPs were considered very early on in this project. In fact, both organizations had not fully-designed the digital savings products and related processes prior to the Client Protection Workshop. This restricted their ability to be specific about their strategies to address client protection. These strategies, therefore, evolved as the product designs were fine-tuned. This case study is reflective of some client protection principles still deserving more attention as some CPPs were prioritized and easier to address in the short implementation period of this project.

There were some small delays in the roll-out of this project due to the finalization of the mobile financial education sessions. The case study is light on sharing experiences from a client perspective since as of April 2017, there had only been four full months of implementation where the SGs were able to open a savings account and use it. Between October and November 2016, some of the first SGs formed had finally finished the financial education series and had reached the session that invited them to decide whether to link to a savings account. To date, approximately 19 percent of RCPB's savings groups and almost half of SOFIPE's savings groups have opened a savings account. This number continues to climb as groups complete the financial education sessions.

As has been shared throughout, RCPB chose to develop their own internal platform for digitally linking their SGs to savings accounts. Part of this decision was due to steps they had taken previously to ensure their clients could transact across the five regions where they have credit unions. This paved the way for them to further develop their *Intercaisses* system to facilitate the linkage of SGs to their credit unions. This has also required them to make significant financial investment in their technology infrastructure, but it has given them more control of the quality of services they provide and provides them more direct revenues.

With respect to client protection, RCPB chose to focus its initial work plan primarily on training and awareness. Training designs for RCPB staff and community agents were prioritized, focusing on the specificities, risks and benefits of digital savings and the characteristics of the target clientele to be reached. Training to clients was also prioritized as a key activity for 2016 with emphasis on (i) their understanding of the product details and how to manage a savings account, (ii) their confidentiality rights and the importance of not disclosing confidential information to a third party, (iii) pricing and conditions for the savings services, and (iv) how to interact with the mobile agent to ensure adequate liquidity and transparent transactions. RCPB developed job profiles and recruitment standards for the community agents to ensure they had the qualifications required to provide responsible service to clients. Finally, a contingency plan was designed to deal with any technological difficulties in order to ensure continuity of service and to minimize harm to customers.

SOFIPE, on the other hand, chose to work with Airtel because SOFIPE would be starting from scratch with their digital approach and it seemed to be the most natural choice given they could leverage a technology platform and agent network that already existed. This has allowed them to link more of their savings groups to mobile wallets and ultimately to SOFIPE savings accounts, but they earn less revenue and solely rely on the on-lending potential of their savings deposits. While it is still to be seen whether SOFIPE will continue with Airtel, particularly given Airtel's merger with Orange, SOFIPE has begun to consider the costs for developing their own system, much in the same way RCPB developed theirs, so as to have more control over the quality of services provided to their SGs and general client base and for the revenue potential.

With respect to client protection, SOFIPE, for its part, focused its 2016 action plan on the (i) development of a handbook of procedures for staff and community agents specific to digital savings in order to ensure that procedures were followed, (ii) development of a code of ethics (which is still being developed), (ii) training of community agents and SGs in financial literacy, and (iv) development of internal control tools to verify the effectiveness of financial education modules on clients. These internal controls included use of SOFIPE's internal audit team to verify and validate that the financial education sessions had been delivered to ensure progress with the pilot.

There is still work to be done to ensure RCPB and SOFIPE clients are being protected, and this cannot be expected to happen overnight; it takes time, and both organizations will continue to improve their systems along the way—both specific to the Bridge to Financial Inclusion project as well as for client protection generally across its entire portfolio. The Burkina experience shows great promise, largely thanks to the two institutions integrating the critical issue of client protection early on. Conscious of the risks and the steps to take to mitigate them, RCPB and SOFIPE are well-positioned to avoid these risks altogether.

Wall Mural of farm lands

ANNEX

Bridge to Financial Inclusion Product Descriptions

ANNEX 1

Table iv
Bridge to Financial Inclusion Product Descriptions

Characteristics	RCPB	SOFIPE
Name of Product	Nong-saaya (means "Poverty is finished" in English)	SONGRE (means "Help" in English)
Basic Product Description	**RCPB :** • SGs built by RCPB community agents. • RCPB community agents help build group, and provide mobile financial education sessions prior to account opening. • Some RCPB community agents are trained as mobile money agents to complete savings transactions, acting as both community agents and mobile money agents. • SGs are linked to formal savings accounts in two ways: - If the group is within 5 KM of a RCPB branch, they can visit the branch to open an account. - If the group is beyond 5 KM of a RCPB branch, a RCPB mobile money agent will visit the SG to make transactions. • The cashier at the credit union or the mobile agents in the field (at a location agreed between the mobile money agent and the groups) ensure transactions with SGs: deposits, withdrawals, transfers (sending money to another user).	**SOFIPE :** • SGs built by SOFIPE community agents. • SOFIPE community agents help build group, and provide mobile financial education sessions prior to account opening. • SOFIPE groups must open two accounts (that are linked to each other): - An Airtel Mobile Money Account. - A SOFIPE savings account. • SGs are linked to formal savings accounts held with SOFIPE by: - Airtel mobile money agents who carry out transactions with SGs: deposits, withdrawals, transfers (sending money to another user). - SGs make their transactions with the nearest Airtel mobile money agent in their locality or at a location agreed with the agent.
Account Opening: Roles and Responsibilities	• The SG needs to elect the following people to help manage the account: - Group president. - Group secretary. - Group treasurer. - 2 secret code holders (these two people each hold a separate part of the 4-digit code required and are not supposed to share their numbers with the other code holder. These two people enter their code on behalf of the group into the RCPB agent phone when making a transaction. They are authorized to make deposits, withdrawals and balance inquiries on behalf of the group).	• The SG needs to elect the following people to help manage the account: - Group president. - Group secretary. - Group treasurer. - 2 secret code holders (these two people each hold a separate part of the 4-digit code and are not supposed to share their numbers with the other code holder. These two people enter their code on behalf of the group into the Airtel mobile money agent's phone when making a transaction. They are authorized to make deposits, withdrawals and balance inquiries on behalf of the group).

Characteristics	RCPB	SOFIPE
Account Opening: Document Requirements	• Opening of the physical savings account with RCPB - The two secret code holders, the group president, secretary, and treasurer meet with the RCPB mobile agent to set up the account. - Must present copies of the identity documents and photos of the president, treasurer, and the cashbox holder. These three positions are elected by the SG and are often reserved for women in the group who have businesses that require them to travel, facilitating their ability to transact more easily on behalf of the group. - Must complete enrollment form with support of the RCPB mobile agent. - Secret code is chosen by the secret code holders (as described above).	• Opening the Airtel Mobile Money account - SGs must purchase a group mobile phone (depending on phone, can cost approximately 15,000 CFA for a simple Nokia phone or up to 70,000 CFA for an android/smart phone) and SIM card (about 500 CFA/less than USD 1.00) to facilitate receipts of transactions and communication with Airtel mobile money agent. While the SG will still transact on the Airtel mobile money agent's phone, the phone number is used to connect the Airtel mobile money wallet to the SOFIPE account. SGs can make balance inquiries and transfer funds on their own phones if they feel comfortable. If it requires a deposit or withdrawal, they must do this with the Airtel mobile money agent. - The two secret code holders, the group president, and 2 other management committee members must be present when meeting with the nearest Airtel mobile money agent. - Must present copies of the identity documents and photos of the president. - Must complete Airtel Mobile Money enrollment form. - Secret code is chosen by the secret code holders (as described above). • Opening of the physical savings account with SOFIPE. - The two secret code holders, the group president, and two other management committee members must be present when opening the account with SOFIPE. Given there is no SOFIPE branch office, in most cases, SOFIPE will organize a team of individuals that will travel to the field to open accounts for several groups at a time. Otherwise, the SG can visit an Ecobank office and open an account there. SOFIPE is a subsidiary of Ecobank. - Must complete enrollment form. - Must present copies of the identity documents and photos of the president.

Characteristics	RCPB	SOFIPE
Fees/Deposits Required to Open Savings Account	• No account opening fees. • No deposit required at the time of opening the account.	• No account opening fees for SOFIPE or Airtel; however, they are required to purchase a SIM card at minimum; this can cost approximately 500 FCFA (less than USD 1.00). If the group decides to purchase a group phone, this can cost approximately 15,000 FCFA for a basic phone (USD 23.00) or 70,000 FCFA for a smart phone (~USD 108.00). • No deposit required at the time of opening the account.
Savings Account Interest Rate	• 3% per year based on the minimum account balance, payable annually.	• 3.5% per year on average annual balance, payable annually.
Account Maintenance Requirements	• No account maintenance fees during the first two years of the account. • Minimum balance of 3,000 FCFA required (~USD 5.00).	• No account maintenance fees. • Minimum balance of 3,000 FCFA required (~USD 5.00).
Interacting with Mobile Money Agent	• RCPB mobile agents are recruited from among the existing community agents who have built SGs and 1) are literate, 2) have financial capacity to invest in the necessary operating fund with RCPB. • When savings groups want to deposit or withdraw money, they need to inform the RCPB mobile agent in charge of their area. Then the RCPB mobile agent will arrange to meet the code holders in a location that is convenient for everyone. • When transactions are completed, a paper receipt is provided to the group. • RCPB has internal controls for detecting fraud or mobile money imbalances with the system. At the end of each day, RCPB compares the cash collected with the electronic money to ensure amount that should be deposited into RCPB accounts have indeed been deposited. Any imbalances are detected between the receipts and account balances and local managers are alerted. Mobile money agents are alerted to the imbalances and are required to rectify the situation immediately.	• SOFIPE utilizes Airtel mobile money agents to facilitate savings transactions. These are third-party collaborators. • When SGs want to deposit or withdraw money, they need to inform the nearest Airtel mobile money agent in charge of their area. Then the Airtel mobile money agent will arrange to meet the code holders in a location that is convenient for everyone without additional cost to the SG members. Airtel mobile money agents have been sensitized to the business case for serving SGs. SOFIPE has also worked with Airtel to map out the existing SG locations and the local markets where the Airtel mobile money agent is likely to already be traveling. • When the transaction has been completed, the group receives an SMS message on the phone the group sets up to receive the messages. (It's important to note that the tracking of funds is more complicated for SOFIPE clients since technically, money is first deposited into the Airtel Mobile Money wallet and then into their SOFIPE savings account. The group can transfer these funds (all or partial), once deposited into the wallet, directly into their savings account with SOFIPE. Regulation does not currently allow for the transfer of funds to go directly into the savings account because MNOs are not financial institutions. The group has to move the money from the mobile money wallet into their bank account. All transactions are followed with SMS messages to help the group confirm movement of their savings.

Characteristics	RCPB	SOFIPE
Fees for Transactions	• No fees for making deposits. • No fees for making money transfers to other people . • Fees for making withdrawals: - If they withdraw less than 100,000 FCFA, they pay 250 FCFA for the transaction. - If they withdraw more than 100,000 FCFA, they pay 250 FCFA for every tranche of 100,000 FCFA.	• No fees for making deposits (from SOFIPE nor Airtel). • No fees for making money transfers to other people (from SOFIPE nor Airtel). • No withdrawal fees charged by SOFIPE, as fees for making withdrawals are set by Airtel: - 0 – 10,000 FCFA: 250 FCFA - 10,001 – 25,000: 500 - 25001 – 50,000: 750 - 50,001 – 100,000: 1200 - 100,001 – 150,000: 1800 - 150.001 – 200,000: 2,400 - 200.001 - 250,000: 3,000 - 250,001 – 2,000,000: 1.2% of the amount withdrawn

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ABOUT UNCDF

UNCDF makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments — through fiscal decentralization, innovative municipal finance, and structured project finance — can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

ABOUT MICROLEAD

MicroLead, a UNCDF global initiative which challenges financial service providers to develop, pilot and scale deposit services for low income, rural populations, particularly women, was initiated in 2008 with support from the Bill & Melinda Gates Foundation and expanded in 2011 with support from Mastercard Foundation and LIFT Myanmar. It contributes to the UN's Sustainable Development Goals, particularly SDG 1 (end poverty), SDG 2 (end hunger, achieve food security and promote sustainable agriculture) and SDG 5 (achieve gender equality and economic empowerment of women), as well as the Addis-Abeba Financing for Development Agenda (domestic resource mobilization).

MicroLead works with a variety of FSPs and Technical Service Providers (TSPs) to reach into previously untapped rural markets with demand-driven, responsibly priced products offered via alternative delivery channels such as rural agents, mobile phones, roving agents, point of sales devices and informal group linkages. The products are offered in conjunction with financial education so that customers not only have access but actually use quality services.

With a specific emphasis on savings, women, rural markets, and technology, MicroLead is a performance-based programme that supports partnerships which build the capacity of financial institutions to pilot and roll out sustainable financial services, particularly savings. As UNCDF rolls out the next phase of MicroLead, it will continue to focus on facilitating innovative partnerships that encourage FSPs to reach into rural remote populations, build on existing digital financial infrastructure and emphasize customer-centric product design.
For more information, please visit www.uncdf.org/microlead. Follow UNCDF MicroLead on Twitter at @UNCDFMicroLead.

ABOUT MASTERCARD FOUNDATION

Mastercard Foundation works with visionary organizations to provide greater access to education, skills training and financial services for people living in poverty, primarily in Africa. As one of the largest private foundations its work is guided by its mission to advance learning and promote financial inclusion to create an inclusive and equitable world. Based in Toronto, Canada, its independence was established by Mastercard when the Foundation was created in 2006. For more information and to sign up for the Foundation's newsletter, please visit www.mastercardfdn.org. Follow the Foundation at @MastercardFdn on Twitter.

ABOUT GRAMEEN FOUNDATION

Grameen Foundation is a global nonprofit organization that helps the world's poorest people achieve their full potential by providing access to essential financial services and information on health and agriculture that can transform their lives. Founded in 1997, it delivers solutions that respond to the needs of the poor, as well as tools that help poverty-focused organizations become more effective. It focuses on initiatives that can achieve widespread impact and uses an open-source approach that makes it easy for other organizations to adopt them broadly. Nobel Laureate Dr. Muhammad Yunus, founder of Grameen Bank and the Grameen family of companies, is an inaugural member of its Board of Directors, and now serves as director emeritus. In 2016, Grameen Foundation and the global nonprofit Freedom From Hunger decided to join forces under the banner of Grameen Foundation. Founded in 1946 under the name of Meals for Millions, throughout its 70 years, Freedom from Hunger never hesitated to embrace any change that would further its mission of ending hunger and poverty. The integration of the two organizations brings together Grameen Foundation's expertise in digital innovation to end poverty and Freedom from Hunger's focus on providing the world's poorest women with self-help tools to reduce hunger and poverty. Today, Grameen Foundation continues to expand and strengthen its programmes, partnerships and geographic reach to enable the poor, especially women, to create a world without poverty and hunger. Grameen Foundation is headquartered in Washington, D.C., with offices in the U.S., Asia, Africa and Latin America and the Caribbean. For more information, please visit www.grameenfoundation.org or follow us on Twitter @GrameenFdn.

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