

**Scale
2Save**

Kenya: M-Chama



**Using village savings
groups as a stepping-stone
to financial inclusion**



WSBI



mastercard
foundation

**Targeting those missed by
the mobile banking boom in
East Africa**

Kenya, in East Africa, is a lower middle-income country with a fast-growing population of 52.5 million and gross national income per person of US\$1,830¹. But despite the government's efforts to reduce inequality, there is a long way to go: In 2015, some 36.1% of Kenyans survived on less than US\$1.90 a day².

Mobile phone penetration is high, and Kenya pioneered mobile phone money transfers. Financial inclusion is relatively high³: 82% of over-15s have a bank account. Nevertheless, pockets of exclusion remain and 22% of women are still unbanked.

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My Bank, My Choice, My Future

A 'bank-in-a-bag' facilitates onboarding in rural areas

In December 2017, Kenya Post Office Savings Bank, or Postbank, teamed with the WSBI Scale2Save programme to up-scale a project designed to increase women's financial inclusion. Postbank's customers at the time included 8,000 women's group savings associations, known as Chamas. Under these schemes, women save individually, building a savings record, but the funds are deposited and invested collectively, to build homes for rental, for example, or to acquire commercial assets, such as a truck.

The joint project, focused on rural areas, developed a doorstep service called 'bank-in-a-bag', comprising a laptop and tablet computer, enabling Postbank staff to visit women's groups – often in remote locations – and open individual mobile phone savings and payments accounts for group members, in addition to their engagement in M-Chama group savings. The goal was to add 5,000 savings groups and 67,000 customers over three years. This has since exceeded expectations with over 9,000 Chama groups onboarded and over 88,000 individual accounts opened under Waridi accounts (a specific women account) and M-Sawa accounts (a mobile account).

Mentoring and training are vital

With WSBI support, the initiative was backed by a comprehensive training programme for 400 Postbank agents, and broad-ranging financial literacy education for new customers. The scheme also hired more community-based trainers to recruit, train and support village-based savings groups. These groups have often demonstrated the tangible benefits of saving, by allowing villagers to save, borrow, and invest in assets.

Doing a lot, with a little

- A relatively small investment of money and effort by Postbank and WSBI has achieved a considerable extension of village savings schemes, and of the numbers of women with individual bank accounts.
- Sending bank staff to villages to meet potential customers and open accounts for them has proved an effective way of increasing financial inclusion.
- Account openings, both group and individual, have exceeded expectations.
- Account activity levels, however, have often proved disappointing.

¹ The World Bank, 2019

² The World Bank, 2015

³ Global Partnership for Financial Inclusion, 2022