Support tool: Checklist - Moving Savings Group Digital criteria

Introduction

As part of learning work on financial inclusion between the Cash Working Group (CWG) the Livelihoods and Resilience Sector Working Group (LRSWG), UNCDF, and U-Learn, a learning review on Digital Savings Groups was carried out, the learning brief is available here, and the mapping of digital financial service providers in the refugee response is available here.

In Uganda, there are over sixty-three thousand five hundred (63,500) savings groups, made up of over one million members. Refugees account for around 6,000 of these groups, made up of around 150,000 members – around 10% of Uganda's refugee population.[1] For rural populations (which represents over 95% of the refugee population in Uganda), access to traditional financial services - savings, loans, credit etc - is either too far, too expensive or simply not possible. Informal financial services through, for example, savings groups have, for many years, been filling this gap. More women than men are members of savings groups (around 70%). However, even though they are less in number, the male members tend to save more.[2]

The effort towards moving savings groups digital is still in its early stages. Some refugee response actors are undertaking pilots to assess the reality of their groups and where support is needed, but many have not yet started this journey. This tool will help support decision making, whilst also identifying needs and gaps that the refugee response actors can address or be aware of during this process.

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[1] UNHCR - Overview of Refugee Financial Inclusion (March 2022) Available at https://data.unhcr.org/es/documents/details/91562

[2] BSA Global/FSD Uganda/FSD Africa/UKAID - Rebuilding livelihoods in displacement - Endline Report - March 2022 - available at https://www.fsdafrica.org/wp-content/uploads/2022/02/ENDLINE-REPORT-Rebuilding-livelihoods-in-displacement-eversion-28022022_compressed.pdf

Purpose

Savings groups are an important and effective vehicle to increase financial inclusion, promote and increase resilience and self-reliance amongst refugee populations in Uganda. Therefore the decision to interest savings groups to go digital should not be taken lightly and should have the best interests of the individual group and their context as its priority.

The table below is designed to support the decision making process on what should be in place before a savings group goes digital. It is not intended as a prescriptive tool, but rather a support tool for a team discussion as part of the initial assessment stage (see below for proposed approach). This tool can be adapted to fit individual organisation needs.

This tool is specifically designed to support actors with the Uganda refugee response - for a more general tool please see the Digital Savings Group Toolkit: Digital Preparedness Checklist - produced by the DSG Hub.[3]

How to use this tool

Before taking a decision as to whether a savings group is ready to go digital, use this tool - alongside the one produced by the DSG Hub - to assess if the group is ready to go digital.

In discussion with the savings group:

1. Undertake an assessment of each line of the table below and choose which of the three columns - green, yellow or red - the groups currently best fits into. Use the explanatory notes to help with this assessment.
2. The last column - notes - is where you can add information and details regarding the assessments, for example, what you need to do to get a group to transition from one column to the next.
3. At the end of the table add up all the marks in each column and if your assessment of the saving group is predominantly in the geen column, then you can consider interesting the group in going digital, however if it is predominantly in the orange column, mitigating/supporting measures should be put in place if the decision is made to move forward with moving the group digital. However,

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[3] See https://dsghub.org/wp-content/uploads/2022/07/1.-DigitalPreparednessFIN.pdf

if the savings group is predominantly in the red column, there is too much that needs actioning before going digital so it is not recommended to move the group digital at this time, unless *significant* mitigating measures are put in place.

Criteria	Go ahead		Proceed with caution		Stop and take action before proceeding		Explanation	Notes
Group maturity	The group has been successfully through more than 3 savings cycles		The group has been through 2 cycles or less, or was not successful at the 2 cycles		The group has been through 1 cycles or less		Trust built up between the members of SGs and with the refugee response actors who work with them is crucial to the success or failure of the digital enterprise. As such, most groups selected to go digital are ones that are more well established - at least in their second or even third cycle.	
Groups savings and loan history	The group has a more than 1million UGX of savings and has a loan default rate of less than 2% over 2 cycles		The group has more than UGX 800,000 of savings and has a loan default rate of less than 8% over 2 cycles		The group has below UGX 500,000 of savings and has loan default rate of more than 10%		If a group goes digital it is more likely to have access to greater loan sizes, e.g. through affiliation to an MFI or another FSP. As such a good credit history within the group shows they will be able to responsibly manage a larger credit line	
Group size	The group has more than 25 members		The group has more than 15 members		The group has less than 15 members		Due to the sheer number of transactions recorded every month, larger groups' records are likely to have more errors . The efficiency value proposition lends itself	

	Green		Yellow		Red		Comments	
							to larger groups, if the group is composed of few members the return on investment wanes for the group to invest in digitalisation. Accuracy of record keeping can be improved when a group goes digital. Therefore a larger group will likely benefit greater in this regards if it goes digital	
Service charges - who pays	There are no service charges for the groups or are less than 10% of their monthly income/savings or the DSP's business models generates revenue in other ways		The service charges are covered by the NGO partner for a limited period or are 10% of their monthly income/savings or the DSP's business models generates revenue in other ways		The service charges are completely the responsibility of the group and are more than 10% of their monthly income/savings		One of the major benefits of the traditional savings group system is that once the initial outlay for the box, ledger etc is made, there really are very few, if any, additional costs. This is not the case with either the SGs only using a digital ledger nor those who are fully digitalised. The new costs vary depending on the service and service provider and need to be assessed and monitored for viability	
Total cost of usage	The total cost (including data fees, hardware		The total cost (including data fees, hardware and software cost,		The total cost (including data fees, hardware and software cost, charging,		Other costs - including mobile money fees, transport to mobile money agents, and the internet tax are all new costs that are not insignificant to ensure the transition to	

	and software cost, charging, transport withdrawal fees etc) does not exceed 10% of group profits		charging, transport withdrawal fees etc) does not exceed 10% of group profits		transport withdrawal fees etc) exceeds 10% of group profits		digital is sustainable, these additional costs need to be assessed and monitored
Literacy	50% of group are literate (can read and write a short simple statement on everyday life in at least one language) .		20% of group are literate (can read and write a short simple statement on everyday life in at least one language)		Less than 10% of group are literate (can read and write a short simple statement on everyday life in at least one language)		
Financial Literacy	100% of the group have been trained in financial literacy		75% of the group have been trained in financial literacy		50% of the group have been trained in financial literacy		There is a recognised problem in some groups whereby illiterate members can be exploited by the more literate members. This can in fact be made worse as - at least at the start of the digitalisation process - as there are likely to be more who are digitally illiterate than are alpha-numerically illiterate.
Digital Literacy	75% of the group have been trained		50% of the group have been trained		25% of the group have been trained in digital literacy		

	in digital literacy		in digital literacy				
Language	75% of the group speak the language of the app		50% of the group speak the language of the app		25% of the group speak the language of the app		Most available DSG apps are in English - some are also available in a range of other languages. For users to be able to interact fully, effectively and inclusively with the DSG app,the more members of the groups that can speak the language of the DSG app the better.
Hardware / Device penetration	More than 75% members have their own phone (ie with a SIM registered in their name) that is compatible with the app		More than 50% members have their own phone (ie with a SIM registered in their name) that is compatible with the app		25% or less of members have their own phone (ie with a SIM registered in their name) that is compatible with the app		The more group members who can access and interact with the DSG app the more inclusive and effective the adoption will be. It will help distribute responsibility and mean that a meeting can take place even if some of the members are not present.
Enabling communication infrastructure is in place.	Group members have adequate 2G/3G mobile coverage		Group members have partial network coverage		Group is outside coverage for mobile networks		Whilst some DSG apps are designed to work offline (and update when online) - the use of a DSG app is most effective when mobile coverage is reliable and accessible. If the infrastructure is absent, refugee response actors can work with network service providers to increase the reach of

						the mobile coverage.	
Proximity to MM/Banking Agent	The group is less than 2km from a MM/banking agent		The group is less than 5km from a MM/banking agent		The group is more than 5km from a MM/banking agent		Paper based savings groups are used to having access to their money immediately and, in effect, for free. Digitalisation creates a need to be able to access the money through a third party. In some settlements mobile money and/or banking agents are few and far between meaning groups/individuals have to travel far to access their money - this can be a problem for groups/individuals in terms of easy/timely access to their money plus inconvenience and additional time and cost of travel to access their money.	

	Green		Yellow		Red		Description	
Liquidity of MM/Banking agent	MM/banking agents near to the group has consistent liquidity to manage the groups needs		MM/banking agent near to the group mostly has consistent liquidity to manage the groups needs		MM/banking agent near to the group has inconsistent liquidity to manage the groups needs		Paper based savings groups are used to having access to their money immediately and, in effect, for free. Digitalisation creates a need to be able to access the money through a third party oftentimes at a fee. In some settlements mobile money and/or banking agents often only have floats large enough for day to day transactions, not large withdrawals. This can be a problem for groups/individuals in terms of easy/timely access to their money plus inconvenience and additional time and cost of travel to access their money. This float size will vary based on the location and circumstances of the groups, however, this should be assessed prior to taking a group digital.	
Interest	The group approached their NGO partner wanting to go digital and is leading the process		The group and NGO partner are together in the move to go digital, the group has proactively engaged with the process		The NGO partner is the instigator and leading the move to digital		The group's interest and motivation for going digital is important as it helps to instil a sense of ownership of the process and the activities which will encourage their participation and resilience creating a better chance of sustainability	
Electricity	The group has access to		The group has irregular		The group has very limited		To be able to use the DSG app on a phone or other device, requires regular access to	

	a regular electricity supply to enable them to charge their phones or DSG app devices		access to electricity but can access it to charge their phones or DSG app devices		access to electricity so are unable to consistently charge their phones or DSG app devices		affordable electricity	
Support	The FinTech/NGO partner is able to provide on demand support, in person		The FinTech/NGO partner is able to provide some support		The FinTech/NGO partner is not able to provide support		Moving to a DSG requires significantly greater input from the refugee response actor and/or service provider/FinTech. At the outset the time investment can be quite substantial but the ongoing support is also vital to the longer term success of the digitalisation of the SG. Then, there is a need for trouble-shooting/ongoing support - both from a technical perspective but also to make sure the group is utilising the service to its maximum benefit. In addition, due to the continuous developments in digital applications, there is a need for continuous support and training	
Training	75% of the group have been trained on the DSG app		50% of the group have been trained on the DSG app		25% or less of the group have been trained on the DSG app		At a basic level, some members of the group will need to be trained on how to use the service and ideally all members of the group will receive some additional training - even if using a ToT or cascade model.	

Connectivity/ network access	The group has access to good and regular network coverage to enable them to access the DSG app at least once a week		The group has intermittent access to a good and regular network coverage to enable them to access the DSG app infrequently		The group has access to good and regular network coverage to enable them to access the DSG app at least once a week	Whilst some DSG apps are designed to work offline (and update when online) - the use of a DSG app is most effective when mobile coverage is reliable and accessible.	
Needs assessment	A needs assessment/ gap analysis has been undertaken and identified issues addressed		A needs assessment/ gap analysis has been undertaken and some identified issues have been addressed		A needs assessment/gap analysis has been undertaken but the identified issues have not yet been addressed or a needs assessment/ gap analysis has not undertaken place	To be able to ensure the best DSG app to fit the group, it's important to engage with the group to understand their needs and gaps, so these can be effectively mitigated.	
DSG app individualisation/personalisation	The DSG app can be personalised to each group (language, online/offline		The DSG app has some personalisation aspects but is limited in growth		The DSG app has no personalisation and no growth potential	The more flexibility that is built into the DSG app the more it is able to be tailored to the individual group's needs and limitations	

	, basic/ smartphone etc) and grow with the group's digital literacy							
Data protectio n/ privacy	The FinTech has strong data protection/ privacy protocols and this is well explained to and understood by the savings groups		The FinTech has acceptable data protection/priv acy protocols and this is well explained to and understood by the savings groups		The FinTech has weak data protection/privacy protocols		Access to information about their rights and control over their personal data are crucial – and should be non-negotiable - for refugees to be able to provide informed consent when choosing to use a digital savings service.	
Gender	The Executive Committee reflects the gender breakdown of the group.

Women and men have | | | | The Executive Committee does not reflects the gender breakdown of the group

Women and men do not have equal participation and | | Whilst it is often the case that SGs are predominantly female, there is still a problem of gender imbalance, especially amongst the leadership/Executive Committees. This could be made worse by digitalisation, for example if the phone ownership of the group is not assessed or supported by an outside party. Many women remain "afraid" of the smartphone thus self excluding themselves from a more | |

	equal participation and decision making				decision making		active role and then this can be exacerbated due to social norms that have meant that women are less likely or able to own their own mobile phones.	
FSP engagem ent	The group has an account with a formal institution		The group has expressed a strong desire to have an account with a formal institution		The group has no wish to have an account with a formal institution		Experience with engaging with an FSP shows both the groups maturity, financial literacy and will make any future engagement with FSP easier and more sustainable	
TOTAL								
DECISI ON								