



***Everyone can benefit from healthy money management - especially people with little to spare. Poor households with access to savings accounts can manage unexpected events, invest in opportunities like education, and build financial security.***

# Microsavings as a innovative mechanism for financing development



Weselina Angelow

WSBI delivered a workshop on 'Micro-savings' at the Marketplace on Innovative Financial Solutions for Development (MIF) in Paris on 4-5 March. It was the case for promoting microsavings as a key aspect of increasing access to finance among the poor and analyzed ways to make its delivery cost effective.

The workshop was a joint initiative supported by Daryl Collins, co-author of *Portfolios of the Poor* - a book which initiated together with several WSBI studies the theoretic ground work for 'the Doubling Savings Accounts Programme', and by the WSBI Programme Team. It included the Programme Director Ian Radcliffe, Stephen Peachey, the Technical Advisor to the Programme as well as the Project Managers Weselina Angelow and Kostas Konstantinopoulos and two WSBI members which are participating under the Programme, namely Kenya Post Office Savings Bank (KPOSB) and South Africa Postbank.

WSBI and its members responded to an invitation of the French Development Agency (AFD), the Bill & Melinda Gates Foundation (BMGF) and the World Bank (WB), the co-organizers of the event.

The workshop presented by WSBI on Microsavings was embedded into Daryl Collins' research on financial diaries showing how people in poor local households in India, Bangladesh and South Africa are deploying a wide array of tactics to put money aside for weddings, child education or funerals. Daryl confirmed that poor people are indeed willing to add formal ways of savings to their financial portfolio. Nowadays savings have become a significant element of microfinance, complementary to micro-credit and microinsurance. The way the joint effort of WSBI and its members

in doubling the number of savings accounts is innovative today is by promoting and supporting ways for adjusting the usability of savings accounts to the particular needs of the poor. The Programme Technical Advisor, Stephen Peachey, elaborated during the workshop how *Portfolios of the Poor* is pointing us to how banks need to adjust this usability by matching cashflows. This will eventually enable poor customers to take out money from their account whenever they need it and put money onto this account whenever it is possible.

"Any shop seller is a potential agent to capture savings and by doing so providing innovative financial services to a big part of the population in remote areas of Kenya" mentions Anne Karanje, Director of Operations at KPOSB. "Through the support of WSBI and the BMGF Programme we will be able to assign and open up many more agents". Her colleague Kiplagat, Asset Manager for Corporate Clients at KPOSB adds to that during the workshop debate that being able to provide financial services through agents makes it easy for people to save. "Going to the bank is no longer an unpleasant event as the local poor customer will know the agent personally". The same way the delivery of services through the huge network of outlets run by the South African Post Office (SAPO) Group will make it easy for South Africa Postbank to reach the unbanked low income groups in the country, as Ms. Totsie, Managing Director, confirms.

Workshop participants congratulated WSBI for the ongoing work to enlarge and put the *Portfolios of the Poor* into practice as well as for being an 'innovative panel' with major female and developing country presence.

#### CONTACT

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