Savings as a Cornerstone Laying the Foundation for Financial Inclusion

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PREFACE

Founded in 1985, SEEP is a global network of practitioner organizations dedicated to combating poverty through promoting inclusive markets and financial systems. SEEP envisions a world where every person engaged in economic activity, no matter how small and irregular her income, has access to appropriate financial services that will help her smooth her cash flow, mitigate risks, invest in assets, and save for the future. Achieving this vision will require providing a broader range of financial services than is currently available to most low-income people, especially safe and accessible places to deposit savings.

Demand worldwide for reliable savings services is estimated to be several times greater than the demand for loans. Despite dramatic increases in the scale of microfinance in recent years, savings services remain a tragically small part of the overall picture.

With generous support from Citi Foundation, SEEP initiated a concerted effort to put savings front and center on the financial inclusion agenda. Our objective is to foster much wider access to quality savings services by poor people in developing countries, while seeking to improve their capabilities to use savings to reduce their vulnerability to external shocks and invest in their families and enterprises. Our strategy focuses on intensifying communication and advocacy for the essential role of savings in poverty reduction; promoting the integration of savings into the principal strategies of practitioner networks, service providers, donors, and other major stakeholders; and increasing access to relevant, evidence-informed resources and tools.

"Savings as a Cornerstone: Laying the Foundation for Financial Inclusion" is part of this effort. Its purpose is to catalyze dialogue and debate among practitioners, policy makers, donors, and other stakeholders on the means for creating opportunities for new savers among the world's poor and disadvantaged. The report is targeted to industry leaders and others who may not be deeply familiar with recent advancements in the methods for attacking the persistent barriers that limit access to and utilization of savings. In light of the vast literature, this report is necessarily selective in its introduction of key concepts and resources. Anchored by an extensive review of existing resources, it should be considered as a gateway document.

The report seeks both to organize and summarize information for those who would like to dive deeper into particular topics or approaches related to voluntary savings. It also aims to provoke deeper reflection about the gaps that need to be closed in order to sustainably meet the massive demand. The report was informed by interviews with industry leaders and complemented by extensive consultations with SEEP members at our 2012 annual conference, where developments on the savings frontier were featured. Additional perspectives were harvested from SEEP members at five Regional Network Summits organized in 2012 that were attended by 79 country- and regional-level microfinance associations.

With the common grounding provided by this report, SEEP member organizations and other stakeholders will engage in a series of dialogues regarding which of the many innovations and concerns highlighted here should constitute the focal points of our efforts. The resulting framework will inform SEEP's strategy moving forward as we initiate a multiyear commitment to this essential issue.

We invite your feedback—including suggestions for topics, resources, as well as information to include in future updates. We look forward to our work together.

Sharon D'Onofrio
Executive Director
The SEEP Network
February 2013

Savings as a Cornerstone
Laying the Foundation for Financial Inclusion[a]

Executive Summary

This report documents the **major practical approaches to mobilizing the savings of the poor**, focusing on innovations that new savings providers might utilize to overcome key challenges. In particular, the report **addresses challenges at the client and institutional levels** in order to identify the areas of intervention that hold the greatest strategic importance for practitioners. An important objective of the report is to **provide knowledge to savings practitioners** working with people living at the bottom of the pyramid that these practitioners can use to dialogue with the broader financial services sector, as well as inform their efforts to significantly increase the number of new savers among the world's poor.

"Savings as a Cornerstone: Laying the Foundation for Financial Inclusion" reports on the state of practice in savings mobilization for the poor in developing countries, a topic that is approached through a dual framework that examines: (1) the value of savings and (2) operational challenges. These two foci are supplemented by limited reflections on the policy environment. The report documents the major approaches of financial institutions to mobilizing savings among very low-income people, focusing on methodological and technological innovations that may be useful for delivering quality savings services. It **aims to guide these practitioners to resources that will enable them to further expand their understanding of the how and the why of savings.**

Wide-scale savings mobilization is fundamental to building inclusive financial systems. It is now widely understood that savings has great potential impact. This insight is grounded in evidence that the **poor do save in cash and in kind**—whether as a way to build assets, manage household cash flow, or effectively cope with risk. However, **much of their savings remain informal and outside of the financial system**. The World Bank's Global Findex reports that only 16 percent of adults in the bottom two income quintiles (lowest 40 percent) of low-income countries have an account at a formal financial institution, compared with 86 percent of adults in the bottom two income quintiles of high-income countries. **Closing this savings gap is central to any strategy of financial inclusion and equitable economic development.**

Savings products have intrinsic value for consumers, institutions, and policy makers. Access to savings services enables consumers to protect their money from demands of family and friends, keep a reserve to smooth consumption, monitor their funds and be confident about their safety, and invest in new activities once they have built up their savings. Financial institutions benefit from mobilizing savings to the extent that deposits can constitute a significant and relatively inexpensive source of funds to finance lending and other financial services. Additionally, savings services can help institutions build a relationship with their customers, possibly leading to greater demand for credit and other products, such as insurance and payment services.

Organizations and foundations interested in improving the overall welfare of the poor also benefit from savings mobilization, in so far as these services can be linked to programs in such areas as market access, health, education, gender empowerment, and human rights. **The expansion of savings services is valuable to governments as well**, given that the promotion of savings advances political objectives focused on improving impoverished citizens' living standards; moreover, deposit accounts can be used to deliver cash transfers and other government benefits.

Practitioners who plan to support savings mobilization must first ask themselves which is the best institutional solution to pursue. Whether an institution chooses to partner with already authorized deposit-taking institutions or

a. The title "Savings as a Cornerstone" was inspired by a phrase used in Alliance for Financial Inclusion 2010.

make their own foray into deposit-taking, challenges related to "organizational culture" and start-up costs need to be taken into account. The issues of institutional formality and ownership are linked to institutional design: a provider must choose among options ranging from less formal solutions (e.g., member-owned and operated small savings groups) to more formalized options (e.g., cooperatives or agent models in partnership with regulated institutions) to full transformation into a regulated financial entity subject to prudential supervision by the government.

Once the institutional framework is established, the characteristics of the product have to be identified and the associated benefits and downsides analyzed. Savings products can be group or individual based; providers may also build commitment conditions into the products based on time, intensity, balance, or purpose. In general, **savings products have to be tailored to local needs and preferences**. Mobilization strategies and challenges have to be considered, including transaction costs for both clients and providers, lack of trust, education challenges, and illiteracy and/or innumeracy.

Several programs have tried to address these challenges by adopting innovative approaches, such as consolidating savings into government-to-person (G2P) payment programs, the use of mobile banks and technologies to lower costs, approaching social and familial networks, and offering financial capability training. Providers also have to **carefully choose delivery channels**. A host of different solutions have been tested in the field, including promising uses of mobile platforms, the most prominent example being the M-PESA model in Kenya.

When thinking about mobilization strategies, practitioners should not forget the importance of the enabling environment and their relationship with regulators. Norms concerning consumer protection and a system of **prudential regulation can contribute to reinforcing consumers' trust in financial services**. Nevertheless, an excessive amount of restrictive regulations and taxation can substantially lower the sustainability of savings programs, jeopardizing the positive effects that savings mobilization could have for poor clients. In general, when regulating savings, the regulator should analyze the size and maturity of the financial services industry in a given country. While there is no consensus as to whether service providers should participate in the regulatory process, scholars tend to hold that the relationship between service providers and regulators should be one based on collaboration and cooperation in order to design the best possible framework.

The report concludes by considering **pathways to accelerating the capacity of practitioners to meet the growing demand for savings products by the poor**. Foremost among them is more r**esearch, particularly on how poor people access and use savings services**, in order to better inform the design of secure, cost-effective, and appropriate products. Increased research would also support practitioners in their drive towards innovation and sustainability, influencing decisions about the use of technology in the delivery of services and investments in organizations' human capital.

But more **research alone is likely to be insufficient** unless it is buttressed by learning opportunities that build the capacity of practitioners to effectively use research findings to adjust, adapt, and improve the savings products that they develop, as well as engage regulators, funders, and investors. Additionally, **platforms-ranging from member-led industry associations to websites-are needed** to foster collaboration and speed the dissemination of sorely needed innovations. These robust industry platforms can help practitioners drive greater cooperation and exchange with researchers and regulators on how the industry can quickly scale up to meet the huge demand for quality saving services among poor people.

I. Introduction

The poor are highly vulnerable to market swings and the vagaries of nature. To protect themselves against such unpredictability and also to slowly build assets that they can leverage to improve their livelihoods, they save in a wide variety of ways, including through stockpiling seeds and grains, keeping small amounts money in tin cans, converting cash into livestock and jewelry, and lending to others (Collins et al. 2009). While these time-tested approaches usually are effective, they sometimes fail, such as when an unexpected flood sweeps away stockpiles, a house fire burns up tin cans, a virus decimates livestock across a region, or the neighbor who borrowed money unfortunately dies.

The idea of expanding the diversity of savings mechanisms available to the very poor by facilitating their access to sustainable, voluntary savings services that will not wash away has increasingly gained traction among development practitioners in general, and among financial services providers who serve the poor in particular (box 1). And as increasing numbers of the poor are incorporated into financial ecosystems as microcredit borrowers or users of mobile payment platforms, most are demanding additional financial products, especially affordable savings services.

Despite growing recognition of the fundamental importance of savings for poor households, the boards and executive staff of many financial service providers serving this market continue to focus largely on lending. Why? In part, the answer lies with their limited access to case studies and research findings on savings that increasingly inform discussions of poverty reduction strategies among government officials and guide programming by development agencies. If savings are to be considered a cornerstone of effective financial inclusion strategies, then practitioners need access to knowledge and training that can inform their efforts to innovate the design and delivery of savings products adapted to the demands of the poor. To meet this need, industry-level efforts to mobilize knowledge and build capacity must be increased.

This report aims to supply core lessons to providers of financial services to the poor that can help them explore pathways to providing savings services. It also seeks to provide them an understanding of savings products that they can draw on to engage governments and development agencies in discussions about fostering public investment in deepening financial inclusion and building more appropriate regulatory environments.

Through the development of a common discussion on savings, institutional and political boundaries can be bridged more quickly, fostering cooperation and coordination between practitioners, policy makers, and donors.

After first reviewing different conceptions of savings and global data on savings behavior, this report then focuses on two key areas of concern: (1) the value of mobilizing savings for clients, institutions, and policy makers, and (2) the operational challenges that savings practitioners face and the ways in which they have overcome these challenges through innovation.[1] The report concludes by identifying how research, innovation, and advocacy can advance the expansion and utilization of savings services for the poor.[2]

1. Due to space considerations, this report does not comprehensively address the highly diverse array of regulatory frameworks that affect savings mobilization in developing countries.

2. This report represents just one of many textual and statistical resources for scholars and practitioners interested in savings for the poor; sources are cited both within the text and in the Reference list. The report seeks to build on—rather than supplant—many existing comprehensive studies on savings. Rutherford (2000 and 2003), CGAP (2006), Devaney (2006), Collins and Morduch (2008), Collins et al. (2009), Demirguc-Kunt and Klapper (2012), Nelson (2013), and many other works cited in the report have provided key surveys of savings services and should be examined in conjunction with this document.

Box 1. Microfinance Practitioners' Views on Savings

From June to September of 2012, the SEEP Network organized five Regional Network Summits where members and staff from 79 national and regional microfinance associations exchanged observations about the roles of microfinance institutions (MFIs) and their associations in fostering access to savings services on the part of low-income clients. In general, participants agreed that their clients benefit from access to secure and affordable savings to complement the loans and other financial services that they obtain from MFIs. These practitioners recognize that savings can help clients respond to both opportunities and emergencies, as well as build up resources that can be used to expand their businesses, improve their homes, and support their children to obtain secondary and tertiary education or skills training.

At the Eastern Europe and Central Asia Summit, Edona Kryeziu Xhambazi of the Association of Microfinance Institutions of Kosovo reported that a study showed that people in Kosovo with savings felt much more secure and that savings helped clients meet their debt obligations. Participants at this summit also believed that MFIs did not necessarily need to transform into deposit-taking institutions to advance the well-being of their clients as long as they encouraged them to save somewhere—whether in a formal institution or through informal means.

Many participants in the summits expressed frustration with the fact that regulatory frameworks prevent their institutions from mobilizing deposits, even though these institutions are willing to submit to reasonable prudential supervision. They also expressed concern that the high cost of innovating and rolling out quality savings services could undermine hard-won financial self-sufficiency. Several participants mentioned that this risk could be partially alleviated by smart subsidies provided by public and private sources, which could help underwrite the initial phases of developing a savings product. Such a subsidy can even be indirect; as Najah Abduljabar Almugahed of the Yemen Microfinance Network noted at the Middle East and North Africa Summit, international nongovernmental organizations (NGOs) in Yemen are offering cash for work, with the money paid through MFIs authorized to handle deposits for their borrowers. As a result, the MFIs gain income from fees and handle less costly, larger transactions that also improve their liquidity positions.

At the Latin American and Caribbean Summit, Iván Gutiérrez of the Central American and Caribbean Microfinance Network observed that the region's MFIs are increasingly interested in mobilizing deposits as a way to lower the cost of the capital that they on-lend to microentrepreneurs. Similarly, Channa Jayatilleke of the Sri Lankan network Lanka Microfinance Practitioners' Association noted at the Asia Summit that members of that country's network see savings as a good source of low-cost funds, which allows MFIs to go down-market to reach poorer people. In both regions, networks are increasingly engaging regulators and elected officials to create appropriate prudential regulations to ensure that member MFIs provide secure savings products to their clients.

African practitioners noted that due to the prevalence of savings and credit cooperatives (SACCOs), credit unions, and regulatory frameworks that allow MFIs to take deposits, savings are more prevalent than credit in many East African countries. Dr. Wolday Amha of the Association of Ethiopian Microfinance Institutions emphasized the importance of savings as an engine of growth for the sector, particularly in Ethiopia, where regulation does not allow for the infusion of foreign capital. However, according to data collected by the Global Findex, just over 6 percent of the region's poorest 40 percent of the population utilize formal savings accounts.[a] Networks cited lack of both appropriate products and client capability as the primary barriers to savings for these important clients. Other challenges mentioned by networks included macroeconomic barriers, political instability, and mistrust of MFIs by clients due to limited deposit security.

The expansion of savings has been a concern of SEEP members for more than a decade, but until recently there was limited commitment to this goal among MFIs and their associations, other financial institutions, and government financial sector leaders. The discussions at the 2012 regional summits reflect how savings now is rapidly moving to the forefront of the financial inclusion strategies of practitioners, policy makers, and donors.

[a] The Global Financial Inclusion (Global Findex) database of the World Bank is a project funded by the Bill and Melinda Gates Foundation that measures how people in 148 countries—including the poor, women, and rural residents—save, borrow, make payments and manage risk. See its website at www.worldbank.org/globalfindex (accessed February 2013).

II. What are Savings?

For the early part of the development of microfinance, savings for poor people was largely overlooked in favor of microlending, for which there were better-known techniques. Whereas lending can provide microentrepreneurs with access to much-needed capital, savings has the potential to help the poor regardless of their occupation, entrepreneurial abilities, age (box 2), or capital needs. Savings works in every geography: new savings interventions have been piloted, tested, and scaled up in India, Kenya, Mexico, Indonesia, and elsewhere.

No longer unheeded in theoretical literature about the role of finance in development, savings for low-income people is nevertheless still poorly understood in practice. Despite a growing body of academic studies, practitioner reports, and institutional policy briefs, the precise definition of savings remains contested. Many accounts variably describe savings in terms of either its methods—for example, group savings versus individual accounts, or mobile-based e-money transactions versus bricks-and-mortar bank deposits and withdrawals; or its potential impacts—such as planning for a rainy day (avoiding ruin in hard times), becoming financially independent from others, or even building the basis for social empowerment. Loans may assist in the short term, but only if a borrower has the capacity to become more productive over time in order to service debts encumbered by high interest rates. Savings can more easily than credit help prevent ruin when a family member is sick, a fire decimates a neighborhood, or school fees are due.

Box 2. Understanding Youth Savings

The potential of adolescents and young adults to contribute significantly to economic activity is constrained by a general lack of financial products adapted to their conditions and needs. In developing countries, low-income youth are often engaged in some productive activity, even if they are enrolled in school. Financial service providers and policy makers increasingly see youth as a rapidly expanding market segment that merits access to financial products, especially savings, which can help them accumulate assets to invest in education, skills training, and business opportunities (Kilara and Latortue 2012).

To close the knowledge gap about how adolescents demand and use savings, the YouthSave Consortium, coordinated by Save the Children in partnership with the Center for Social Development of Washington University in St. Louis, the New America Foundation, and CGAP, has teamed with financial institutions and local researchers in Colombia, Ghana, Kenya, and Nepal to co-design, pilot, scale up, and study the impact of savings products accessible to low-income youth aged 12 to 18. Since 2009, the consortium has published several assessments of the state of practice and policy making in youth savings. Beginning in 2012 it began to share findings emerging from rigorous analyses of the rollouts of youth-oriented products by its partner financial institutions.

The core product tested is a regular custodial savings account that allows young people to make deposits independent of an adult, but which requires the signature of an adult trustee to make withdrawals. Marketing is undertaken primarily through schools, but also at other community spaces where out-of-school youth can be reached. Important numbers of in-school youth have established accounts; however, uptake among out-of-school youth has been limited, pointing to the need to further refine approaches in order to address this complex demographic group.

Well over half of participating youth in the African pilots indicated that their primary reason for opening a savings account was to save for their own educations, although important numbers also cited saving for emergencies and daily expenditures as motivations. Reporting on the initial pilot phase of July–December 2011, the researchers conclude "that low-income youth who have never participated in the formal financial sector will participate and save in formal financial savings products," a finding supported by the fact that "average monthly net savings per account were about $11 in Ghana and Kenya, and $3 in Nepal" (Johnson et al. 2012, 7). Over the next several years, rigorous studies to be conducted by YouthSave will yield much more detailed information about how young people demand, access, and use savings products, as well as a deeper understanding of how financial institutions can sustainably serve this demographic segment.

Source: YouthSave Consortium website (www.youthsave.org; accessed February 2013).

Data in the sections below show that poor people both save and benefit from their savings. Just having a safe place to save—away from the entreaties of family members or the encroachment of seasonal floods—brings peace of mind and reliable liquidity. For those challenged by their own indiscipline, savings is an easy way to structure spending and make precious income last longer. Microentrepreneurs, too, can use savings as a platform for productive capital investments. For everyone, savings can be a ladder to education, a source of confidence, or simply a way of belonging in the world of financial management and well-being.

Three conceptions of savings

There are three general approaches to defining savings. First, savings can be considered as the creation of assets of all types. In this approach, savings can resemble credit, which provides financing for the purchase of assets. Perhaps the most frequent conception of savings is as a tool for cash flow management, helping the saver bridge gaps of consumption and income with extra liquidity. Lastly, savings can be thought of as a buffer against risk, a resource—resembling an insurance claim—that can help mitigate the effects of unpredictable crises.

Savings for asset creation

One approach to defining savings may be to describe an individual's savings by the amount and type of assets that they allow her to purchase (see, for example CGAP 2006, Rutherford 2000). Capital assets are often expensive: they include housing, land, or machinery for use in a business. Importantly, these assets can eventually be converted into less tangible goods as well. Housing may be used as collateral for debts, land can be rented to others, and capital brings an expected increase in income if used properly (see Rutherford 2003). Even more abstractly, each of these assets may bring with it an increase in social stature, credibility, independence, or confidence. Intangible assets range even wider and may include education, health, or community life events such as weddings and funerals.

Savings for cash flow management

Savings need not necessarily involve the accumulation of income over time. Instead, it is possible to think of savings as an instrument to help the poor manage regular expenditures that cannot easily be paid for out of pocket. Whether savings are for known or unknown needs, consumption smoothing may at different times leave account balances high, low, or nonexistent. There exists, for instance, a debate over whether the popular Kenyan e-money mobile system M-PESA can be considered a savings instrument. On the one hand, accounts for many M-PESA users are transacted almost every day, sometimes many times per day. These accounts do not pay interest, thus reducing or eliminating entirely the incentives for clients to store nonzero balances and encouraging more immediate, smaller transfers rather than larger, longer-term withdrawals (see Morawczynski and Pickens 2009).

Stuart and Cohen (2011) similarly observe that Kenyans using M-PESA to pay for hospital and other expenses immediately withdraw funds transferred by relatives or others, rather than letting them accrue. The transfers thus in some ways "mimic" cash. On the other hand, Jack and Suri (2010) find that M-PESA can actually "increase net household savings": 26 percent of users report "safety" as their primary motivation and 12 percent report an "emergency." Though clearly not an orthodox savings product, M-PESA nevertheless allows its users to demonstrate savings behavior when needed.

Savings for risk management

"Rainy days" occur frequently for the world's poor, and many practitioners and scholars have developed definitions of savings that encompass the necessity of saving to avoid bankruptcy in the face of unforeseen massive expenditures or losses (e.g., Adams 1978, Vogel 1984, Zeller and Sharma 2000). Expenditures could mean large hospital bills, the need to rebuild a home after a flood, or helping relatives get back on their feet. Losses could be the failure of a crop

after a poor rainy season, the failure of a business investment, or the sudden disappearance of a large debtor.

In the case of expenditures, the critical period for savings is before the event (what Rutherford 2000, drawing on his experience with SafeSave in Bangladesh, calls "saving up"), in which an individual must exercise restraint in order to accumulate enough of a balance to cover an impending expenditure. In the case of a loss, the period of restraint comes after the event, as the individual must use savings reserves to cover expected income that has been lost ("saving down"). "Forced" savings required by certain MFIs as a condition for a loan are not, however, considered true savings by most microfinance practitioners (box 3).

Box 3. "Forced Savings"

Many microfinance interventions specializing in microcredit have made use of so-called "forced savings" components, in which clients must keep a minimum savings balance as a condition of a loan. Such an account reduces risk for the loan-making organization by providing security against the possibility of default. In a paper for the World Council of Credit Unions, Klaehn, Evans, and Branch (2002, 5) argue that "institutions that seek to mobilize savings must have the vision, commitment and disposition to attract voluntary savings." As it is difficult to identify these characteristics in forced savings mobilization beyond support for the financial institution's credit activities, such programs cannot truly be classified as savings for the poor and therefore are not addressed in this report.

Forced savings components are particularly useful in contexts of higher risk, as in the case of Islamic equity contracts. For example, the Yemeni Islamic MFI Azal requires borrowers to have accumulated four months' of savings before approval of a first-stage loan in a "compulsory savings" product (see Mansour 2011 for a description of all Islamic MFI activities in Yemen). Savings, however, can only be considered as such when individuals wish to maintain balances primarily for the sake of ultimately withdrawing saved funds, rather than due to an external, nonsavings-related motivation. Instead of a true savings account, therefore, forced deposits should be viewed more as part of the price of getting a loan.

III. Data on Savings

The global savings picture

The market for savings is difficult to describe with current data. A clear consensus on the definition of savings is lacking. While a loan is easily identified and measured, what in fact constitutes "savings" is still contested. For example, should noninterest-bearing current accounts be considered savings? Should interest-bearing deposits be weighed in the same way as term deposits? How should jewelery or other material goods accumulated by the poor be regarded? The lack of a common definition makes measurement of both access and account usage particularly problematic. This is compounded by the tremendous heterogeneity among institutions, savings products, and data collection and management tools. Indeed, improving the quality of the data is an important challenge for industry efforts to accelerate its response to demands by the poor for more and better savings products.

It would be very helpful for practitioners and agencies supporting financial inclusion programs to have data that reports volumes by product, length of time of deposits, deposit and withdrawal frequency, and interest earnings—to name but a few variables that would help measure outreach and analyze cost structures. More data is especially needed to answer questions about how distinct types of savings products are used across a spectrum of household activities, including food consumption, health, housing, education and investment in income-earning activities.

The data gap has closed a bit thanks to the 2012 launch of the World Bank's Global Findex.[3] As of 2011, according to the Findex, only 15 percent of adults in the two lowest income quintiles worldwide saved at a formal financial institution in the 12 months preceding the survey; in Sub-Saharan Africa, the figure was only 1.8 percent. Overall, only 27 percent of people in these quintiles save in any form. But as the data in appendix 1 reveal, people in these quintiles do save, including for emergencies and future expenses, only they do so outside of formally regulated deposit-taking financial institutions.

Studies of the penetration of financial services, moreover, largely exclude informal financial networks, such as intrafamilial group savings, rural credit cooperatives, Rotating Savings and Credit Association (ROSCAs), and other informal savings groups. (Occasionally, MFIs that report to central databanks are also included; see Chaia et al. 2010.) In an indication that the poor depend less on formal financial institutions, the Global Findex reported that 30 percent of adults in low-income countries have taken a loan from family or friends in the past year, while only 12 percent in the highest income bracket have done so.

Data on the supply of savings services among MFIs is limited, though their reporting on these services is slowly improving as regulated deposit taking increasingly enters the mainstream of microfinance practice. In 2000, for example, only eight MFIs out of more than 200 (about 4 percent) in the Microfinance Information Exchange (MIX) database reported on savings. Of the eight, only three reported actually receiving any deposits.[4] By 2005, 580 out of about 1,200 MFIs (48 percent) reported on savings activities,[5] with the majority of this group (350) claiming deposit liabilities. In 2010, 1,316 out of 1,375 (96 percent) MFIs reported, with 739 reporting active savings. Despite the growth in MFI savings portfolios, credit continues to significantly outpace savings and most institutions are struggling to improve the balance between savings and credit in their product lineups.

3. Global Findex demonstrates significant variation between regions across a number of variables. See appendix 1 for an extensive—but hardly exhaustive—array of indicators by region. Readers are also encouraged to mine the open access Global Findex database on deposits at www.worldbank.org/globalfindex (accessed February 2013).

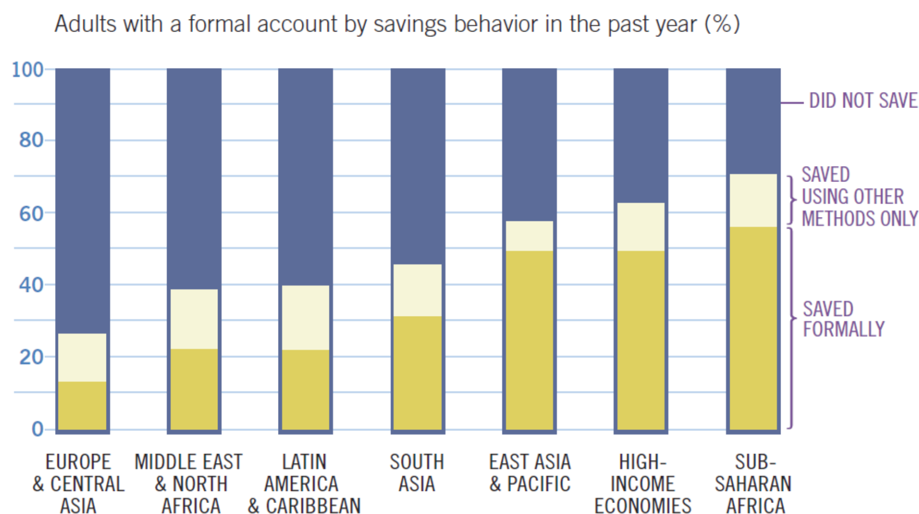
4. Savings practices have clearly grown in popularity, both in absolute terms and relative to better-known lending models, within the microfinance industry: the number of deposit accounts grew on average by 46 percent on an annual basis between 2003 and 2008, while the total volume of deposits worldwide grew on an annual average basis of 63 percent between 2003 and 2008 (MIX).

5. Usually unregulated MFIs cannot directly mobilize deposits; however, many support deposit management by clients, often organized in groups ranging from 5 to about 35 members. Those who do keep savings "off the books" and therefore do not report deposit liabilities.

Savings practices have also grown as new technologies and new methods of engagement expand the ability of poor people to access financial services. A CGAP paper by Ivatury (2006) shows the potential for savings accounts in developing countries to become increasingly branchless, arguing that between 2000 and 2006, banks opened no less than 8 million new current accounts in Brazil through banking correspondents using remote point-of-sale (POS) mechanisms, from mobile banks to digital storage systems. Customers could also access other services, such as savings, money transfers, government benefit payments, and bill payments.

In addition, Global Findex reports that ATMs have become the main mechanism for making withdrawals in Latin America; in developing countries of the European and Central Asian region, the number of ATMs expanded at a 21 percent average annual growth rate between 2004 and 2010. The expansion of ATMs is important for, among other things, it means that savings can be quickly accessed when emergencies strike, thus reducing vulnerability levels among the poor.

Figure 1. Savings Behavior among Account Holders



Source: Reproduced with permission from Demirguc-Kunt and Klapper 2012.

How do we know that the poor save?

Practitioners have long propagated the idea that the world's poor demand access to savings, but academic evidence has emerged only recently. Collins (2005) and Rutherford (2000 and 2003) represent two prominent voices arguing that poor households have enough budgeting power to save and in fact do so regularly on their own. Ramji (2009) claims that 96 percent of Indian survey respondents "who felt their income was too low to warrant bank savings still reported saving on a regular basis."

> *There is much more demand than the industry's ability to deliver right now."*
>
> -Tom Shaw, Catholic Relief Services

Kendall, Mylenko, and Ponce (2010) estimate that there are only 0.9 savings accounts per person in the developing world, compared to 3.2 savings accounts per person in the developed world. Several empirical approaches have shown that poor people routinely accept savings accounts when these products are offered. Aportela (1999) finds that an expanded network of bank branches in rural Mexico has led to significantly higher average household savings

rates across regions.

For individuals, a plethora of market research studies estimate market demand using attitude surveys (e.g., Devaney 2006). Dupas and Robinson (2012a), for example, in studying a village bank supported by Kenya Rural Enterprise Development Agency (an affiliate of the Kenyan MFI K-REP), argue that demand for savings services in Kenya is highest for women, who typically face greater savings constraints than men. Chowa (2006) reports similar findings for Uganda with respect to a mobile banking vehicle pilot project operated by Stanbic Bank.

Despite these findings, many financial service providers have continued to observe low rates of usage of the savings products made available in poor communities (see Ramji 2009 for a study of a financial inclusion program in India that suffered from typical low usage rates). In response, Deshpande (2006) has argued that low usage does not mean low demand, especially when the only products available are in the formal sector (i.e., those that rely on government recognition to enforce contracts, as opposed to those that rely on trust; see Zenger, Lazzarini, and Poppo 2001).

It may simply be that more formal institutions cannot compete with less formal ones that do not face the same delivery channel and localization challenges, including distance from the client, understanding the client's local context and the ability to help illiterate clients gain access to a product. (For additional details on mobilization challenges, see "Section V: Operations.") Further, the number of people who use a given program may be low, but they may demand services relatively more intensively than in contexts where there is higher uptake. In a recent study by Dupas and Robinson (2012a), for example, 40 percent of market women surveyed in rural Kenya enrolled in a savings program that the researchers offered, even though it actually paid a negative real return. The clients' willingness to lose money slowly over time indicates how badly they wished to avoid sudden, total losses that might occur if they attempted to save without the assistance of the offered product.

IV. The Value of Savings

Value propositions for consumers

Several theories describe the principal value that savings offer to poor consumers. These theories—called "value propositions" in table 1 and the subsections that follow—form the basis for practitioner interventions. Most often, savings programs employ these value propositions in combination with one another in order to expand their impact on clients.

Value proposition 1: Safety and assurance

When poor people try to save, they have few safe options for doing so. Their money faces many threats. On one hand, houses where cash are stored may burn down in fires that commonly affect urban slums (Rutherford 2000). On the other, "under-the-mattress" savings are exposed to the undisciplined demands of the community, friends, relatives, or even oneself. Keeping money safe using established savings practices-whether at formal financial institutions or through groups employing formalized procedures to manage risk-ensures that it is available when needed later.

Some 99 percent of the people surveyed in a Uganda study by Wright and Mutesasira (2001) who used traditional savings methods (e.g., "in a tin can") reported having lost all or part of their savings within the previous year. Miracle, Miracle, and Cohen (1980) also found a "large demand for hidden or protected savings" among interview subjects. A study by Cuevas and Campos (2001) indicates that Mexican farmers who lack access to savings services tend to store excess capital in unneeded livestock (even though these animals have mortality rates above 40 percent), rather than store cash in their homes, a choice that hardly counts as a productive investment.

Table 1. Savings Value Propositions for Consumers

Value Proposition	Problem	Solution
1. Safety/ assurance	Lack of security of savings from demands of neighbors, friends, family, and self	Provide a safe place to save and a haven from the demands of others or self-temptation
2. Formalization	Lack of trustworthy, reliable, supervised services	Provide a recognized, regulated, and long-term institution for accumulating wealth
3. Consumption smoothing	Lumpy expenditures—both foreseen and unforeseen—strain cash flows	Help the poor save with discipline
4. Productive investment	Farmers, shopkeepers, merchants, and other tradespeople may be inhibited from undertaking productive investments by irregular expense cycles or the fear of risking all their assets	Businesspeople can save enough over time to build a buffer against investment risk
5. Nonfinancial/ empowerment	Lack of access to a suite of nonfinancial services, from health to education, and corresponding social status	Use savings to administer broader social services, change behavior, and/or engender confidence

Beyond physical danger, family members may often exert social pressure to access an individual's savings. Though family and friends represent an important source of informal assistance for the needy throughout the world, researchers have shown that social and familial networks can also pose a threat to savings. In an illustration of the danger that women in particular face from their husbands' demands on their incomes, an experiment in Kenya by Jakiela and Ozier (2012) concluded that women are often willing to conceal their incomes from their husbands, even though they cannot use the hidden money. This strategy "reduces their expected earnings" overall (see also Anderson and Baland 2000). Further, a study based on field observations of credit cooperatives in Cameroon (Baland, Guirkinger, and Mali 2011) suggests that family members who feel particularly threatened by less cautious spenders within a household will even take out a loan to signal being cash constrained, thus warding off pressure from the latter.

Individuals everywhere are often their own worst enemies. A substantial literature supports the notion that, as in the developed world, would-be savers in the developing world have difficulty committing to setting aside funds for future consumption. Similar findings have been reported throughout the world in many empirical studies. For example, a study by Ashraf, Karlan, and Yin (2006) of a commitment savings product at the Green Bank of Caraga, a rural bank in Mindanao in the Philippines, indicates the universality of the human tendency to deplete financial stocks prematurely. Such evidence indicates the need for more intensive financial education efforts to build the capabilities of poor people to effectively utilize savings services when these services are offered. A recent study commissioned by the Citi Foundation refers to a "capability gap," recognizing that of the 500 to 800 million low-income consumers who have received access to finance, only about 110 to 130 million have received financial capability training of some sort (Deb and Kuzansky 2012).

Savings products—whether offered by a formal financial institution or a member-managed group—provide both a relatively safe environment in which to store funds and a healthy distance at which to keep them safe from the temptations of neighbors, kin, and self. In the words of Oxfam America's Jeff Ashe, Director of Community Finance, the most important value in expanding the availability of financial services for the poor is in providing "access to simple, convenient, safe places to save. Without [this], other benefits do not emerge."[6]

Several studies have tested the impact of various savings products that provide physical safety of depositors' funds. An experiment by Dupas and Robinson (2012b), for example, produced evidence on the importance of physical safety, as access to a safe place to keep money increased health savings in rural Kenya by 66 to 75 percent (though other types of savings, such as group-based models, performed even higher in this regard).

Once funds are safe, individuals must exercise self-restraint, or "commitment"—defined most often as an individual's voluntary separation from their stored liquidity (for a full definition of the commitment challenge and its proposed solutions, see Innovations for Poverty Action 2012)—in order to accumulate useful savings. Even though such community-based, member-controlled institutions do not participate in prudential supervision and deposit insurance schemes, Dupas and Robinson (2012b), Gugerty (2007), and Dagnelie and LeMay-Boucher (2008) all cite savings groups as particularly effective in helping poor people save.[7] This is because these institutions provide a reliable social framework for commitment in which group accountability helps members' mitigate their self-control problems. (Group-based and other mechanisms for ensuring client commitment to savings are discussed in further detail in "Section V: Operations".)

6. All direct quotes by and references to individual practitioners that are not otherwise referenced in this text derive from phone interviews conducted by the principal author in June 2012.

7. Allen and Panetta (2010, 3) describe savings groups (SGs) in detail. They state that the basic SG model has three "distinguishing characteristics": (1) cashing out savings and interest earnings at the end of an annual cycle, (2) democratic governance and transparent procedures, carried out in full view of the membership, and (3) management by all member owners, including peer review of loans. Current statistics of major SG programs are available on SEEP's website: http://www.seepnetwork.org/savings-groups-global-outreach-pages-20015.php (accessed February 2013).

Anderson and Baland (2000) further posit that participation in a ROSCA is a strategy that a wife can use to protect her savings against claims by her husband for immediate consumption.[8] Others, including Ashraf, Karlan, and Yin (2010), support the claim that both commitment savings accounts and exposure to savings marketing improve self-reported decision-making processes within a household and the subsequent allocation of household resources.

Many studies have focused on the particular benefits of savings for women, for whom a savings framework may represent an added level of protection from those attempting to expropriate their incomes. Stuart, Ferguson, and Cohen (2011) report that, though overall usage rates were low, women who did use banking services introduced by Opportunity International Bank of Malawi in rural central Malawi benefited more from these services than did men. Dupas and Robinson (2012a) shed light on why this may occur, hypothesizing that savings services help market women overcome current demands on their cash, arguing that a savings account can essentially be a means of ensuring commitment.

Value proposition 2: Value of formalization

Closely related to the value proposition of safety and assurance is that of formalization, which centers on the provision of financial products designed to offer protection from fraud and incompetence, whether through prudential supervision or rigorous adherence to a transparent methodology.

Acknowledging that people of almost all income levels save, scholars and practitioners observe that the movement of savings from traditional ("tin can") to formal methods often brings positive financial benefits when in fact these services meet the needs of consumers. Most immediately, there may be reduced risk of loss in the formal sector, especially among institutions subject to prudential supervision; savers in the formal, regulated sector may still lose their savings, but do so with less frequency than those saving via traditional methods (see, for example, Wright and Mutesasira 2001).

The quantity of formal regulated financial services available to the poor falls far short of demand. Recently, low-cost, simple, formalized methodologies have emerged, in part as a response to the formal sector's inability to provide products and services with the features most in demand by the poor-for example, flexibility, proximity, and in some cases, high returns. An example is the growth of savings groups (discussed in detail below), which demonstrates how a transparent, easy-to-use methodology can be reassuring and attractive to those whose capacity for dealing with formal financial institutions is limited by lack of access, low cash balances, illiteracy and/or innumeracy, and limited financial resources to cover transaction costs (which range from expenditures associated with traveling from remote rural locations to banks in market towns to commisions and fees on savings; see "Institutional Design" in Section V).

Value proposition 3: Consumption smoothing

Among the chief financial management challenges faced by poor people is the necessity of infrequent, large (or "lumpy") expenditures. These may be periodic, as in the case of merchants who make monthly wholesale purchases, or occasional, as in wedding, funeral, or other expenses precipitated by life events (see, for example, Vogel 1984, Rutherford 2000, Maranz 2001, and Collins 2005). This picture is supported by findings from the Global Findex, which reports that 20 percent of adults in the lowest income quartile saved for the purpose of emergencies and 17 percent, for future expenditures.

Many recent studies document the challenge of smoothing consumption patterns among the world's poor. Stuart, Ferguson, and Cohen (2011) observe that households in Central Malawi often had to pay lump-sum amounts

8. ROSCA—as discussed further below—usually refers to an informal group-based savings configuration in which members make a regular fixed-amount contribution to a central pool. The pool is then given to a different member at a regular interval, ensuring fairness and equal return over time (see Rutherford 2000 for a complete description).

greater than the area's median weekly income. In India, Ruthven and Kumar (2002) observe similar patterns. The financial burdens of life events—particularly those related to death, which occurs often and unexpectedly in poorer environments—can have harsh consequences for families and individuals who must pay for burials and funerals while making up for the loss of the deceased's income (Collins and Leibbrandt 2007, Collins and Morduch 2008, Kendall 2010). The prospect of retirement and/or work-related injury causes similar trouble: Collins (2007) reports that the lack of retirement security is linked to myriad social problems in rural South Africa.

As mentioned above, savings accounts allow individuals to "save up" to meet regular, foreseen demands on accumulated income either for themselves or their family members (see Rutherford 2000 for a complete description of savings patterns). Beyond being simply a haven for safeguarding money, savings accounts (and the terms and conditions that apply to them) provide a framework for discipline and planning that help the poor smooth expenditure patterns.

According to Jeff Ashe at Oxfam America, "Life just becomes much less stressful" when one can eliminate or reduce the impact of having to make large, unwieldy payments in the income-expenditure cycle, especially when spending needs arise in response to life events that are themselves sources of great stress for poor people and their families. As ever greater numbers of people reach old age in the developing world, for example, setting aside emergency funds in case of sickness or death—as well as more routine contributions for planned retirement—will become ever more critical to help poor people avoid destitution.

Value proposition 4: Business investment

Economic studies that focus on income streams for the poor generally find that they fall victim to large market inefficiencies that prevent them from taking advantage of productive business opportunities (see, for example, McKenzie and Woodruff 2008). With little disposable income and no access to finance, most microentrepreneurs and other informally employed people—who make up the bulk of total employment in the developing world—cannot finance the investments that they need in order to raise their incomes and improve their living standards.

> *"Savings has the potential to unlock a multitude of social, financial, and even personal changes in individuals."*
>
> -Sybil Chidiac, CARE

Traditional microfinance practitioners and scholars have focused on microcredit's potential to help spur investment among the poor and thus lift microentrepreneurs and households out of poverty. More recently, however, evidence has accumulated that savings may also play a role in encouraging investment, business creation, and prosperity in varying situations. On one hand, savings may help the poor simply accumulate assets that they may either borrow against or ultimately invest; on the other, a study from Tanzania shows that savings adds a contingency that allows households and microbusinesses to undertake relatively risky investments by either covering losses or buying time for recovery from losses (Dercon 1996). A qualitative review of microsavings programs by Hulme, Moore, and Barrientos (2009) observes that, indeed, savings programs appear to increase both consumption and investment.

Several experimental and quasi-experimental studies also support the generally positive impact of savings and financial access on business-related outcomes for the poor. A study by Dupas and Robinson (2012a), for example, demonstrates improvements in expenditures, savings rates, and general business outcomes for clients who used various savings programs in Kenya (though uptake rates were often low)[9]. In Mexico, Bruhn and Love (2009) link similar increases in the number of informal businesses, total employment, and average income to an expansion in the number of bank branches available. For rural Malawian households, Brune et al. (2011) show that savings bring increases in agricultural input use, crop sales, and household expenditures.

9. The uptake rate is defined here as the number of persons availing themselves of a service (i.e., opening an account) versus the population of people eligible to do so.

Value proposition 5: Emotions, empowerment, and other nonfinancial gains

The poor's problems are not merely financial. Since its inception, a key priority of many microfinance providers has been to design products and programs that contribute to well-being in nonfinancial ways. Examples include promoting education, empowering women, improving the status of marginalized communities, and advancing human rights. Common to all of these goals is an attempt to effect some behavioral or cognitive change outside the realm of finance.

Such changes may come in many forms. Perhaps most prominently, microfinance practitioners often cite the education benefits that go hand-in-hand with participation in a savings or credit program (see, for example, Vanmeenen 2010). Successful usage of most savings products requires at least rudimentary accounting ability; the potential benefits of participation provide positive incentives for poor people to learn such skills. Tom Shaw, Senior Technical Advisor-Microfinance at Catholic Relief Services (CRS), reports that CRS uses village savings groups as a "platform" to build literacy and comfort with numbers organically through the bookkeeping process. Furthermore, Shaw notes that simply having access to greater funds is "not sufficient," as savers cannot fully leverage these funds without the necessary financial literacy and market skills to make good investments (box 4).

Box 4. Catholic Relief Services: Seeking Sustainable Pathways to Scaling Savings Groups

For many NGOs concerned with spreading financial inclusion, sustainability presents a multilayered challenge. First, village-level savings groups must be sustainable, financially viable, and resilient in the face of internal challenges, such as low levels of education, which may breed distrust. Second, the model for establishing new savings groups in new areas must itself be self-sustaining.

In response to the challenge of sustainability, Catholic Relief Services (CRS) pioneered the development of an agent-based method for formulating village-level savings groups. Whereas NGOs have previously relied on their own staff—or the staff of implementing partners—to train village savings group members and maintain group performance through regular engagement, CRS developed its Private Service Provider (PSP) delivery model to train qualified local "agents" who can provide these services more effectively, at lower cost, and for a longer period of time. The model hinges on effective identification of agents and long-term repeated assessments of their effectiveness. CRS pays agents' salaries for an initial period (tailored to the needs of the groups in each agent's catchment area) that does not exceed one year, after which the groups themselves are expected to pay for their services for as long as they are needed.

Once trained, agents form a local network for mutual support and knowledge sharing that does not rely on the support of the NGO. They may also set their own wages and hire their own apprentices to help with extra labor. Given the status and benefits of the agents, a key challenge for the success of the agent-based model, according to Guy Vanmeenen and marc bavois of CRS, is the selection of agents who are not motivated strictly by the prospect of an easy path to steady employment. Strict recruiting criteria, however, have resulted in the selection of agents who have thus far proved their motivation by, on average, successfully taking on hundreds of individual savers, lowering average program costs to US$18 per head as of June 2011 (CRS 2011).

An additional concern regarding the PSP model was that once agents transitioned from being paid by CRS to charging savings groups for their services, suspicion on the part of prospective group members would lead to a decline in "take-up" rates when agents attempted to form new savings groups. A comparison study (see Ferguson 2012) undertaken by CRS in Kenya, Tanzania, and Uganda, however, did not find significant differences in "take-up" rates between groups whose agents were paid by an NGO and groups who paid their agents directly.

Note: For more information on CRS and its recent programs, see Vanmeenen (2010) and the CRS website (www.crs.org; accessed February 2013).

Beyond education, organizations such as Oxfam America routinely evaluate savings programs for progress in fields as diverse as food security and health utilization. Supporting such social approaches to evaluation, Devaney (2006, 17) argues that impact studies of savings programs should attempt to measure "lifestyle indicators," including "changes in income, poverty levels, household dynamics (e.g., decision-making power), schooling rates, key health indicators, debt levels, asset levels, and self-esteem." Similarly, Hulme, Montgomery, and Bhattacharya (1996) conclude that the

main benefits of the Sri Lankan thrift and credit program SANASA are observed in fields of social impact, such as health, education, and gender empowerment.

Indeed, if savings can be a platform for educational advancement or health awareness, it can also facilitate deeper cognitive change within individuals. Recent scholarship on savings products for poor people holds that the process of setting aside money for future use brings with it certain positive psychological changes and learned behaviors. Commenting on the American context, Sherraden (1991, 148) claims that "people think and behave differently when they are accumulating assets, and the world responds to them differently as well."

This perspective pertains to the developing world as well (see, for example, Ashraf, Karlan, and Yin 2006). In one recent study, Brune et al. (2011) conclude that the positive income and investment effects of a commitment savings program in Malawi were not due solely to forced restraint, but to various "psychological channels." CARE's Sybil Chidiac, for example, cites instances of savings groups causing individuals to feel more comfortable speaking up in community forums and the presence of elders.

Women's empowerment has attracted particular interest in practitioner and academic communities. Beyond the strictly financial goal of helping women overcome the larger savings constraints that they often face (see, for example, Dupas and Robinson 2012a and Jakiela and Ozier 2012), many believe that access to finance can also improve their nonfinancial position relative to their husbands and their communities over time. Many impact studies of savings have thus highlighted their impacts on women in order to demonstrate how such goals can be met. Dupas and Robinson (2012a) show the effects of savings access on savings and business outcomes for women in Kenya; Ashraf, Karlan, and Yin (2010) show that women make more "empowered" decisions when they are given the tools to save within their households.

Value propositions for financial institutions

Though the main focus of programs that provide savings for the poor is justifiably raising clients' living standards, a growing body of evidence suggests that financial institutions and other actors may benefit as well. An early study by Aryeetey and Gockel (1991) in Ghana suggests that, were banks able to lower the transaction costs associated with low-balance accounts, savings mobilization could become an important (an inexpensive) source of funds for financial institutions. Responding to the debate on whether to subsidize savings accounts, Trivelli (2007) draws on research in Cusco and Puno, Peru, to argue that externally provided incentive funds deposited in clients' accounts could be restricted for periods of 36 months or longer, allowing participating banks unbridled access to these funds for a significant period of use before they are withdrawn.

Beyond direct financial incentives, however, other scholars and practitioners claim that savings mobilization offers an opportunity for financial institutions to build robust relationships with customers in greenfield environments (see, for example, Klaehn, Evans, and Branch 2002). A policy note by the Alliance for Financial Inclusion (2010b, 2) argues that MFIs which intermediate savings can sustain growth and innovation for longer periods, reasoning not only that "deposits tend to be a more stable and scalable funding source relative to other options," but that taking deposits effectively links institutional growth to client preferences and economic trends in the environment. Further, the authors claim that savings accounts build customer loyalty to an institution and give them a stake in ensuring its survival.

Similarly, developing a customer base of savings account holders can facilitate credit activities by giving banks the financial management data they need to solve adverse selection problems when making loans. Last, mobilizing savings from different populations of the general public can help offset the risk of a liquidity crisis due to periodic collective cash needs (e.g., the beginning of the school year; see CGAP 2005).

Value propositions for funders, NGOs, and other promoters

A broad constituency of actors in the field of international development views the expansion of microfinance as an opportunity for financial sector deepening and improving the welfare of the poor. Such actors' interests are clearly aligned with those of savings clients and customers; their concerns, however, often go beyond the strictly financial impacts of their programs.

For foundations and NGOs whose missions have traditionally concentrated on nonfinancial social change, savings for the poor offers a financial toolkit that has, as noted earlier, proven capable in certain contexts of positively affecting health, education, gender empowerment, and human rights outcomes (see Hulme, Montgomery, and Bhattacharya 1996 for an overview; other studies include Trivelli 2007; Ashraf, Karlan, and Yin 2010; Dupas and Robinson 2012a; and Jakiela and Ozier 2012).

NGOs can use savings as a platform to reach clients for other social and economic purposes as well, including health, education, or other interventions. Oxfam America, for example, maintains partnerships with health organizations in order to implement malaria awareness trainings that accompany its savings groups programs. The Aga Khan Foundation and CARE are also experimenting with linking savings groups to formal financial institutions in order to provide higher security options for groups' savings pools and access to additional financial services, such as remittance transfers and payments. In addition, such linkages provide clients with growing enterprises that can absorb and use significant amounts of capital access to larger loans, thus allowing the group to avoid taking on extra risk if its loans were concentrated in just a few members' hands. In this and other ways, organizations may use savings groups as platforms for various value-added sustainable development goals.

Value propositions for governments

Savings for the poor can also benefit governments in two chief ways. First, government officials and politicians whose agendas promote the economic advancement of their poorest citizens can rely on a growing body of academic and practitioner literature demonstrating the uses of savings activities for encouraging improvements in living standards for the poor. In two recent studies, Burgess and Pande (2005) and Bruhn and Love (2009) show rural development gains from improved banking access in rural areas of India and Mexico, respectively (Cuevas and Campos 2001 support these findings in Mexico). Savings can also help governments deal with big policy problems, such as retirement preparation and health care costs, as citizens with savings will rely less on public service provision in these areas (see, for example, Collins 2007 on how low-income South Africans use savings practices to prepare for retirement).

Second, widely used savings programs can serve as conduits for government benefits, including conditional cash transfers and pension plans, considerably reducing transaction costs and last-mile delivery difficulties. CRS, for example, is currently working with the national health insurance provider in Benin to roll out health insurance through village savings groups that CRS has already helped set up. This aids both the clients and the insurers, as existing savings groups will facilitate product delivery while also providing group-based accountability that lowers the risk to the insuring institution. In response to these economies, CRS anticipates that the insurance provider will lower rates for savings group members.

Such benefits of so-called government-to-people (G2P) programs are magnified when accounts are digitized, as in various e-money systems available in several countries (see Pickens, Porteous and Rotman 2009 and Zimmerman and Moury 2009). G2P savings linkages represent a significant opportunity for shared value between poor clients and public sector bodies: in one recent study in Gulbarga, India, a majority of surveyed subjects "opened accounts to receive some form of payment, either government assistance or remittances" (Ramji 2009, 29).

V. Operations

Practitioners seeking to initiate a savings program must make many pivotal operational decisions (figure 2). The following subsection addresses these questions in natural order: first, how to design an institution that can provide savings products to the poor; next, construction of appropriate products, followed by strategies for mobilization; and, finally, selection of delivery channels in order to reach clients.

Figure 2. Operational Considerations of Savings Products

Institutional design

One theory described earlier holds that savings can raise living standards for the poor simply by providing these clients access to formally recognized financial services. The more "formal" the provider, for example, the better a potential client can assess the provider's trustworthiness (Deshpande 2006).[10] In the case of bricks-and-mortar banks, the presence of a physical bank building may signal that the bank is there to stay and thus a safe haven for savings. On the other hand, formal institutions may have trouble competing with informal ones; they are usually farther from their clients and suffer a range of institutional problems, such as inadequate management capacity, high-cost structures, few outlets for excess liquidity, unfair upstream competition (from "cheap-and-easy" wholesale financing, often provided by governments, as in Uganda and the Philippines), and inaccessible payment systems leading to poor deposit capture (see Deshpande 2006).

There are increasingly numerous types of organizations operating in the marketplace of savings for the poor (Glisovic, El-Zoghbi, and Forster 2011). First, financial institutions may be either privately or publicly owned, such as Mexico's state-owned BANSEFI (a savings-only bank) or Bank Rakyat Indonesia. Other variants are postal banks or other private organizations that partner with public institutions for delivery channel purposes (see, for example, World Bank 2006). Then there are a variety of MFIs and credit unions, some of which are recognized as formal financial service providers by governments and some of which are not (depending on the government, scale of the organization, and target clientele).[11]

Cooperatives generally follow the credit union model and, as member-owned institutions, are accountable directly to their clients (see Hirschland et al. 2008 for a complete study of member-owned financial institutions in rural areas). These institutions often have a separate regulatory authority in order to insure deposits and thereby improve the trust of their clients. Klaehn, Evans, and Branch (2002) offer recommendations uniquely for credit unions that seek to mobilize savings, from pricing schemes to target demographics tailored to member-owned institutions.

India, the world's largest microfinance market, provides an illustration of the benefits and challenges of formal recognition. Indian nonbank financial corporations are essentially MFIs that are forbidden from taking deposits unless

10. The term "formal" is used here loosely, meaning "recognized" (though not necessarily regulated) by governmental authorities.

11. For an extensive discussion of the advantages and disadvantages of different institutional types, ranging from savings groups to cooperatives to commercial banks, see Glisovic, El-Zoghbi, and Forster 2011 (especially 7–14).

they obtain special permission from The Reserve Bank of India (according to Linder and George 2010, fewer than 4.4 percent of MFIs have done so). Despite this limitation, several informal configurations exist that enable institutions to help clients mobilize savings. The most prominent mechanism for doing so is the self-help group, which, as a member-owned, group-based model for accumulating savings promoted by the government, is unregulated.[12] Recognized cooperatives and "chit funds" (akin to savings groups) fall into a unique category, as they are regulated at the state rather than the national level and thus, in many cases, are allowed to mobilize savings as long as they do not expand beyond state boundaries.

A popular platform for both savings and credit is the savings group. CARE pioneered this approach in 1991 in Niger and named it the Village Savings and Loan Association (VSLA). The model has been replicated by many organizations throughout the developing world. VSLAs are fully member owned and trained and govern and monitor themselves independently. They most often avoid regulatory notice and are thus not subject to reporting and tax burdens that incorporated deposit-taking institutions must heed (Ashe and Nelson 2013). Nevertheless, these organizations do follow agreed rules and procedures and may offer enough formalization, combined with social norms and sanctions, to prompt poor people to entrust their savings to them (for more on savings groups, see box 5).

Box 5. Key Characteristics of the Savings Group Model

The evolution and reach of the savings group model is described in Savings Groups at the Frontier (Nelson 2013), a new edited volume written by participants in The SEEP Network's Savings-Led Financial Services Working Group. The following excerpt from the introduction by Jeffrey Ashe and Candace Nelson describes the major advantages of the model compared to those of ROSCAs and their key characteristics:

> *Instead of giving the collected funds to one member at a time, members deposit their savings into a group fund from which they can borrow as needed. From these aggregated savings, loans are provided and repaid with interest. At the end of the cycle (usually eight to 12 months), the entire fund is distributed according to the amount each member saved. Members typically earn a return of 20–40 percent on their savings from the interest paid on loans (and sometimes other fees or earnings).*
>
> *To ensure transparency and minimize risk, transactions take place in the presence of all the members. Group funds and records are stored in a box with locks requiring one or more "key keepers" to open. Officers are elected specifically to handle money and record payments. Members report that they trust the group because they see what happens to their money.*
>
> *Minimal risk, maximum transparency, a profitable structure for saving, access to small loans, and an annual lump sum of capital are the hallmarks of the savings group methodology.*[a]
>
> *While most Savings Group initiatives follow these basic principles, over time, adaptations have been made. For example, the risk [of] providing matching funds to groups as an incentive to save has been widely acknowledged. In Zimbabwe, CARE initially matched member savings, and eventually almost all of these groups disbanded because their motivation was to get the match rather than undertake the disciplined work of saving and building the group's fund (Fowler and Panetta 2010). Other adaptations tend to increase flexibility [by] allowing members to save variable amounts, to simplify recordkeeping to enhance self-management, or to encourage volunteers to train groups.*

a. For a detailed description of all elements of the SG methodology, see Allen and Panetta (2010).

Source: Ashe and Nelson (2013, 3).

The most informal of savings products on offer to the poor do not involve intervention by any formal organization whatsoever. These are often social or familial networks whose members offer small sums to each other on occasion, expecting the same in return when needed (see Collins et al. 2009). Such social insurance mechanisms—based entirely on trust—are probably the most prevalent savings mechanism existent in the developing world.

12. See Linder and George (2010) for a typology of general informal institutions in India that take savings, and Harper (2002) and Sinha et al. (2010) for lengthy treatments of the self-help group sector in India.

In sum, stringent formality accompanied by regulation may be inappropriate for products that seek to reach the poor, especially those living in remote areas, who are time-consuming and expensive to serve. The emerging challenge, therefore, may be to find cost-effective ways to create and roll out mechanisms that encourage unregulated member-led groups to constantly remain vigilant about their group's financial activities.

Product design

Will the product be group- or individual-based?

Group savings products can, in some circumstances, help mitigate the commitment challenge faced by individuals. In the simplest informal variant, a ROSCA, members take turns acquiring the collective savings of the group in a given period. Allocation systems vary greatly: in some "competitive" systems, the extent to which each member needs the funds factors into allocation by allowing members to compete for the pot through bidding. Each such variation carries implications for the liquidity of the money, the level of group trust, the simplicity of managing the group, and/or the resilience of the group to external shocks (see Dagnelie and LeMay-Boucher 2008 for a study of competition-based allocation systems within savings groups; Rutherford 2000 also describes the benefits and drawbacks of "bid" systems).

As the accumulated savings of the group regularly shifts from member to member according to predetermined rules, individuals no longer need to rely on themselves or others outside of the group to safeguard the money, as long as the group is small enough. Group longevity is also important in order to ensure equity between members: there must be enough payment cycles so that the last members in line to take the pot receive as high a return as the first members (see, for example, Rutherford 2000; Hulme, Montgomery, and Bhattacharya 1996; and Bouman 1995).[13]

Savings providers have long used group-based methods to improve client outcomes and reach more clients overall. Indeed, savings groups can be thought of as a mechanism for training individuals to save, after which they can then do so on their own (i.e., without the commitment framework of a savings group; see Gugerty 2007). Practitioners such as CARE's Sybil Chidiac believe that, beyond the financial benefits of group savings, groups also provide a framework for social cohesion as they model effective collaboration that can be used in other spheres of community life. The opposite, however, may be true if groups are mismanaged or certain members feel disadvantaged relative to others. The more complex a group's operating rules, for example, the more the group may be susceptible to problems of nonattendance or "free-riding" (i.e., operating without adequate participation by each member), both of which erode trust.

Many savings and credit providers offer products and services to individuals, including those tailored to youth (box 6). On one hand, this allows them to avoid the aforementioned complexities of group formation and management. On the other hand, they are freer to embrace opportunities to deepen relationships with members or clients who have shown themselves capable of building strong enterprises that demand large volumes of credit that would otherwise require a guarantee by less wealthy group members. Furthermore, they can offer a variety of more flexible savings products attuned to the shifting cash flow needs of individuals who must simultaneously manage the cash flows of their respective household operations and respond quickly to unexpected opportunities to grow their dynamic enterprises.

13. Although long popular due to their simplicity, ROSCAs and similar approaches in which a "pot" of money is accumulated through contributions by group members and then distributed in single lump-sum payments issued consecutively to group members unevenly distribute risk among members (i.e., tail-enders in the distribution queue have a higher risk of losing their savings). Risk is basically controlled through the careful selection of responsible group members and the threat of suffering social sanctions if one ceases to contribute after receiving a distribution.

Box 6. Xac Bank's Experience in Designing Savings Services for Youth in Mongolia

Xac Bank of Mongolia, with support from Women's World Banking (WWB), carried out market research to design savings services targeted to girls aged 14 to 18. The research revealed that teenage girls were interested in savings and exercising control over their money. Drawing on the market study, Xac Bank introduced the Aspire Girl savings product line in 2009. The bank offers girls both a demand deposit account and a time deposit account. Each requires low minimum balances (US$2.00) and offers easy access, including through ATMs, for the demand deposit account and higher interest rates on the time deposit.

To encourage regular savings, the bank offers prizes to young savers. It thus put in place a marketing campaign specifically targeted to female clients using specially designed accessories, such as wallets, complemented by branding (in the form of logos and images). The bank first attracted a healthy number of teenage female clients; to gain further efficiencies, it then opened up the program to teenage boys, and later included youth up to 24 years old so that young people could keep their account relationship with the bank as they entered their early adult years. All youth clients were also offered an extensive financial education curriculum to build financial capabilities.

Rigorous baseline and endline research carried out by Microfinance Opportunities evaluated the product line's impact on participating teenage girls during a period of slightly more than 18 months. Despite the short period, several important results were evident: (1) financial education makes a difference—girls who received this education saved more and demonstrated greater financial knowledge compared to girls who did not receive the training; (2) self-esteem was enhanced—the girls took great pride in handling their own finances; and (3) girls with accounts had increased appreciation of Xac Bank, with many expressing an interest in becoming adult clients of the bank.

Sources: de Quintanilla, Batjargal, and Togtokh (2011); Tower (2011); Women's World Banking (2012).

Will there be commitment conditions?

Placing conditions on the withdrawal of funds from a savings account helps solve the commitment problem identified above, in which individuals have difficulty slowly accumulating sums of money until they need them most, owing either to psychological reasons or external pressure. Such conditions can be rooted in time, intensity, balance, or purpose.

Time restrictions. Financial institutions may limit the amount of time that must go by before funds in an account can be fully or partially withdrawn, as in the case of retirement savings accounts (see, for example, Collins 2007 and Hulme, Moore, and Barrientos 2009). Such terms are useful in the case of anticipated or fixed-term life cycle events. Impact studies—including a study of a time-restricted commitment savings product in Malawi by Brune et al. (2011)—have shown that the extra commitment incentives provided by time restrictions may actually increase deposit rates.

Intensity restrictions. Deposit-takers may also limit the number of times that funds can be withdrawn or impose a cost per withdrawal. When expenditure needs are unanticipated, as in the case of funerals or natural disasters, limiting withdrawals in this way forces clients to wait until their consumption needs are particularly urgent. In an extensive question-and-answer session published by CGAP (2006), Daryl Collins cites the effectiveness of setting maximum monthly withdrawal amounts for those who are paid directly into their savings accounts; the higher the restriction, the greater the enforced commitment and the faster clients accumulate large savings amounts.

Balance. Minimum balance requirements pursue two goals: contributing to the sustainability of the provider and ensuring that clients maintain their commitment to using their accounts over the long term. Some clients, however, may not be able to afford high minimum balances. In a recent Philippines example, one of Grameen Foundation's partner organizations believed that a minimum balance of PHP500 (approximately US$12) would help the organization become sustainable faster; instead, clients demonstrated a high sensitivity to minimum balances through extremely low take-up rates. This sensitivity may have been due to clients' perceptions of a minimum deposit as an expense or fee rather than as a savings deposit, creating a "psychological barrier to locking up . . . [the] . . . cash" (Peachey 2011).

Purpose. In accordance with value proposition 5 detailed above, many savings providers restrict the use of saved funds to various purposes, such as health, education, or other social advancement. In the Philippines, for example, the Green Bank of Caraga's Committed Action to Reduce and End Smoking (CARES) campaign provides savings accounts to which access is only available after a client has passed a nicotine test. Such a voluntary commitment program is purportedly claimed to be a successful method of encouraging clients to quit smoking, despite predictably low uptake rates (for full details, see Innovations for Poverty Action 2012).

Will accounts be subsidized?

A substantial debate among both academics and practitioners relates to the utility of subsidizing formal savings accounts for the poor. Subsidizing savings accounts can increase incentives for traditionally excluded segments of the population, such as women, to gain access to financial services (Trivelli 2007, Results 2012). Such subsidies usually consist of a small initial deposit.

In addition, formal savings accounts can be used as conduits for conditional cash transfer programs or other social subsidies of a government (in such instances, funds from external sources also represent subsidies for access to financial services). Several recent studies present operational methods for linking savings to G2P programs (see, for example, Pickens, Porteous, and Rotman 2009 and Zimmerman and Moury 2009). In India, wages paid to farmers under the National Rural Employment Guarantee Act have recently been deposited into savings accounts by the government, though a study by Ramji (2009) indicated that usage of these accounts remained low, despite the effective subsidy.

International NGOs that promote savings groups have become increasingly efficient at lowering the cost of group formation and maintenance. Their efforts to promote savings groups are usually underwritten by charitable funding. Given the limited availability and instability of this source, it would be impossible for savings groups to receive ongoing subsidies or for NGOs to have sufficient funds to significantly expand coverage to new participants. Evolution of the approach has, however, resulted in a drop in the one-time per-head cost of group formation (box 7). There is also solid evidence that with good training and external support, savings groups can operate without further subsidy after one or two cycles (SAVIX 2012). These findings present opportunities for financial inclusion at scale, although methodologies for helping group members who develop enterprises and need growing and significant amounts of credit to expand them remain underdeveloped.[14]

Box 7. The Costs of Building Savings Groups

In Oxfam America's Saving for Change Program—operating in five countries with over 570,000 clients—costs stand at about US$1,000–US$1,500 per village to serve about half of the women in each village, with per-head costs at around $20. Most of this amount is incurred by initial trainings led by paid staff in each village to provide the basic financial literacy needed for villagers to successfully run their own programs. As a result of the need to lower costs, Oxfam America has considered, and is currently piloting, the use of volunteers to conduct trainings instead of full-time employees. It would appear that this is already an accepted method elsewhere; according to the Savings Group Information Exchange online database, agents who led trainings were paid in only 7,766 out of a total of 19,461 savings groups in Mali.*

*In an additional 5,267 groups, it was unknown whether or not the agent was paid.

Source: SAVIX.

14. A study examining linkages between savings groups and formal financial institutions fostered by CARE's Access Africa is expected in early 2013 and should illuminate this question.

Localization: Suiting products to the environment

Savings practitioners and scholars alike continually emphasize the importance of fitting institutions, products, and delivery channels to the relevant client context. Stuart and Cohen (2012) hypothesize that a key reason why many savings programs suffer low uptake and usage is their failure to understand the needs of clients in a specific geographic and/or market segment. Given that the poor save, practitioners must know how they save, where they save, and, most importantly, what income "flows" clients save from. Once this is understood, products can be designed to add value to these flows.

Many studies seek to fill in knowledge gaps about the specific types of savings products demanded by the poor, including Islamic products (box 8). Zeller and Sharma (2000) present a conceptual framework to identify the different types of financial services demanded by the poor, focusing on the insurance role of savings, while Maranz (2001) documents informal, unbanked personal finance practices in many parts of Africa. Other studies similarly focus on traditional cash-handling practices. A survey of rural Ugandans by Pelrine and Kabatalya (2005), for example, finds that 89 percent of subjects save in cash, in kind, or in informal savings groups (as opposed to only 12 percent who save in formal or semi-formal financial institutions). Stuart and Cohen (2011) similarly find that cash is still much more important in transactions than are mobile accounts, as M-PESA comprises only 6 percent of total transactions recorded in the data taken from Kenyan financial transaction diaries.

Box 8. The Proliferation of Islamic Savings in Indonesia

Islamic norms of finance challenge traditional models of savings for the poor. In Islamic finance, a qur'anic prohibition on interest (rib`a) means that savings products can take any of three forms. In the first two, remuneration is paid to the depositor through either a fixed rate per time period, or a ratio-driven profit-and-loss sharing arrangement between the bank and the client, based on the return made by the bank on the client's deposits. The third type of product allows clients to keep balances without any remuneration (this is the most religiously sanctioned model, as there are no additional payments that can be construed by skeptics to be effective interest).

Seibel (2007, 13) presents a comprehensive study of the proliferation of Islamic savings products in Indonesia, concluding, among other things, that "revenue-sharing is not as attractive to depositors as a fixed interest rate" because of the extra risk involved in a profit-and-loss sharing contract. The additional risk associated with Islamic savings products presents operational challenges to banks operating in religiously conservative areas of the Muslim world, as the difficulty in raising funds through deposit mobilization makes financial sustainability harder to achieve.

Sources: Seibel 2007; authors.

Mobilization strategy

Financial institutions are actively pursuing innovations in areas such as mobile technology, information management, and agent distribution systems, which show promise of lowering the costs of servicing mass numbers of low-balance deposit accounts. Over the next several years the microfinance community will likely learn whether lowering transaction costs for both savers and providers not only increases access, but also facilitates greater and more effective use of savings accounts by poor people.

Transactions costs of clients

Despite the expected long-term benefits of savings, using savings accounts may cost clients either directly (e.g., travelling to a bank branch or paying user fees) or indirectly (e.g., the opportunity cost of undergoing financial management trainings). It has long been recognized that transportation costs in particular may be responsible for a

large share of usage and uptake shortfalls (see Robinson 1992; Hulme, Montgomery, and Bhattacharya 1996).

Various "last-mile" solutions attempt to bring services closer to customers and thus make savings a cheaper service for them to use. One prominent method being developed by a number of financial service providers is consolidating savings with G2P payment programs by depositing conditional cash transfer (CCT) funds directly into user-held accounts, making access and withdrawals less costly (for a comprehensive study, see Zimmerman and Moury 2009). Such programs appear to help raise uptake rates: a survey by Ramji (2009, 29) revealed that "a majority of respondents opened accounts to receive some form of payment, either government assistance or remittances." Among other practitioners, Save the Children is currently examining the potential for channeling current CCT programs that target at-risk youth in various countries through the YouthSave project, which the organization is carrying out in four countries with a range of partners.

Stuart, Ferguson, and Cohen (2011) have studied a separate solution—mobile banks—in which vehicles operated by Opportunity International Bank of Malawi arrive in rural villages periodically to take deposits and provide other services. This model, however, suffers from its own challenges: mobile banks did not appear often enough to attract significant interest from local populations and had to stick to paved roads, never reaching the most far-flung villages. Nevertheless, such solutions—if implemented more effectively—may lower the transaction costs of consumers by limiting transportation requirements and even benefit providers by opening up new markets and creating a one-stop-shop for all service provision.

Transactions costs of providers

It is important to minimize the costs faced by savings providers in order to ensure the sustainability of savings products, pass on lower costs to clients who may be unable to afford financial services, and pay higher interest rates to clients that already hold savings accounts (for a toolkit on assessing the costs of savings mobilization, see Richardson and Oliva V. 2002). The general consensus in the industry appears to be that provider costs are still too high, meaning that their costs must be covered by soliciting clients willing to keep higher balances. Unsurprisingly, the result is the exclusion of millions of the poorest potential clients, who nevertheless demand access to savings.

Financial institutions, MFIs, and other providers have innovated using many technologies in order to lower their costs and reach more clients. Mobile phone–based systems (see "Delivery Channels" below) such as M-KESHO—a partnership between M-PESA and Equity Bank of Kenya that allows Kenyan subscribers to make deposits through M-PESA—represent attempts to eliminate entirely the bricks-and-mortar bank branch and its associated overhead. In Haiti, CRS has experimented with using a telephone-based device for savings group recordkeeping.

These experiments in "branchless banking" show great promise, but have yet to be scaled up to an industry level and are likely to require revisions and additions to existing regulatory environments. They clearly faciliate payments, but more experience is needed in order to determine their impact on savings accumulation and usage. Regardless of recent innovations in mobile technology, a competing school of thought—one backed by MEDA's Ruth Jacobs—holds simply that "if you are successful in building relationships, and in organizing the institution, the bottom line will follow."

Lack of trust

Trust is key to mobilizing savings. First-time clients rarely trust an institution immediately to entrust it with hard-earned cash (see, for example, Linder and George 2010 on challenges to mobilization in India). In the developed world, lack of trust in financial products in the wake of the financial crisis has led many consumers to avoid such products entirely (see, among many others, Campbell et al. 2010). According to CARE's Sybil Chidiac, there is usually some hesitancy or suspicion on the part of local populations in developing as well as developed countries who are underexposed to financial services: "[Clients] often wonder 'why can't you just give me something instead of teaching

me how to save?'"

Several studies have examined potential solutions to the challenge of building trust. Hoff and Sen (2005) suggest that kinship structures play a role in forming relationships to perceived outsiders, recommending that savings mobilizers take advantage of social and familial networks to the extent possible. More concretely, Stuart and Cohen (2011) posit that providing a receipt of deposit is important in maintaining the trust of skeptical clients, which poses a significant challenge for mobile-based systems that cannot provide tangible proof of deposits as credibly as can bricks-and-mortar institutions.

Trust, however, is not just a matter of client perception. In microfinance, as in the financial world generally, there are several examples of financial institutions that have failed to earn trust, sometimes because they have engaged in fraudulent or abusive practices and sometimes through incompetent and careless operations. In response to these demonstrated failings, microfinance leaders have developed the Smart Campaign in to provide the industry with tools to strengthen the protection of clients. Hundreds of MFIs have endorsed the Campaign's Client Protection Principles and are using its tools to build their capacity to provide their clients with sound transparent financial products. To help MFIs earn their clients' trust, the Campaign has published detailed guidelines to assist them in incorporating client protection practices into both their credit and savings products (see Smart Campaign 2011 for guidelines related to developing "smart savings").

Education challenges and illiteracy and/or innumeracy

As mentioned above, financial literacy can be viewed as an important potential outcome of savings programs. However, lack of basic education—including financial literacy—can also impede the establishment of such savings programs in the first place, leading to low uptake and usage rates. Part of the difficulty may be due to low literacy rates in most of the developing world: Ramji (2009) cites an experiment in which advertisements placed in newspapers predictably did not have any effect on savings uptake in relatively illiterate districts. Different market segments, moreover, pose different educational challenges (box 9).

Box 9. FINCA-Uganda: Safekeeping Savings and Promoting Financial Literacy

FINCA-Uganda, a local MFI affiliate of the international NGO FINCA, operates the organization's Village Savings program in Uganda. In this model, savings groups are formed throughout the country, trained by FINCA-Uganda staff, and given access to a safe account at a FINCA-Uganda branch nearby. According to FINCA-Uganda's Alice Lubwama, the greatest problem in establishing savings groups is the distance between remote villages and the branch at which their accounts are located—groups are often wary of having to travel far in order to make regular deposits. Most groups, however, have solved this problem by selecting a different person each cycle to travel to deposit the money, or paying a regular member a fee from the joint savings pot in order to do so.

One key aspect of the FINCA-Uganda model is the provision of ongoing training in financial literacy to savings groups. However, not all potential clients embrace the group savings methodology, so FINCA-Uganda has learned to offer a separate product to individuals—mostly youth—who prefer not to join a group. This presents a challenge to the organization, as high transaction costs means it is unable to provide the same type of financial literacy education to individual clients and groups. In cases where training cannot be delivered on a group basis, FINCA-Uganda attempts to use other platforms, often integrating trainings into large community events at which many clients are likely to be present. Mass media, particularly radio, is another potential delivery channel. The organization has also experimented with sending short SMS reminders to individual clients as a way of reinforcing training messages

Source: Phone interview with Alice Lubwama, June 2012.

More than simply teaching individuals to read and write, however, financial training should give poor people guidance on how to purchase and use financial services. According to a country savings assessment report by Deshpande,

Pickens, and Messan (2006, 1), the chief recommendation for improving small deposit mobilization in Uganda is to "[c]reate smart consumers of financial services by investing in financial literacy and a complementary system for disclosure of pricing and performance by institutions."

Even after savings groups have successfully formed, illiteracy can lead to trust problems where written records are concerned and, ultimately, to the dissolution of the group. The centrality of the recordkeeping challenge in savings has led to several important innovations. Oxfam America has, for example, invented a rural recordkeeping system that works entirely without written records. Matthews (2009) has further developed and explained a classification of oral accounting and governance tools for use in microfinance.

Even before financial literacy trainings, potential savings group members often need to be educated about the benefits of savings products (i.e., avoiding the hazards of saving at home) and their eligibility criteria. Practitioners from several organizations, including CARE, have emphasized that clients often assume that they are too poor to save until they are told that they can determine a level of savings that fits their budget. Ramji (2009) reinforces this observation, claiming that 56 percent of survey respondents in Gulbarga, India, cite this as the reason for not opening an account. As noted earlier, financial literacy training for young people can turn them into clients of an MFI over the long term (box 10).

Delivery channel

Box 10. Enlace: Taking a Long-Term View of Mobilizing Youth Savings

In parallel, Enlace has begun offering loans to youth by incorporating young people into existing loan groups. The savings groups may also offer internal loans, but these credits do not compete with Enlace loans, as the amounts are considerably smaller and target a different client segment. Although Enlace cannot capture the financial value created through these savings groups (since the institution cannot mobilize savings), the groups allow it to increase its contact with young people and identify promising entrepreneurs for future investment. In addition, the groups allow Enlace to deliver informal financial education and skills training, creating more informed future customers for the MFI.

Enlace's current activities with youth help them fulfill a social responsibility mandated by its mission. Due to the current state of youth unemployment and gang activity in El Salvador, Enlace sees itself as a positive force that can help provide youth viable alternatives. Specifically, it hopes to impact youth on a social level by:

- Promoting youth solidarity through organizational activities
- Developing income-generating activities for youth clients
- Improving the self-esteem of youth
- Developing leadership capabilities in youth clients
- Improving youth clients' quality of life
- Contributing to the eradication of youth unemployment by generating new economic opportunities

Enlace also sees its work with youth as a way to obtain new clients for future financial activities. As of 2011, it was the only financial institution in El Salvador that specifically targeted youth, giving it the opportunity to develop products with little competition.

Source: Rivas Schurer et al. (2011).

Postal and "bank-on-wheels" platforms

Efforts to reduce the transaction costs of financial service providers most often explore alternative delivery channels that take advantage of either new technology or existing systems (so-called "independent-agent channels") that can be leveraged at lower cost than physical infrastructure. One popular such channel, the postal savings bank, now arguably plays as pivotal a role in rural finance in developing countries as it once did in nineteenth-century Europe and North America (see Kamewe and Radcliffe 1999 for an account of the revival of postal banking for microfinance in East Africa).

A recent World Bank study (2006) documents the worldwide spread and variants of postal savings programs, paying specific attention to their advantages and disadvantages. While utilizing the existing infrastructure of a postal system may solve some logistical problems for financial institutions, the unwieldiness of a national, publicly owned supply chain may complicate administrative challenges in the final analysis. Ultimately, the study finds that postal models are most successful when governments commit to ensuring program efficiency.

As noted earlier, another innovation in delivery channels for rural retail savings is the mobile bank, also known as vehicle-based deposit systems. Able to service many villages per day, such vehicles lower the transactions costs of consumers by limiting transportation requirements, and those of banks by creating a one-stop-shop for services as well as opening previously untapped markets.

Urwego Opportunity Bank, a large Rwandan MFI in the Opportunity International network, recently began marketing its services through a van that takes deposits from village savings cooperatives at no cost in the evenings and allows withdrawals when it returns in the morning.[15] Stuart, Ferguson, and Cohen (2011) provide qualitative evidence suggesting that the majority of customers using a similar mobile "bank-on-wheels" in Central Malawi are female (despite the fact that overall, few villagers found the vehicle's appearance in their villages sufficiently frequent to enroll).

Digital financial services

Mobile phone–based money transfer systems have been a focus of imitation, innovation, and research in microfinance since the rise of the M-PESA model in Kenya in 2007. The large potential benefits suggested by wide system usage—close to 17 million accounts have been registered by M-PESA according to Kenyan regulators (Communications Commission of Kenya 2012)—are confirmed by Morawczynski and Pickens (2009), who find that the elimination of spatial and temporal barriers to transferring funds unleashes large flows of money throughout the country. Even if M-PESA is understood as a transfer device rather than a pure savings account, providers may nevertheless use it to facilitate savings access. CARE's Sybil Chidiac notes that two pilot programs have recently shown that savings groups will use M-PESA either as a standalone mechanism to store extra liquidity or a channel for depositing funds into a more secure bank account located elsewhere (similar to the case of M-KESHO described above; see Mas 2010).

Smart cards differ from mobile phone–based systems in that users may not always be able to see their balances and must safeguard their cards from theft and fraud. Regardless, the ease of use of such cards makes them attractive options where systems need to be streamlined (Wright and Rippey 2003, among others, claim that the intuitive nature of such technologies make "technophobia" less of a barrier to adoption than many might assume). In the case of G2P payments made pursuant to the National Rural Guarantee Act in India, for example, a CGAP study (2009) found that smart cards were responsible for huge time savings: withdrawals were up to twice as fast as post office withdrawals and 10 times faster than those made at a bank branch.

Mobile- and card-based systems have unique challenges as well as benefits. Stuart and Cohen (2012) claim that

15. See the website of Urwego Opportunity Bank (www.uob.rw; accessed February 2013).

it takes a while before clients who lack familiarity with digital person-to-person transfer processes begin to trust the automatically generated deposit confirmation messages relayed by mobile systems. This is supported by Debbie Dean of Grameen Foundation, who emphasizes the existence of skills gaps that inhibit the ability to adopt new technologies on the part of both clients and provider institutions. Nevertheless, she finds the growing use of mobile phone and information services to make savings products more available to the poor the "most innovative" transformation that the industry has recently experienced. The challenges of regulating such diverse savings products are explored in box 11.

Box 11. Savings Policy: Should All Savings Be Regulated?

Savings are licensed, regulated, and supervised by governments in order to ensure the safety of depositors' funds (consumer protection), and, in some cases, promote a deeper, more stable financial system in a given country (prudential regulation). With respect to consumer protection, regulation is important for reinforcing consumers' trust in financial services (Campbell et al. 2010). This reinforcement may be provided by deposit insurance—which has many supporters in the literature (see, for example, Counts and Meriweather 2008, Ehrbeck and Tarazi 2011)—or simply showing the public that the government is interested in the enforcement of ethical standards. Society-level welfare considerations also matter. Hernández-Coss et al. (2005) present an extensive analysis of so-called "Know Your Customer" regulations that seek to interdict money laundering and terrorist financing activities by mandating institutions to perform due diligence checks on clients.

The counterargument to regulation of savings products for the poor focuses on the damage that that reporting, supervision, and taxation burdens would cause an industry that is already struggling with sustainability. On the systemic level, the "right" conditions under which to regulate savings appear to depend on the size and maturity of the microfinance industry in a given country: some argue that regulation should begin only when large numbers of credit-providing institutions begin to transition into microsavings (see, for example, Christen, Lyman, and Rosenberg 2003 and Fernando 2004).

There are also significant concerns that regulating as diffuse a market segment as savings for the poor would not be a socially optimal choice. In a survey of the regulatory landscape for savings for the poor, a study by the Alliance for Financial Inclusion (2010b) argues that, from a policy standpoint, regulating member-owned savings groups is too difficult and too expensive to justify any potential benefits ultimately received by group members. Furthermore, without enough funding to effectively supervise a growing industry, it is unlikely that regulation or supervision will contribute positively to the market for savings for the poor (see Ibid.; Trigo Loubière, Devaney, and Rhyne 2004). (For a comprehensive web-based guide to savings regulation around the world, see the Center for Finance, Law, and Policy [2012]).

Little consensus exists regarding the optimal savings provider-regulator relationship. Many hold that any regulatory process must involve dialogue (Trigo Loubière, Devaney, and Rhyne 2004) in order to effectively tailor the supervisory needs of policy to the practical constraints of the industry. Examples of such processes exist: the Regulatory Bank of India reached out for consultations with MFIs in what Srinivasan (2011), an expert observer of the Indian microfinance sector, has called a "commendable effort".

In Honduras, local microfinance providers organized effectively to advocate for that country's law on deposit mobilization by MFIs, which passed in 2000 (and entered into full effect in 2006). As of June 2012, Honduran MFIs were mobilizing deposits worth more than US$43.8 million from over 115,000 of their low-income clients (Sánchez 2012). Regulators' information challenges are exacerbated by informality: while large banks may be well known, smaller cooperatives and informal village savings groups are less likely to be familiar to officials. According to marc bavois and Guy Vanmeenen, key architects of the CRS savings group approach in East Africa, village savings groups are also likely to attract less attention because they do not mobilize savings from the general public, only from their members.

VI. Meeting Demand—An Action Agenda for Practitioners

This report has highlighted issues related to expanding and improving demand-led savings services that enable the poor to reduce their vulnerability and build assets. The complexity of sustainably delivering quality savings services is recognized by all people who consider savings in particular, and financial services more broadly, to be essential elements of any strategy to reduce inequality and poverty and increase financial inclusion. For savings to become a cornerstone of financial inclusion strategies, practitioners need access to knowledge and training that can strengthen their efforts to design and deliver innovative savings products adapted to the demands of the poor.

To meet this goal, industry-level efforts to mobilize knowledge and build capacity must be increased. More opportunities must be provided to practitioners so they can increase their capacity to meet poor people's demand for quality savings products. A critical pathway for achieving this goal will be collaborations among practitioners, in concert with researchers, donors, and public officials, so that together, these stakeholders can close the knowledge, innovation, and policy gaps identified in this report.

Future research on impact

Advances in research on meeting the demand for savings among the poor will help practitioners design programs that have greater impact. Effective feedback loops need to be designed within programs and, to some degree, across the industry, to ensure research outcomes effectively inform the design of services. This requires increased dialogue and cooperation between researchers and practitioners, perhaps facilitated by industry associations and support organizations. Such dialogue could center on:

> *While great progress has been made, we still have a long way to go toward total financial inclusion. More research is needed to distinguish how customers feel about savings in general, about the benefits of saving in banks, and about the branchless banking channels available to them.*
>
> -Dr. Rashid Bajwa, Chairman, Pakistan Microfinance Network, and CEO, National Rural Support Programme (Bajwa 2011)

- **Definitions** that better capture the multiple dimensions of savings **and tools to measure diverse savings products** so that accurate data on access to and the use of savings can be gathered.
- **Factors that promote or hinder savings usage**, which need to be identified in order to ensure that savings facilitates livelihoods and asset building.
- **The need for more impact studies**, both to reinforce previous findings about what works and explore new products and services.[16]
- Employing behavioral economics to **better understand the often counter-intuitive motivations of savers**; the resulting findings could be employed to develop appropriate savings services and financial capability programs.
- **Exploring the success of savings groups more deeply** in order to harvest lessons that can strengthen this approach and perhaps also inform potential products of formal, regulated financial institutions.
- A greater focus on **cross-country studies** to help generalize lessons from micro-level analyses in individual countries or environments.
- **Testing new indicators of success in evaluations of financial services.**
- Exploring **how savings services can serve as platform for building skills and empowering people** who are vulnerable and/or discriminated against.
- Building the **business case for savings** across different models and/or methodologies, including the regulated

16. For example, Debbie Dean of the Grameen Foundation emphasizes the need for impact studies that focus on financial literacy education as both a contributor to and a result of the ability to save. Pathbreaking work on this topic is currently being carried out (see, for example, Russia Trust Fund 2012).

and unregulated (or the formal and informal).

- Understanding **how savings models can offer security** to clients and/or members **and sustainability** to institutions where regulations do not permit or severely limit direct mobilization.

Future innovation for sustainability

The major challenge of savings providers is to continue to innovate with the goal of achieving sustainability. Whether by reaching more clients or lowering transaction costs, financial service providers must find consistent ways of extending financial services to the poor without creating long-term dependence on external subsidies. Though several scholars have analyzed the enhanced capacity of formal sector institutions to go down market (see Hulme, Moore, and Barrientos 2009), many potential clients are still excluded by institutions afraid of being unable to cover their costs.

Regardless of the method, all practitioners interviewed agreed that the industry requires more sustainable models of savings for the poor that can serve as operational examples to help others craft sustainable solutions. Experimentation to drive innovation could be pursued in the following areas:

- **Digital technologies and payment systems** as an entry point for other financial services, especially savings.
- **Savings products offered through alternative distribution channels**, such as agent networks, mobile services, and ATM/debit cards.[17]
- **Effective use of subsidies and government-supported social protection programs** to increase savings mobilization among more vulnerable groups.
- **Increased savings mobilization through partnerships** between nondeposit-taking MFIs, savings groups, mobile network operators, and other unregulated financial service providers, on one hand, and conventional banks or other regulated financial institutions, on the other.
- **Deepening the commitment of practitioners to client protection** through the development and application of proven operational guidelines that drive fair and transparent pricing and clarity in communications and contracts.
- **Improving the quality of the data on savings** to inform responses to the demands of the poor for more and better savings products, enabling institutions to analyze and control costs and goverments to measure financial inclusion.
- **Investing in human capital** to improve the productivity of MFI employees and field agents.

Future cooperation for greater efficiency and impact

Whatever the approach, practitioners, researchers, regulators, and donors must collaborate to provide quality savings products in the interests of the poor. Though financial services for the bottom of the pyramid are expanding throughout the developing world, grave concern remains that these services are not reaching the very poorest people, those who could potentially benefit the most from secure savings and support for their effective use. Many stakeholders advocate for a readjustment of expectations of savings, from the need to lift people out of poverty to the contentment of having prevented more people from falling into poverty in times of difficulty. All stakeholders share an interest in improving the lives of the poorest members of society; only through full cooperation can they find the optimal mix of services to achieve maximum impact. This objective could be fostered through efforts to:

17. For e-money providers, Stuart and Cohen (2011) suggest that the best way to increase market size may be to take advantage of network externalities by enticing all elements of business value chains to use the system. They also recommend linking savings accounts and e-money systems into a comprehensive "e-wallet" that combines the discipline of commitment saving with the convenience of e-money.

- **Improve the information flow between practitioners and regulators** so that each is informed about the activities and expectations of the other, thus fostering a more nuanced discussion of the role of regulation.
- As both practitioners and regulators face similar steep learning curves with respect to digital technologies, **bring them together to learn about the latest technologies and their associated practices** and discuss how to roll them out with proper protections for poor people's savings.
- Practitioners should draw on research findings in order to effectively advocate for p**rioritizing savings within the financial inclusion strategies of donors and governments.**
- Make the growing body of **research findings on savings more accessible to field-based practitioners.**
- Respond to the need to quickly ramp up the human and institutional capacity to design and deliver savings services by **funding industry associations and support organizations, which can build the corps of technical assistance providers** through such activities as training and certification of trainers, mobilizing and sharing knowledge, and peer learning exchanges.
- Support efforts to **document innovative savings products and delivery channels** developed by practitioners and transform the resulting knowledge into **practical tools for their adaptation and dissemination**.
- **Help researchers find and collaborate with unregulated institutions** operating in countries where the enabling environment for savings mobilization is quite restricted, but which nevertheless have proven effective at mobilizing and protecting savings. There is a need to systematically document and share learning about how to effectively and sustainably do so in order that "prudential norms" do not slow the wide provision of savings services.

Appendix 1. Access to and Use of Savings and Other Financial Services by Geographic Region, 2011

(Data for persons aged 15+)

		Geographic Region						
Indicator	WLD	LMY	EAP	ECA	LAC	MNA	SAS	SSA
Saved any money in the past year	35.9	30.7	39.8	20.4	26.0	20.0	20.0	40.2
Saved any money in the past year, bottom 40%	27.0	21.7	26.3	14.7	15.5	13.5	13.5	30.5
Saved any money in the past year, top 60%	43.1	37.8	49.3	24.5	33.5	21.4	21.4	47.5
Saved at a financial institution in the past year	22.4	17.3	28.4	7.0	9.7	4.5	4.5	14.2
Saved at a financial institution in the past year, bottom 40%	15.3	10.5	16.1	4.6	4.5	1.8	1.8	6.5
Saved at a financial institution in the past year, top 60%	28.3	22.6	37.1	8.7	13.4	3.9	3.9	20.1
Saved for emergencies in the past year	27.2	23.3	29.6	13.9	19.3	15.9	15.9	31.3
Saved for emergencies in the past year, bottom 40%	20.3	16.3	19.1	9.9	11.3	12.1	12.1	22.7
Saved for emergencies in the past year, top 60%	32.9	28.8	37.0	16.8	25.0	17.7	17.7	37.7
Saved for future expenses in the past year	24.0	20.9	28.2	12.8	13.3	13.9	13.9	26.0
Saved for future expenses in the past year, bottom 40%	16.9	13.8	17.4	7.4	7.1	10.6	10.6	18.4
Saved for future expenses in the past year, top 60%	29.9	26.6	35.9	16.8	17.7	15.7	15.7	31.7
Saved using a savings club in the past year	5.3	5.3	4.3	1.3	3.9	3.6	3.6	19.2
Saved using a savings club in the past year, bottom 40%	4.0	3.8	2.9	0.6	2.0	1.9	1.9	15.8
Saved using a savings club in the past year, top 60%	6.3	6.4	5.3	1.9	5.2	3.0	3.0	21.8
Account at a formal financial institution	50.5	41.4	54.9	44.9	39.3	17.7	17.7	24.0
Account at a formal financial institution, bottom 40%	40.7	29.5	39.3	36.5	25.0	8.6	8.6	13.4
Account at a formal financial institution, top 60%	58.5	50.9	65.9	51.1	49.5	17.4	17.4	32.1
Account at a formal financial institution, rural	44.1	37.9	50.1	39.4	34.6	9.3	9.3	20.5
Account at a formal financial institution, urban	59.6	49.8	68.7	53.2	43.2	19.1	19.1	37.9
Account used for business purposes	7.9	4.1	3.2	5.3	5.3	4.7	4.7	5.3
Account used for business purposes, bottom 40%	5.8	1.8	0.9	3.3	2.0	1.7	1.7	1.7
Account used to receive government payments	12.9	6.1	6.3	11.0	10.4	3.1	3.1	5.7
Account used to receive government payments, bottom 40%	12.5	4.9	5.9	10.2	7.8	2.0	2.7	2.8
Account used to receive government payments, top 60%	13.3	7.1	6.6	11.5	12.2	3.2	3.2	7.9
Account used to receive remittances	7.2	5.8	8.8	4.8	4.3	2.7	2.7	9.1
Account used to receive remittances, bottom 40%	5.5	3.7	6.7	3.4	3.1	0.7	0.7	4.3
Account used to receive wages	20.9	14.2	16.9	27.3	20.2	6.0	6.0	9.9
Account used to receive wages, bottom 40%	13.7	7.2	6.7	18.2	9.3	1.2	1.2	4.2
Account used to send remittances	7.1	4.5	7.1	3.0	2.8	2.3	2.3	6.3
Account used to send remittances, bottom 40%	4.9	2.2	3.7	2.0	1.4	0.3	0.3	2.4
ATM is main mode of deposit (% w/acct)	13.6	10.7	13.9	22.4	19.4	6.0	6.0	6.6
ATM is main mode of deposit, bottom 40% (% w/acct)	9.8	6.7	7.3	18.7	15.5	3.0	3.0	7.9
ATM is main mode of withdrawal (% w/acct)	43.2	37.3	39.1	67.1	56.1	37.6	37.6	41.8
ATM is main mode of withdrawal, bottom 40% (% w/acct)	32.9	25.1	22.8	56.7	44.6	30.6	30.6	36.0
Bank agent is main mode of deposit (% w/acct)	3.1	3.2	2.5	1.6	1.1	4.2	4.2	2.7
Bank agent is main mode of deposit, bottom 40% (% w/acct)	3.5	3.7	2.1	1.5	1.1	3.5	6.0	6.1
Bank agent is main mode of deposit, top 60% (% w/acct)	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3

		Geographic Region						
Indicator	WLD	LMY	EAP	ECA	LAC	MNA	SAS	SSA
Bank agent is main mode of withdrawal (% w/acct)	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Bank agent is main mode of withdrawal, bottom 40% (% w/acct)	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Bank teller is main mode of deposit (% w/acct)	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Bank teller is main mode of deposit, bottom 40% (% w/acct)	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Bank teller is main mode of withdrawal (% w/acct)	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Bank teller is main mode of withdrawal, bottom 40% (% w/acct)	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Electronic payments used to make payments	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Electronic payments used to make payments, bottom 40%	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Mobile phone used to pay bills	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Mobile phone used to pay bills, bottom 40%	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Mobile phone used to receive money	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Mobile phone used to receive money, bottom 40%	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Mobile phone used to send money	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Mobile phone used to send money, bottom 40%	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Loan from a financial institution in the past year	3.0	2.9	2.7	1.7	1.1	4.9	4.9	2.3
Loan from a financial institution in the past year, bottom 40%	8.3	7.5	8.5	5.8	5.4	4.3	4.3	2.8
Loan from a private lender in the past year	3.4	3.7	1.9	1.5	2.5	4.7	4.7	5.4
Loan from a private lender in the past year, bottom 40%	3.6	3.9	1.6	1.6	2.3	4.9	4.9	4.5
Loan from an employer in the past year	3.1	3.4	2.3	2.7	3.0	3.6	3.6	4.1
Loan from an employer in the past year, bottom 40%	3.1	3.5	2.3	2.5	1.9	3.3	3.3	3.5
Loan from family or friends in the past year	22.7	25.2	27.2	28.2	14.2	31.1	31.1	39.9
Loan from family or friends in the past year, bottom 40%	24.0	26.5	29.7	28.6	12.6	33.0	33.0	38.0
Loan in the past year	33.8	34.4	33.8	39.5	25.4	41.8	41.8	46.8
Loan in the past year, bottom 40%	34.7	36.1	36.5	37.9	20.4	44.2	44.2	44.3
Loan through store credit in the past year	7.5	6.6	3.9	12.1	5.1	11.0	11.0	8.3
Loan through store credit in the past year, bottom 40%	7.6	7.0	4.7	9.7	2.7	14.0	14.0	8.5
Outstanding loan for funerals or weddings	2.8	2.8	1.8	1.4	1.7	5.5	5.5	4.6
Outstanding loan for funerals or weddings, bottom 40%	2.9	2.9	1.9	1.0	1.2	7.1	7.1	4.1
Outstanding loan for health or emergencies	11.0	11.1	9.7	3.6	8.2	15.7	15.7	15.1
Outstanding loan for health or emergencies, bottom 40%	12.6	12.8	12.4	3.6	7.1	20.8	20.8	15.2
Outstanding loan for home construction	5.0	4.9	5.4	4.7	4.2	7.7	7.7	4.4
Outstanding loan for home construction, bottom 40%	5.1	5.1	6.1	3.9	2.9	8.8	8.8	3.7
Outstanding loan to pay school fees	5.4	5.4	5.8	1.7	4.6	5.8	5.8	9.0
Outstanding loan to pay school fees, bottom 40%	5.1	5.1	6.3	1.3	3.6	5.7	5.7	8.2
Outstanding loan to purchase a home	7.0	3.1	4.4	1.8	1.8	4.5	4.5	2.0
Outstanding loan to purchase a home, bottom 40%	4.9	2.2	2.7	1.2	1.0	4.0	4.0	1.6

Source: Global Findex, 2011 data.

Note: WLD – world; LMY – low- and middle-income countries; EAP – developing countries of East Asia and Pacific; ECA – developing countries of Europe and Central Asia; LAC – developing countries of Latin America and the Caribbean; MNA – developing nations of the Middle East and North Africa; SAS –countries of South Asia; SSA – developing countries of Sub-Saharan Africa.

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de Quintanilla, Argentina, Naran Batjargal, and Densmaa Togtokh. 2011. "Effective Marketing for Scaling Up Financial Services to Youth," Innovations in Youth Financial Services Practitioner Learning Program, The SEEP Network, Arlington, Virginia. http://www.seepnetwork.org/filebin/pdf/YFSEffectiveMarketing.pdf. Note: qualitative.

Dercon, Stefan. 1996. "Risk, Crop Choice, and Savings: Evidence from Tanzania." *Economic Development and Cultural Change* 44 (3): 485–513. Note: discusses the importance of liquid asset accumulation in taking risks (quantitative).

Deshpande, Rani. 2006. "Safe and Accessible: Bringing Poor Savers into the Formal Financial System." CGAP Focus Note37. CGAP, Washington, DC. http://www.cgap.org/sites/default/files/CGAP-Focus-Note-Safe-and-Accessible-Bringing-Poor-Savers-into-the-Formal-Financial-System-Sep-2006.pdf. Note: explains and recommends strategies for savings mobilization; provides extensive evidence for savings demand (qualitative).

Deshpande, Rani, Mark Pickens, and Hermann Messan. 2006. "Uganda: Country-Level Savings Assessment." CGAP Savings Initiative, CGAP, Washington, DC. Accessed at: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2006/05/10/000090341_20060510161043/Rendered/PDF/360820UG0Savings1assessment01PUBLIC1.pdf. Note: qualitative.

Devaney, Patricia Lee. 2006. "Microsavings Programs: Assessing Demand and Impact—A Critical Review of the Literature." UMD/IRIS Center/Microfinance Opportunities. IRIS Center, University of Maryland, College Park, Maryland. http://www.iris.umd.edu/download.aspx?id=851c177e-39aa-4ef6-a0bc-7e5ec0589faf. Note: a literature review that examines evidence of demand, impact, robustness, savings versus loan products, and Sresearch methodologies.

Dupas, Pascaline, and Jonathan Robinson. 2012a. "Savings Constraints and Microenterprise Development: Evidence from a Field Experiment in Kenya." Stanford University, Palo Alto, California. http://www.stanford.edu/~pdupas/SavingsConstraints.pdf. Note: describes an experiment that addressed savings constraints in Kenya (quantitative).

Dupas, Pascaline, and Jonathan Robinson. 2012b. "Why Don't the Poor Save More? Evidence from Health Savings Experiments in Kenya." Stanford University, Palo Alto, California. http://www.stanford.edu/~pdupas/DupasRobinson_HealthSavings.pdf. Note: addresses effect of safety on health savings (quantitative).

Ehrbeck, Tilman, and Michael Tarazi. 2011. "Putting the Banking in Branchless Banking: Regulation and the Case for Interest-Bearing and Insured E-money Savings Accounts." Blog posting accessed at: http://www.pymnts.com/briefing-room/underbanked/mobile-solutions/putting-the-banking-in-branchless-banking-regulation-and-the-case-for-interest-bearing-and-insured-e-money-savings-accounts/. Note: discusses regulation of savings for the poor (qualitative).

Ferguson, Michael. 2012. "SILC Innovations: Poverty Outreach in Fee-for-Service Savings Groups." CRS SILC Research Brief 3. CRS, Baltimore, Maryland. Accessed at: http://www.crsprogramquality.org/storage/pubs/microfinance/group_performance_silc.pdf. Note: research study examines the effectiveness of the SILC/PSP methodology. (quantitative).

Fernando, Nimal A. 2004. *Micro Success Story? Transformation of Nongovernment Organizations into Regulated Financial Institutions*. Manila: Asian Development Bank. http://www.adb.org/sites/default/files/pub/2004/micro-success.pdf. Note: examines the ownership structure, expectations, and achievements of microfinance institutions that have been established by transforming NGOs in Africa, Asia, and Latin America (qualitative).

Fowler, B., and David Panetta. 2010. "Beyond Financial Services: Improving Access to Basic Financial Services and Agricultural Input and Output Markets by Smallholder Farmers in Zimbabwe." Aga Khan Foundation, Geneva, Switzerland. http://www.akdn.org/publications/beyond_financial_services_access_by_smallholder_farmers_zimbabwe.pdf. Note: qualitative.

Glisovic, Jasmina, Mayada El-Zoghbi, and Sarah Forster. 2011. "Advancing Savings Services: Resource Guide for Funders (A Technical Guide)." CGAP, Washington, DC. http://www.cgap.org/sites/default/files/CGAP-Technical-Guide-Advancing-Savings-Services-Resource-Guide-for-Funders-Oct-2011.pdf. Note: reviews issues funders should consider when supporting the design and roll out of savings services (qualitative).

Global Findex (Global Financial Inclusion) (database). World Bank, Washington, DC. www.worldbank.org/globalfindex.

Gugerty, Mary Kay. 2007. "You Can't Save Alone: Commitment in Rotating Savings and Credit Associations in Kenya." *Economic Development and Cultural Change* 55 (2): 251–82. Note: examines how and why individuals develop and maintain local-level financial savings organizations known as ROSCAs (quantitative).

Harper, Malcolm. 2002. "Promotion of Self-Help Groups under the SHG Bank Linkage Programme in India." Paper presented at the Seminar on SHG-Bank Linkage Programme, National Bank for Agriculture and Rural Development (India), November 25–26. Accessed at: http://www.nabard.org/pdf/publications/sudy_reports/malcolmharper.pdf. Note: qualitative.

Hernández-Coss, Raúl, Chinyere Egwuagu, Jennifer Isern, and David Porteous. 2005. "AML/CFT Regulation: Implications for Financial Service Providers that Serve Low-Income People." CGAP, Washington, DC. Accessed at: http://siteresources.worldbank.org/EXTAML/Resources/396511-1146581427871/AML_implications_complete.pdf. Note: covers anti-money laundering and terrorist financing regulations for microfinance (qualitative).

Hirschland, Madeline, Renée Chao-Béroff, Malcolm Harper, and Nanci Lee. 2008. "Financial Services in Remote Rural Areas: Findings from Seven Member-owned Institutions." Synthesis paper. Coady International Institute, Antigonish, Nova Scotia, Canada. http://www.coady.stfx.ca/tinroom/assets/file/ford/docs/Coady_Synthesis_Final.pdf. Note: reports on member-owned rural institutions (qualitative).

Hoff, Karla, and Arijit Sen. 2005. "The Kin System as a Poverty Trap." World Bank Policy Research Working Paper 3575. World Bank, Washington, DC. http://elibrary.worldbank.org/docserver/download/3575.pdf?expires=1361145557&id=id&accname=guest&checksum=2D35F686CC311D26E82165D42B7627F8. Note: looks at the constructive and/constraining roles of the kinship system in different parts of the world vis-à-vis the prospects for development (qualitative).

Hulme, David, Richard Montgomery, and Debapriya Bhattacharya. 1996. "Mutual Finance and the Poor: The Federation of Thrift and Credit Cooperatives in Sri Lanka." In *Finance Against Poverty*, vol. 2, edited by David Hulme and Paul Mosley, 177–245. London: Routledge. Note: describes and analyzes the development and working of the thrift and credit movement (known by its Sri Lankan acronym, SANASA) in Sri Lanka (qualitative).

Hulme, David, Karen Moore, and Armando Barrientos. 2009. "Assessing the Insurance Role of Microsavings." UN Economic and Social Affairs Working Paper 83 (ST/ESA/2009/DWP/83). UN, New York. http://www.un.org/esa/desa/papers/2009/wp83_2009.pdf. Note: argues more attention should be paid to micro savings in view of the multiple ways in which it can help poor people deal with economic insecurity (qualitative).

Innovations for Poverty Action. 2012. "Commitment Savings Products." Accessed at: http://www.poverty-action.org/provenimpact/commitmentsavings/challenge. Note: describes targeted savings products to help individuals save money while changing their situations through voluntary commitment (qualitative).

Ivatury, Gautam. 2006. "Using Technology to Build Inclusive Financial Systems." CGAP Focus Note 32. CGAP, Washington, DC. http://www.cgap.org/sites/default/files/CGAP-Focus-Note-Using-Technology-to-Build-Inclusive-Financial-Systems-Jan-2006.pdf. Note: covers and summarizes the spread of technological innovations in microfinance (qualitative).

Jack, William, and Tavneet Suri. 2010. "The Economics of M-PESA." Working Paper. Sloan School of Business, MIT, Cambridge, Massachusetts. http://www.mit.edu/~tavneet/M-PESA.pdf. Note: provides a description of the service and a review of the potential economic effects of M-PESA, primarily at the household level, but also in terms of macroeconomic and monetary aggregates and the rural/urban patterns of M-PESA use (quantitative).

Jakiela, Pamela, and Owen Ozier. 2012. "Does Africa Need a Rotten Kin Theorem? Experimental Evidence from Village Economies." Working Paper. Accessed at: http://artsci.wustl.edu/~pjakiela/jakielaozier15jan11.pdf. Note: measures the economic impacts of social pressures to share income with kin and neighbors in rural Kenyan villages (quantitative).

Johnson, Lissa, Yung Soo Lee, Isaac Osei-Akoto, Moses Njenga, and Sharad Sharma. 2012. "Product Pilot Report: Youth Savings Performance in Ghana, Kenya, and Nepal." YouthSave Research Brief 12-38. YouthSave Consortium, Center for Social Development, Washington University, St. Louis, Missouri. http://csd.wustl.edu/Publications/Documents/RB12-38.pdf. Note: reports on the initial findings from the roll out of youth savings accounts by three financial institutions located in Ghana, Kenya and Nepal (qualitative and quantitative).

Kamewe, Hugues T., and Ian A. Radcliffe. 1999. "Reviving Postal Savings Banks in East Africa." MicroSave Paper. MicroSave India, Lucknow, Uttar Pradesh, India. http://india.microsave.org/sites/default/files/Reviving_Postal_Savings_Banks_in_East_Africa.pdf. Note: qualitative.

Kendall, Jake. 2010. "Improving People's Lives through Savings." Global Savings Forum Brief. Accessed at: http://www.gatesfoundation.org/financialservicesforthepoor/Documents/improving-lives.pdf. Note: provides an overview of savings and their hypothesized impact (qualitative).

Kendall, Jake, Nataliya Mylenko, and Alejandro Ponce. 2010. "Measuring Financial Access around the World." World Bank Policy Research Paper 5253. World Bank, Washington, DC. Accessed at: http://www.cgap.org/sites/default/files/CGAP-Measuring-Financial-Access-around-the-World-Mar-2010.pdf. Note: introduces a new set of financial access indicators for 139 countries across the globe and describes the results of a preliminary analysis of the data (quantitative).

Kilara, Tanaya, and Alexia Latortue. 2012. "Emerging Perspectives on Youth Savings." CGAP Focus Note 82. CGAP, Washington, DC. http://www.cgap.org/sites/default/files/CGAP-Focus-Note-Emerging-Perspectives-on-Youth-Savings-Aug-2012.pdf. Note: provides wide-ranging overview of the issues facing policymakers and financial service providers who seek to expand the frontiers of youth savings (qualitative).

Klaehn, Jeannette, Anna Cora Evans, and Brian Branch. 2002. "A Technical Guide to Savings Mobilization: Lessons from the Credit Union Experience." WOCCU, Madison, Wisconsin. Accessed at: http://www.ruralfinance.org/fileadmin/templates/rflc/documents/PNACQ506_pdf.pdf. Note: overview of and recommendations on savings methodologies; includes case studies (qualitative).

Linder, Chris, and Denny George. 2010. "Who Says You Can't Do MicroSavings in India? Part 1: Community-Based/Owned." Microsave India Focus Note 45. MicroSave India, Lucknow, Uttar Pradesh, India. http://www.microsave.org/sites/files/technicalBriefs/indiaFocusNotes/IFN_45_MicroSavings_in_India_1_Community_Based_or_Owned.pdf. Note: addresses regulatory barriers to and allowances for deposit-taking in India (qualitative).

Mansour, Adel. 2011. "Small and Micro Enterprises Development in Yemen and Future Prospects." Social Fund for Development—Yemen Brief. http://sfd.sfd-yemen.org/uploads/issues/SMED%20Book%202011-20120716-142650.pdf. Note: examines the practices and goals of all MFIs operating in Yemen (qualitative).

Maranz, David E. 2001. *African Friends and Money Matters: Observations from Africa*. Publications in Ethnography, vol. 37. SIL International and International Museum of Cultures. Note: discusses personal finance practices in Africa (qualitative).

Mas, Ignacio. 2010. "M-KESHO in Kenya." Mobile for Development Blog. GSMA. http://www.gsma.com/mobilefordevelopment/m-kesho-in-kenya. Note: description of M-KESHO savings tool (qualitative).

Matthews, Brett. 2009. "Governing the Oral Institution." Accessed at: http://myoralvillage.org/wordpress/wp-content/uploads/2012/09/Governing-the-Oral-Institution-03-09.pdf. Note: outlines oral tools for illiterate and innumerate people to manage their savings (qualitative).

McKenzie, David, and Christopher Woodruff. 2008. "Experimental Evidence on Returns to Capital and Access to Finance in Mexico." *World Bank Economic Review* 22 (3): 457–82. https://openknowledge.worldbank.org/bitstream/handle/10986/4488/wber_22_3_457.pdf?sequence=1. Note: addresses returns to capital and the impacts of financial access on business investment for microenterprises (quantitative).

Miracle, Marvin P., Diane S. Miracle, and Laurie Cohen. 1980. "Informal Savings Mobilization in Africa." *Economic Development and Cultural Change* 28 (4): 701–24. Note: presents an anthropological study of informal savings mechanisms in Africa (qualitative).

MIX (Microfinance Information Exchange) (database, a/k/a "Mix Market"). The MIX, Washington, DC. http://www.mixmarket.org. Note: quantitative.

Morawczynski, Olga, and Mark Pickens. 2009. "Poor People Using Mobile Financial Services: Observations on Usage and Impact from M-PESA." CGAP Brief. CGAP, Washington, DC. http://www.cgap.org/sites/default/files/CGAP-Brief-Poor-People-Using-Mobile-Financial-Services-Observations-on-Customer-Usage-and-Impact-from-M-PESA-Aug-2009.pdf. Note: details how poor people use M-PESA, its impact on their lives, and some unexpected consequences (qualitative).

Nelson, Candace, ed. 2013. *Savings Groups at the Frontier*. Rugby, UK: Practical Action Publishing. Note: discusses the major characteristics and achievements of savings groups, which can be found in 60 countries and have more than 6 million members (qualitative).

Peachey, Julie. 2011. "Notes from the Philippines: Client Learnings on Microsavings." Microlinks website. USAID, Washington, DC. http://microlinks.kdid.org/learning-marketplace/notes/note-philippines-client-learnings-microsavings. Note: describes various lessons learned from the savings programs of different organizations (qualitative).

Pelrine, Rich, and Olive Kabatalya. 2005. "Savings Habits, Needs, and Priorities in Rural Uganda." Paper prepared for Rural SPEED project. USAID, Washington, DC. http://pdf.usaid.gov/pdf_docs/PNADF654.pdf. Note: examines savings behaviors in rural Uganda (quantitative).

Pickens, Mark, David Porteous, and Sarah Rotman. 2009. "Banking the Poor via G2P Payments." CGAP Focus Note 58. CGAP, Washington, DC. http://www.cgap.org/sites/default/files/CGAP-Focus-Note-Banking-the-Poor-via-G2P-Payments-Dec-2009.pdf. Note: describes challenges and opportunities associated with the use of basic banking services for G2P payments (qualitative).

Ramji, Minakshi. 2009. "Financial Inclusion in Gulbarga: Finding Usage in Access." Institute for Financial Management and Research, Chennai, India. http://www.centre-for-microfinance.org/wp-content/uploads/attachments/csy/1901/26_Ramji_Financial%20Inclusion%20in%20Gulbarga.pdf. Note: addresses the process of expanding financial access to the Gulbarga region in India through a government promoted savings program (qualitative).

Results. 2012. "Individual Development Accounts." Results, Washington, DC. http://www.results.org/issues/us_poverty_campaigns/economic_opportunity_for_all/building_savings_and_assets/individual_development_accounts/. Note: describes individual development accounts (qualitative).

Richardson, David C., and Oswaldo, Oliva V. 2002. "Counting the Costs of Savings Mobilization." In *Striking the Balance in Microfinance: A Practical Guide to Mobilizing Savings*, edited by Brian Branch and Janette Klaehn. Madison, Wisconsin: WOCCU. http://www.woccu.org/functions/view_document.php?id=Ch_5. Note: this is a tool for accounting for the costs of savings mobilizations (quantitative).

Rivas Schurer, Vivian Ibania, Robert Magala Lule, and Alice Lubwama. 2011. "Building Sustainable Business Models for Youth Financial Services." Innovations in Youth Financial Services Practitioner Learning Program, The SEEP Network, Arlington, Virginia. http://www.seepnetwork.org/filebin/pdf/YFSBuildingSustainable.pdf. Note: Shares findings from practitioner-led research on effective approaches to delivering financial services, including savings, to youth.

Robinson, Marguerite S. 1992. "Rural Financial Intermediation: Lessons from Indonesia, Part One; The Bank Rakyat Indonesia: Rural Banking, 1970–1991." Development Discussion Paper 434. Institute for International Development, Harvard University, Cambridge, Massachusetts. http://www.cid.harvard.edu/hiid/434.pdf. Note: reviews the development of BRI's unit banking system and analyzes the reasons for its success. The theoretical and policy-related implications of the Indonesian experience for rural financial markets are summarized (qualitative).

Robinson, Marguerite S., and Graham A. N. Wright. 2001. "Mobilising Savings." In MicroSave, n.d., "Savings: An Essential Service for the Poor (Optimising Performance and Efficiency Series)," 25–28. MicroSave, Lucknow, Uttar Pradesh, India, http://www.microsave.org/sites/files/technicalBriefs/briefingNotes/Savings_Booklet.pdf. Note: this is an early and influential summary of the arguments for microfinance institutions to provide savings (qualitative).

Russia Trust Fund. 2012. "Measuring Financial Capability and the Effectiveness of Financial Literacy Education." Website sponsored by the World Bank, the Russian Federation, and the OECD. http://www.finlitedu.org. Note: the website is a research hub for financial literacy education (quantitative and qualitative).

Rutherford, Stuart. 2000. *The Poor and Their Money*. London: U.K. Department for International Development and Oxford University Press. Note: authoritative account of savings methods, practices, and values in the context of the financial lives of the poor. Second edition authored by Rutherford with Sukhwinder Arora was published in 2009 by Practical Action Publishing (qualitative).

———. 2003. "Money Talks: Conversations with Poor People in Bangladesh about Managing Money." *Journal of Microfinance* 5 (2): 43–75. Accessed at: https://ojs.lib.byu.edu/spc/index.php/ESR/article/view/1501/1462. Note: describes the money management behavior of 42 low-income Bangladeshi households, half of them in rural areas and half, in urban slums (qualitative).

Ruthven, Orlanda, and Sushil Kumar. 2002. "Fine-Grain Finance: Financial Choice and Strategy among the Poor in Rural North India." Paper 57. Institute for Development Policy and Management, University of Manchester, UK. Accessed at: http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN014789.pdf. Note: discusses indigenous financial management strategies in Indian villages (qualitative).

Sánchez, Raúl. 2012. "Rol de las redes de microfinanzas en el impulso a la movilización de ahorros." Presentation delivered at The SEEP Network's Latin America and Caribbean Regional Network Summit, Panamá City, September 4, 2012. Note: discusses the regulatory environment for microfinance institutions in Central America and how the network Red Katalysis contributed to reforms that allow Honduran MFIs to mobilize deposits.

SAVIX (Savings Groups Information Exchange) (database). SAVIX. www.savingsgroups.com. Note: a source of data on community-managed microfinance organizations and institutions (quantitative).

Seibel, Hans Dieter. 2007. "Islamic Microfinance in Indonesia: The Challenge of Institutional Diversity, Regulation and Supervision" Paper presented at the symposium "Financing the Poor: Towards an Islamic Micro-Finance," April 14, 2007, sponsored by the Islamic Finance Project, Islamic Legal Studies Program, Harvard University Law School, Cambridge, Massachusetts. Accessed at: http://www.microfinancegateway.org/gm/document-1.9.57411/ATT8892D.pdf. Note: examines Islamic credit and savings technologies in use in Indonesia (qualitative).

Sherraden, Michael. 1991. *Assets and the Poor: A New American Welfare Policy*. New York: M. E. Sharpe. Note: describes the effects of building assets on psychological morale and other outcomes (qualitative).

Sinha, Frances, Ajay Tankha, K. Raja Reddy, and Malcolm Harper. 2010. *Microfinance Self-Help Groups in India: Living Up to Their Promise?* Rugby, UK: Practical Action Publishing. Note: critically assesses the development of self-help groups and their reach in Indian society (qualitative).

Smart Campaign. 2011. "Smart Savings: Client Protection in the Savings Process." Smart Campaign, Washington, DC. http://www.smartcampaign.org/storage/documents/Smart_Savings-Client_Protection_in_the_Savings_Process.pdf. Note: provides guidelines on operational procedures and policies that MFIs can apply to protect their clients' savings.

Srinivasan, N. 2011. "Regulation at Last for Indian MFIs." CGAP Blog. CGAP, Washington, DC. http://www.cgap.org/blog/regulation-last-indian-mfis. Note: qualitative.

Stuart, Guy, and Monique Cohen. 2011. "Cash In, Cash Out Kenya: The Role of M-PESA in the Lives of Low-Income People." Financial Services Assessment Project, Washington, DC. http://microfinanceopportunities.org/docs/cash_in_cash_out_kenya.pdf. Note: discusses the importance of trust in e-money systems, usage of M-PESA, and the debate on e-money as savings (qualitative).

———. 2012. "Channeling Cash Flows: Towards a New Business Model for Low-Income Savings Mobilization." Microfinance Opportunities, Washington, DC. http://microfinanceopportunities.org/wp-content/uploads/2011/08/Channeling-Cash-Flows.pdf. Note: description of some of the key problems and opportunities in mobilizing savings (qualitative).

Stuart, Guy, Michael Ferguson, and Monique Cohen. 2011. "Cash In, Cash Out: Financial Transactions and Access to Finance in Malawi." Financial Services Assessment Project, Washington, DC. http://microfinanceopportunities.org/docs/Malawi_Financial_Diaries_Report_2011.pdf. Note: explores the effects of introducing a mobile bank in Central Malawi (qualitative).

Tower, Craig. 2011. "Savings and Financial Education for Girls in Mongolia: Impact Assessment Study." With Elizabeth McGuinness. Microfinance Opportunities, Washington, DC. http://microfinanceopportunities.org/wp-content/uploads/2011/08/WWB-Mongolia-Impact-Assessment-Endline.pdf. Note: (qualitative).

Trigo Loubière, Jacques, Patricia Devaney, and Elisabeth Rhyne. 2004. "Supervising and Regulating Microfinance in the Context of Financial Sector Liberalization: Lessons from Bolivia, Colombia, and Mexico." Accion International Report for the Tinker Foundation (August). Accion International Washington, DC. Accessed at: http://centerforfinancialinclusionblog.files.wordpress.com/2011/10/supervising-regulating-microfinance-in-the-context-of-financial-sector-liberalization-english.pdf. Note: looks at regulatory processes (qualitative).

Trivelli, Carolina. 2007. "Improving Women's Access to Financial Services through Subsidized Savings Accounts." Instituto de Estudios Peruanos, Lima, Peru. http://www.proyectocapital.facipub.com/facipub/upload/publicaciones/1/106/case_study-corredor.pdf. Note: evaluation of a savings program in rural Peru utilizing both individual and group savings products (qualitative).

Vanmeenen, Guy. 2010. "Savings and Internal Lending Communities: Voices from Africa." CRS Brief. CRS, Baltimore, Maryland. http://www.crsprogramquality.org/storage/microfinance/Voices%20from%20Africa.pdf. Note: discusses CRS's SILC savings methodology at work in Africa and elsewhere (qualitative).

Vogel, R. 1984. "Savings Mobilization, the Forgotten Half of Rural Finance," in *Undermining Rural Development with Cheap Credit*, ed. Dale W Adams, Douglas H. Graham and J. D. Von Pischke. Boulder, Colorado: Westview Press. Note: qualitative.

Women's World Banking. 2012. "Evaluation and Assessment: Youth Savings." Women's world Banking, New York. http://www.swwb.org/sites/default/files/pubs/en/wwb_evaluation_youth_savings.pdf. Note: qualitative.

World Bank. 2006. "The Role of Postal Networks in Expanding Access to Financial Services—Volume I." Global Information and Communications Technologies Department, World Bank, Washington, DC. Accessed at: http://www.wsbi.org/uploadedFiles/Thematic/PostalFinvces.pdf. Note: attempts to determine the key success factors for achieving successful postal bank reform at the country level (qualitative).

Wright, Graham A. N., and Leonard Mutesasira. 2001. "The Relative Risks to the Savings of Poor People." MicroSave, Lucknow, Uttar Pradesh, India. Accessed at: http://www.microfinancegateway.org/gm/document-1.9.28889/26216_file_The_Relative_Risks_.pdf. Note: quantifies the relative risks faced by poor people when they save in the formal, semi-formal, and informal sectors (quantitative).

Wright, Graham A. N., and Paul Rippey. 2003. "The Competitive Environment in Uganda: Implications for Microfinance Institutions and their Clients." MicroSave, Lucknow, Uttar Pradesh, India. http://www.microsave.org/sites/default/files/research_papers/The%20Competitive%20Environment%20in%20Uganda%20Synthesis%20-%20Wright%20et%20al.pdf. Note: explains the competitive environment in the microfinance sector in Uganda (qualitative/quantitative).

Zeller, Manfred, and Manohar Sharma. 2000. "Many Borrow, More Save, and All Insure: Implications for Food and Micro-finance Policy." *Food Policy* 25 (2): 143–67. Note: examines the types of financial services demanded by the poor and the gaps in their provision by MFIs (qualitative).

Zenger, Todd R., Sergio G. Lazzarini, and Laura Poppo. 2001. "Informal and Formal Organization in New Institutional Economics." Accessed at: http://apps.olin.wustl.edu/faculty/zenger/advances6u.pdf. Note: addresses the nature of formal versus informal institutions (qualitative). Later published in *Advances in Strategic Management* 19: 277–306.

Zimmerman, Jamie M., and Yves Moury. 2009. "Savings-Linked Conditional Cash Transfers: A New Policy Approach to Global Poverty Reduction." Global Assets Project Policy Brief. New America Foundation, Washington, DC. http://www.newamerica.net/files/NAF_CCT_Savings_April09_Final.pdf. Note: looks at current conditional cash transfer programs through a financial inclusion and asset-building lens, drawing lessons for policymakers (qualitative).

Some Useful Websites

CGAP (www.cgap.org)

CGAP has a wide range of resources on savings and a blog that often addresses savings-related issues. See its savings topic page at http://www.cgap.org/topics/savings, as well as the documents library of the Microfinance Gateway, at www.microfinancegateway.org.

Global Findex (www.worldbank.org/globalfindex)

The Global Financial Inclusion (Global Findex) database of the World Bank measures how people in 148 countries—including the poor, women, and rural residents—save, borrow, make payments and manage risk.

Pro-Savings (http://pro-ahorros.org/en; Spanish site: http://pro-ahorros.org/es)

The ProSavings Program, led by the Multilateral Investment Fund (MIF), a member of the Inter-American Development Bank, promotes the development of business strategies that offer liquid and planned savings services targeted to low-income recipients of social protection payments in Latin America and the Caribbean. Among other activities, the site will report on an ambitious research study that seeks to analyze planned savings products in 26 countries of the region.

Savings Revolution (www.savings-revolution.org)

A website focused on sharing useful resources and thoughtful blogs on savings groups. It includes guides and manuals to help set up savings groups.

SAVIX (www.savingsgroups.com)

SAVIX is a reporting system that provides transparent and standardized data on community-managed microfinance. The online reporting system collects and validates financial and operational data from over 75,000 savings groups in all regions of the developing world and the agencies that promote them.

The SEEP Network (www.seepnetwork.org)

SEEP's practitioner-led learning programs have produced numerous studies and tools related to savings. Many are collected on the pages of the Savings-Led Financial Services Working Group (http://www.seepnetwork.org/savings-led-financial-services-working-group-pages-10020.php) and the Youth and Financial Services Working Group (http://www.seepnetwork.org/youth-and-financial-services-working-group-pages-10013.php).

SPINNAKER—The Savings for the Poor Innovation and Knowledge Network (www.spinnakernetwork.org)

Curated by the New America Foundation, this portal aggregates, standardizes, and highlights the landscape of information and data on savings products for the poor.

Youth Economic Opportunities (www.youtheconomicopportunities.org)

Curated by Making Cents International, this portal is dedicated to knowledge sharing on workforce development, financial services, enterprise development, gender, and evaluation and assessment. It offers numerous materials related to youth financial services.

YouthSave (www.youthsave.org)

YouthSave is dedicated to developing and testing savings products accessible to low-income youth in Colombia, Ghana, Kenya, and Nepal, and to sharing lessons and building awareness about youth savings accounts around the globe.

About the Principal Author

Josh Martin has consulted for a wide variety of development-focused institutions, including the SEEP Network, The World Bank, Development Alternatives Inc., Accion International, USAID, and the National Democratic Institute. In addition, he has been a research specialist at Princeton University's Empirical Studies of Conflict Project, program manager at the Cordoba Initiative, and an election monitor in Darfur, Sudan. Josh received his B.A. from New York University and recently completed his Master's at the Harvard Kennedy School of Government. He speaks Arabic, English, Farsi, and French.

About SEEP

The SEEP Network is a global network of over 120 international practitioner organizations dedicated to combating poverty through promoting inclusive markets and financial systems. SEEP represents the largest and most diverse network of its kind, comprised of international development organizations and global, regional, and country-level practitioner networks that promote market development and financial inclusion. Members are active in 170 countries and support nearly 100 million entrepreneurs and their families.

About Citi Foundation

The Citi Foundation supports the economic empowerment and financial inclusion of low- to moderate-income people in communities where Citi operates. The Foundation works collaboratively with a range of partners to design and test financial inclusion innovations with the potential to achieve scale; it also supports leadership and knowledge-building activities.

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