CARE Kenya:

Journey to Financial Inclusion

2013



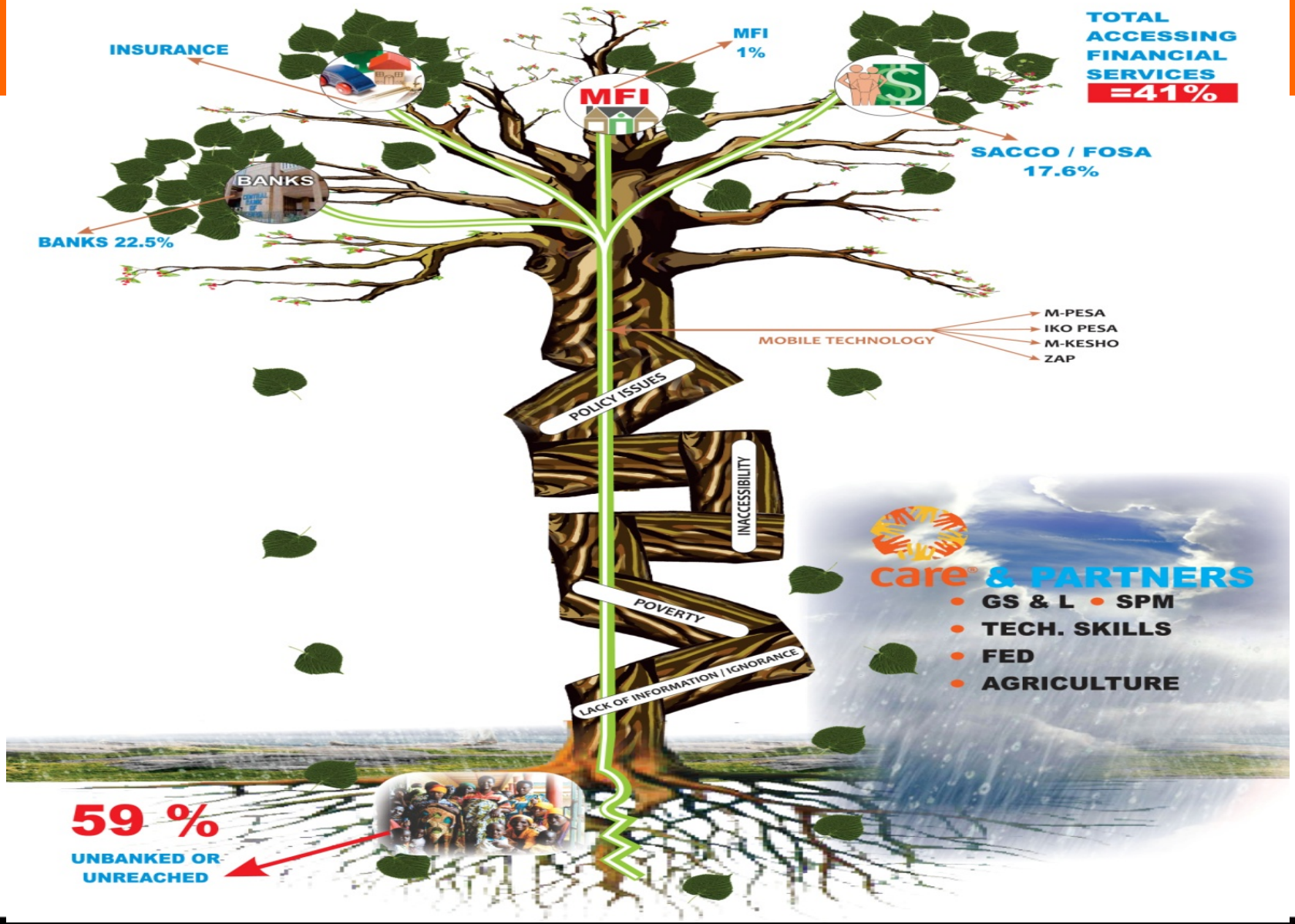
CARE Kenya's Group Savings and Loans

- Through its unique savings-led approach, CARE has reached more than 600,000 in Kenya.
- Most beneficiaries are women(79%)
- CARE provides intensive training on saving and lending
- Weekly, biweekly or monthly meetings ; members put in savings, take loans, pay interest , which is returned to members





Opportunities in Kenya's Financial Landscape



CARE Kenya's Group Savings and Loans

- Through its unique savings-led approach, CARE's Access Africa program has reached more than 2.5 million people in 26 countries in sub-Saharan Africa.
- Already helped over 500,000 individuals build their livelihoods since GSL's inception in Kenya a few years ago
- Most beneficiaries are women(79%)
- CARE provides intensive training on saving and lending
- Weekly, biweekly or monthly meetings ; members put in savings, take loans, pay interest , which is returned to members







Observations on Group Adaptations

- Linking to banks/ MFIs on their own for savings/accessing loans.
- Demand for linkage to formal financial institutions for safe keeping of excess funds.
- Members registering in more than one group
- Premature share out
- GS&L groups facing challenges when they open bank accounts and want to withdraw their monies- lack of understanding between Banks and GS&L groups.
- MFIs and bank agents competing for more organized groups to enhance their portfolio.

Challenges Identified

- Low capital versus demand for loans immediately after share outs.
- Practise of stopping loaning one to two months before share out. Members not allowed to borrow even when demand is there (idle money towards share out)
- Safety of money in the cash box
- Distance to bank branches and high transport costs.
- Ignorance on bank services and charges

Banking through the phone – the Orange, Equity and CARE story



Banking through the phone – the Orange, Equity and CARE story

- Officially launched March 2012, ended December 2012
- Supported by the Bill and Melinda Gates Foundation
- First such innovation anywhere in the world with GSL
- Allows community groups in rural areas full remote access to banking services using their phone
- Groups able to open accounts without having to visit the bank

Linkage Pilot Rollout and Process

- Based on the consultancy report, CARE K through partnership with Access Africa got funding from Bill and Melinda Gates Foundation.
- Memorandum of Understanding (MoU) signed between CARE K and Equity bank stipulating the role of each organization.
- A committee composed CARE, Equity and Orange formed to work on appropriate products (savings and loan) for linkage

Process (Continued)

- Equity and Orange team taken for field visit to understand the GS&L methodology and also get ideas on new products from the target (GS&L) groups.
- Product concept development and testing done with groups and CBTs. GS&L groups had a lot of inputs in the concept and naming of the product
- Equity and Orange staff trained on GS&L methodology.

Process (Continued)

- Awareness creation on linkage and rating of groups done.
- Training to groups on linkage concept and principles.
- Training on financial education including use of mobile technology, consumer protection, formal financial education, budgeting at household level and planning, savings and credit management.

Banking through the phone – the Orange, Equity and CARE story

- Highly secure – three members have to key in their PIN numbers for transaction to happen (electronic equivalent to three padlock box)
- Safer way of collecting money for GSL
- First time that banking can be done this way for groups, rather than individuals
- Ability to deposit and withdraw at any Orange or Equity branch
- 24/7 access to the account – ability to track transactions

Training on Mobile Operations



Mobile Platform

- GS&L Groups that have opened Pamoja Accounts can access their accounts in three different ways:

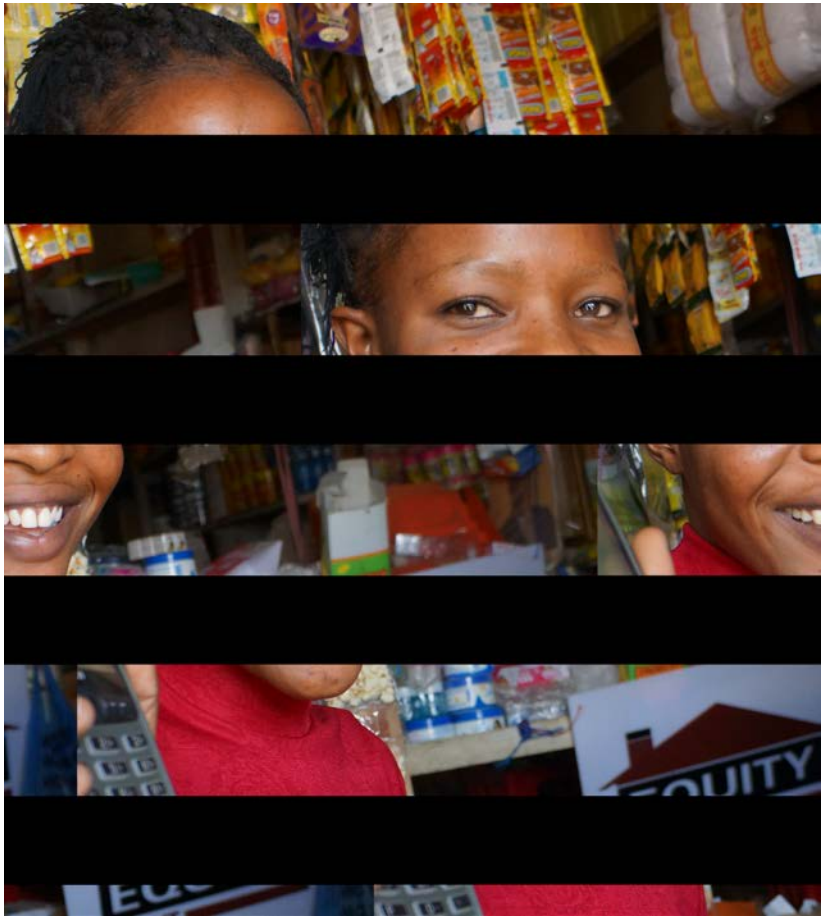
1. Group officials transacting in the main branch (Transport expenses).
2. Group officials transacting at Equity Agencies well distributed in project area.
3. Mobile phones during group meetings

Agency Banking

- Equity agencies found in almost every market in the region have a machine that records transactions and automatically relays the same information to the main branch. Accounts are updated automatically. No transaction takes place when the network is down.

Agency (Branchless) Banking



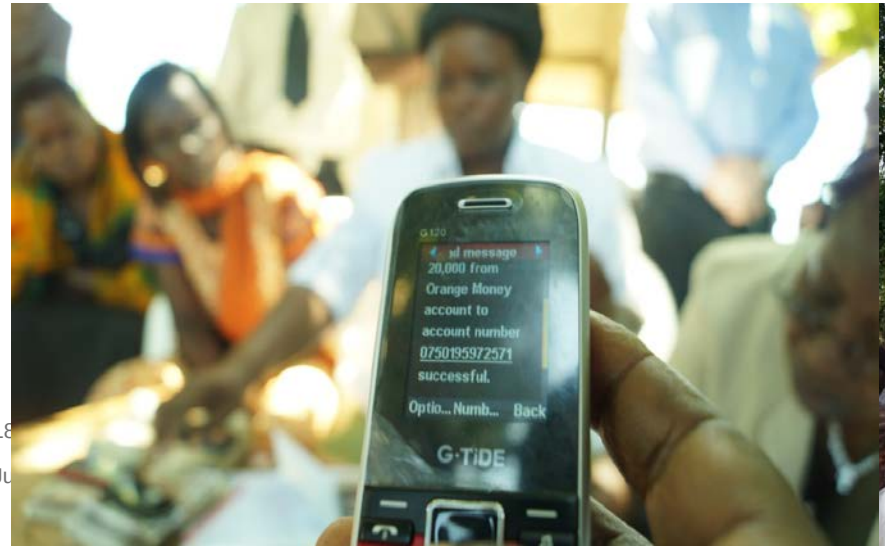


Account Access from Mobile Phones

- Business processes in the orange platform changed so that 3 people can enter pin (replacing the 3 keys in the cash box). The first of its kind globally –sim card with 3 pins
- Members could then get loans virtually from group account to members account.
- Transactions relayed automatically to a group members phone (predetermined) for confirmation.

The Status

- 250 groups in one year.
- 65% of the members opened personal savings accounts
- December 2012 – Cumulative savings in bank amount to over USD 35,000 in the Bank Linkage project
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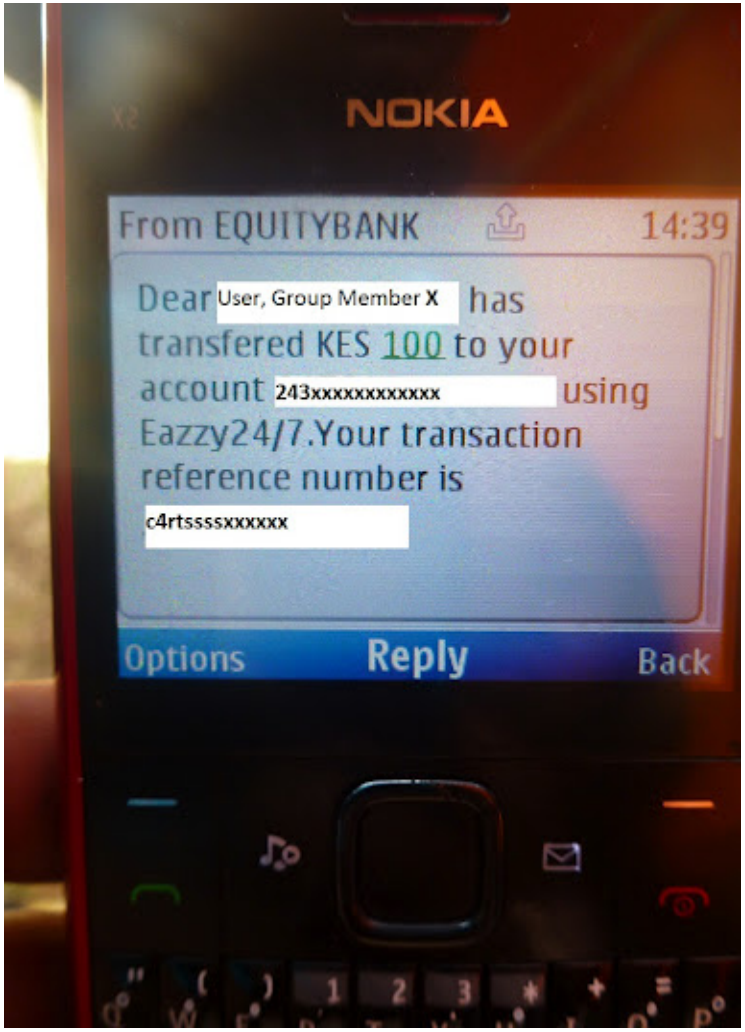




Banking through the phone – the Orange, Equity and CARE story

- *"This is a pioneering NGO/private sector partnership that has potential to conveniently and affordably offer high quality retail financial services to millions of previously un-served people across Africa,"*

Helene Gayle, President and CEO of CARE USA



Thank You!