Session 3 Panel Discussion: The Business Case for Small Savers

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March 1, 2016
Accra, Ghana
About Women’s World Banking

Global Non-profit

Over 35 years of experience

Diverse Partners
Evolution of Financial Needs

- **Youth**: Savings, Credit
- **Young Adult**: Savings, Credit, Insurance
- **Adulthood**: Savings, Credit, Insurance
- **Late Adulthood**: Savings, Insurance
Why small savings?
Pafupi Savings model

Instant Account Opening
- Mobile Sales Team

Simplified Customer Identification

Multi-channel Access
- Bank Pafupi Agent
- ATM
- Branch
Key Drivers for Pafupi Savings
Business Case

- Capture More Deposits
- Open More Accounts
- Increase Active Accounts
- Control Investment Cost
Cumulative Net Profit (MWK Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>BASE - current growth trend</th>
<th>SCENARIO 1 - higher balances</th>
<th>SCENARIO 2 - plus more accounts</th>
<th>SCENARIO 3 - plus active accounts</th>
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<tbody>
<tr>
<td>2015</td>
<td>(265)</td>
<td>(261)</td>
<td>(256)</td>
<td>(249)</td>
</tr>
<tr>
<td>2016</td>
<td>(374)</td>
<td>(354)</td>
<td>(323)</td>
<td>(288)</td>
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<td>2017</td>
<td>(290)</td>
<td>(247)</td>
<td>(177)</td>
<td>(102)</td>
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<td>2018</td>
<td>(181)</td>
<td>(102)</td>
<td>26</td>
<td>160</td>
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Pafupi projected to earn ROI by 2018 (scenarios 2 & 3)

Earns Return on Investment
Pafupi Savings Results to Date

- PILOT LAUNCH- OCTOBER 2014
- ROLLOUT BEGAN JULY 2015

RESULTS

- Pafupi accounts: 43,406
- Total deposits MWK 250,478,308 (USD 336,000)
- Average balance: MWK 5,996 (USD 8)
- Percentage women 31%
- 32 branches and 223 Bank Pafupi agents
- Sales team of 81
MICROLEAD EXPANSION IN MYANMAR
Savings & Credit Cooperative Promotion & MF Innovation Project

Building Sustainable Savings and Credit Cooperatives in Myanmar
The Business Case for Small Savers

First time to saver 10,300 Rural Poor 2014-2015
Our mission is to improve lives of people through credit unions.

Our vision is integrated and sustainable credit union networks in Asia.
Basic Programs

Motivation & Education of Financial literacy

Set Financial Goals: Shares & Savings

Creating Wealth though savings and Loans enterprises)

Non-Financial Services: Welfare
164 years ago in 1852 credit union was established to fight poverty.

“Credit Unions must not confine themselves to granting loans. Their main objective should be to control the use of money, to improve the moral and physical values of people, and their will to act by themselves.”

- F.W. Raiffeisen

Hermann Schulze-Delitzsch and F. W. Raiffeisen in Germany
THE CIRCLE OF MONEY

Save Money

Budget

5 year
US$ 500

2 year
US$ 500

3 year
US$ 500

4 year
US$ 500

5 year
US$ 500

Spend Money

Earn Money

1 year
US$ 500

2 year
US$ 500

3 year
US$ 500

4 year
US$ 500

5 year
US$ 500

Borrow Money

US$ 100+100+100+100+100 = 500

US$ 100+100+100+100+100 = 500

US$ 400

US$ 400

US$ 400

US$ 400

US$ 400

US$ 600

US$ 600

US$ 600

US$ 600

US$ 400
Making Small Financial Institutions Sustainable for small savers

WOCCU RWANDA
By Remy IYIKIRENGA

March 1st, 2016

Accra, Ghana
Umurenge SACCO program

- FinScope Survey - Rwanda’s population excluded from formal financial system has dropped from 52% to 28% between 2008 and 2012 mainly due to the Umurenge SACCO program

- Umurenge SACCO program has 416 SACCOs and 195 POS

- IPA: “80 percent of SACCO clients live in rural areas, and data suggests that the SACCOs enable clients to access formal financial services for the first time”

- WOCCU works with 90 UMURENGE SACCOS, providing T.A. and automation services
Despite successes, small SACCOs face challenges in serving small savers

- SACCO Rubavu:
  - Too liquid,
  - Loan portfolio growth is slow
  - Members deposits invested in banks,
  - Women, youth & SGs % of Deposits and Loans too low

- An efficient well run SACCO will benefit entire community
Steps taken to reach financial sustainability with small savers

- Marketing plan (SWOT), analysis savings, survey (member satisfaction)
- Diagnostics, PEARLS & social value
- Business plan & Entrepreneurial rate (competitive)

Enabling growth through social value of financial services

Remodeling on best standards:

Implements financial services

Improves financial structure of SFIs
1. **P** = PROTECTION - A Safe Place to Save your Money!
2. **E** = EFFECTIVE FINANCIAL STRUCTURE
   - Community Savings from rich or poor
   - Community Loans to Members who meet standards
3. **A** = ASSET QUALITY
   - Monitor Delinquent Members
   - Affordable Buildings & other fixed assets
4. **R** = RATES OF RETURN AND COSTS
   - Real rates of Return on Savings
   - Competitive Salaries for Employees
   - Loan Rates that recover all costs, not maximize profits
5. **L** = LIQUIDITY
   Enable Members to deposit and withdraw when they need it.
   Minimize excess cash
6. **S** = Signs of Growth
   Encourage anyone to join and save
Business Plan: 8 Key Questions

1. What is the “Entrepreneurial Rate” that we are going to charge on our loan portfolio? (social value, competitive, cover all costs)

2. Linkages of PEARLS indicators: Yield - Growth – Structure
Thank you very much
Murakoze