



# An opportunity for the banking sector to work with informal savings groups in Morocco

A case study

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WSBI



# Tontine, an ancestral practice, is tending to modernise thanks to digital technology

## Background and objectives

### Daret, a Moroccan tontine:

- **Rotary tontine** is the form practised in Morocco called **Daret**.
- **Daret** allows people in need of money to have an alternative solution outside the banking system.
- For people with bank accounts, this practice **avoids interest, bank fees** and **administrative procedures**.
- Daret is also used to **build up savings** and use the capital created for a **substantial purchase** or to cover a **significant expense**.
- Daret develops in circles where **trust** is strengthened by bonds of **family, friendship, neighbours** or work.
- Daret grows across all **sectors of the population** and is a simple response to the **credit and savings needs** of millions of Moroccans.

### A different idea of tontine via a digital and mobile approach:

- Thanks to the **advent of digital technology** and the expansion of **mobile payment solutions** on the African continent, the concept of tontine is tending to **modernise** with the creation of several **mobile applications** enabling the **digital management** of Tontine.
- Digital Tontine has several advantages:
  - **Security of funds** that are often collected on a mobile payment account
  - **Secure collection** and reduction of the risk of theft or misappropriation of funds
  - **Transparency of management**
  - **Fast and easy customer journey** to understand

**The objective of the research is to conduct a qualitative and quantitative study to identify opportunities related to the launch of a digital tontine offer**

### 1. Quantitative study

Questionnaire submitted to 1,007 people to estimate Daret penetration and identify tontine behaviours.

### 2. Qualitative study

Organisation of 14 focus groups and 45 individual interviews on the themes of tontine and savings.

## Key findings of the study

### Banking and penetration of mobile payment account

- 51% of respondents have a bank account, but only 5% have a payment account or an electronic wallet for mobile payment.
- The number of respondents is higher in urban areas (61%), among socio-professional categories B\* (75%) and C (67%), among men (58%) and 25-34 year olds (58%). With regard to the payment account or electronic wallet for mobile payment, its penetration is higher with socio-professional category B.

### Funding sources used

- 35% of respondents said they had already participated in Daret. This method of financing ranks second, far behind borrowing from relatives and friends. Women are more likely to use Daret as a source of funding (42%), as are respondents who are separated, divorced or widowed. Conversely, the recourse to Daret is lower among single people, inactive people and respondents from large households.
- Of those surveyed, 14% currently participate in Daret. This rate is higher among 25-34 year olds (19%), respondents who are separated, divorced or widowed (24%).

### Participation habits and use of Daret

- For the 60% of respondents not currently participating in Daret, the last participation was more than two years ago, of which 27% mentioned a last participation less than one year ago.
- Daret is mainly used for personal needs (95%), and much less for professional needs (12%). Thus, Daret's money is used mainly for the purchase of consumer goods (70%) and capital goods (52%).
- Other uses of Daret, much less frequent, are also mentioned, in particular: purchase of equipment for work (10%); saving (4%) and purchase of medicines (3%).
- On average, the Daret group consists of 12 people and payment on a monthly basis to the Daret group is the frequency most cited with 69% of responses.
- The amount of the periodic payment to the Daret group is on average DH 593. Nevertheless, this amount varies significantly from one respondent to another (standard deviation: DH 745), as well as depending on the frequency of payments: weekly: DH 150; fortnightly: DH 255; monthly: DH 763.

### Smartphone and mobile internet penetration

- The smartphone and mobile internet benefit from a high penetration of the sample surveyed. Indeed, 70% of respondents have a mobile phone, of which 90% have mobile internet access\*, i.e. 63% of the total sample.
- The smartphone penetration rate is higher in urban areas (79%) and among young people, in particular 18-24 year olds (93%) and 25-34 year olds (87%).

\* Socio-professional category B corresponds to a monthly household income from \$1,400 to \$2,000

# Main conclusions of the Focus Groups

## Banking

### Banking

The main reasons for the lack of a bank account among targets without bank accounts are:

- **No fixed income**
- Deduction of **fees and commissions** by the bank
- **Nature of financial resources** for low-income population targets (**low income generally in cash**) and students (**no source of income**)
- **No bank branches** nearby in some **semi-rural** regions

### Banking products used

The main banking products used by banked respondents are (in order of importance):

1. Products relating to the current account: **bank card** and **cheque book**
2. **Savings products**: current account or book account
3. **Bank loans**
4. **Insurance products**

### Needs for banking products

- **Bank lending tops the list of needs** among targets without bank accounts. This is followed by **savings products** and the possibility of a bank card.
- The respondents also asked for **mobile banking payment applications** to be able to pay bills remotely.
- **Overdraft facilities** are a requirement within the **retailer target group**.

## Perception and attitude towards the traditional Daret concept

### Uses of the cash pool

The main uses of the cash pool mentioned by the respondents are:

- Purchase of **capital goods** and **consumption**
- Payment of **tuition fees**
- Payment of **costs related** to certain **events**: Eid, marriage, birth, illness, etc.
- Purchase of **goods** for the retailer target
- **Investment in a project** for young working people

## Tontine organisation procedures

- Tontines are most often organised between **family, neighbours, friends or colleagues**.
- The Tontine is usually **monthly** but can be **weekly** or even daily (marginally).
- The contribution date is defined by the participants prior to the launch of the tontine and generally corresponds to the date of receipt of the salary, or the first week of the month.
- The amount of the contribution is most often defined according to the needs of the group and its contribution capacity.
- The rounds are defined either by **random draw** or by **the participants upstream**. The rounds can be exchanged during the tontine with the attendees' approval.
- **The administrator**, a person of **trust**, is responsible for **collecting contributions** and is sometimes paid for the management of the tontine. In some semi-rural areas, contributions are collected on the day of the weekly souk.

## Tontine amounts and frequencies

- The amount of the contribution depends on the income of the respondents:
  - For monthly **tontines** the **minimum amount** quoted is **DH 100/month** and a **maximum of DH 3000/month**.
  - For weekly **tontines**, the **minimum amount** quoted is **DH 50/week** and a **maximum of DH 600/week**.
- The **number of participants** in the **monthly tontines** varies between **5 and 18** participants and that of the **weekly tontines** between **5 and 50** participants. For **monthly** tontines, this number is generally around **10 people**.

## Advantages & Disadvantages

- The main advantages of traditional Daret perceived by respondents are:
  - Method **considered halal due to lack of interest**
  - **Lack of deadlines** and **administrative documents**
  - **Form of mutual assistance and solidarity between participants**
- However, the main disadvantages are:
  - Method **unregulated** and **insecure** in case of **default** of a participant
  - Regular **obligation to contribute** even in the event of **financial difficulties** (in particular within the low-income target)
  - **Unavailability of money in the event of an emergency** because you have to wait your turn

## Daret vs savings and bank credit

- Daret is seen as a form of **forced saving** because participants are forced to **assiduously contribute** to the cash pool and therefore save money on a **regular basis**.
- Bank savings (via a current account), a process that is more **secure** than Daret, allows you to **dispose of your money immediately** if necessary.
- Bank lending is most often considered by respondents to be an **unlawful** and **expensive product** due to **interest** received by banks, but makes it possible to obtain **larger amounts** than in the context of a tontine.

## Proposed improvements

- **Regulation** of tontine by setting up a **contract** between all participants.
- Implementation of an **application** to manage tontine.

## Perception and attitude towards the digital Daret concept

### Advantages & Disadvantages

- The benefits of the digital tontine concept as perceived by the respondents are:
  - Easy and practical process **with all the information available in the application**
  - Method to **save time and avoid travel**
  - Possibility **to organise tontines with participants in different cities**
- However, the main disadvantages are:
  - Possibility of bugs / **unavailability of the application**
  - Lack of **human contact** between participants
  - Difficulty using the app for **illiterate people**
  - Paid service and need to block a deposit so as not to stop the tontine

### Perception of the proposed terms

The majority of respondents agreed with the proposed terms:

- Minimum and maximum number of tontine participants.**
- Two payment account limit options.**
- Two contribution options** with a strong preference for direct debit.

### Proposed improvements

- Possibility **of exchanging rounds between participants** during the tontine in the application.
- Payment of the **guarantee via the 1st contribution**. The tontine would only start at the 2nd contribution.
- Possibility of participating in a single tontine with **several shares**.
- Popularisation and **ease of use** of the application.
- Signature of a contract** between all participants.
- Possibility of **participating in several tontines simultaneously**.
- Possibility of carrying out **branch operations** if the application is **unavailable**.
- Deduction of all costs** at the time of **delivery of the cash pool**.
- Implementation of a **participant evaluation system** in the application.
- Possibility of organising a tontine with **unknown persons if the credit institution guarantees** in the event of default by a participant.

### Perception of the proposed price

- For a majority of respondents, **the price of DH 7 must be proportional to the frequency and amount of the contribution**.
- The price offered is often accepted because the digital tontine **saves transport costs** as well as **administrator remuneration costs** for managing the tontine.
- However, some participants are only prepared to pay for this digital tontine service **provided that the institution guarantees in the event of non-payment by a participant**.

## Institutions proposed

- The most cited establishments are: **Wafa Cash** and **Al Barid Bank, Amana, Barid** for the proximity and multitude of their points of sale.
- The following banking institutions are also mentioned: **BCP** (reference to the State), **CIH** (perceived as an affordable bank thanks to free accounts for employees, students, etc.), **Attijariwafa Bank, Société Générale** and **CFG Bank**.

## Means of communication

- The respondents proposed the following means of communication to promote the digital tontine application (in order of importance):
  1. **Social networks and platforms:** Facebook, Instagram, YouTube
  2. **Television and radio**
  3. **Billboards**

**The majority of respondents said they were ready to use the digital tontine app**

## Main conclusions of the individual interviews

### General perception of savings

#### Importance of savings

- All participants agree on the importance of building up savings to be able to meet unforeseen needs and anticipate urgent expenses

#### Main uses of savings

- Pay healthcare costs in the event of illness
- Meeting the different needs of children
- Pay tuition fees for target students
- Pay the costs incurred by events: marriage, birth, death, Eid, etc.
- Investing in a project for younger people
- Financially supporting parents and the wider family for low-income populations
- Constituting a contribution for the purchase of a property
- Investing in your business for the retailer target

#### Savings difficulties

- All participants highlighted the difficulty of saving these days due to the high cost of living (low salaries, high rents, high school fees, etc.)
- This difficulty is higher among low-income populations and students and depends on the nature and size of income received

## Perception of savings methods

Three savings methods were mainly cited by the respondents:

Bank
<b>ADVANTAGES</b>
<ul style="list-style-type: none"><li>Secure savings method</li><li>Reduced temptation to consume savings and possibility to receive interest in a blocked savings account</li><li>Possibility of a cash desk card and availability of money as part of a current account</li></ul>
<b>DISADVANTAGES</b>
<ul style="list-style-type: none"><li>Funds unavailable in the event of an emergency as part of a blocked account or a savings account</li><li>Interest received considered to be illegal</li><li>Current account fee deductions</li><li>Lack of bank branches in some semi-rural regions</li></ul>
Home
<b>ADVANTAGES</b>
<ul style="list-style-type: none"><li>Possibility of having the money at any time in the event of an emergency or unforeseen events</li><li>Possibility of saving very small amounts (e.g. coins)</li></ul>
<b>DISADVANTAGES</b>
<ul style="list-style-type: none"><li>Unsecured savings method (theft, loss, fire, etc.)</li><li>Temptation to consume the money saved</li></ul>
Tontine
<b>ADVANTAGES</b>
<ul style="list-style-type: none"><li>Obligation to make regular contributions and therefore save</li><li>Legal method without interest</li><li>Form of solidarity and mutual assistance between participants</li><li>Possibility of having a large cash pool</li></ul>
<b>DISADVANTAGES</b>
<ul style="list-style-type: none"><li>Possibility of late payment or non-payment by a participant</li><li>Non-regulated method</li><li>Obligation to contribute to tontine even in the event of financial difficulties</li><li>Need to wait your turn even in the case of need</li></ul>

Other methods were cited marginally by some respondents:

### Purchase of gold

#### ADVANTAGES

- Possibility of realising a capital gain in the event of a rise in the price of gold
- Ability to dispose of money quickly through the sale of gold

#### DISADVANTAGES

- Possibility of losing money if the price of gold falls

### Savings product

#### ADVANTAGES

- Supplementary pension income

#### DISADVANTAGES

- Obligation to make regular contributions even in the event of financial difficulties

### Purchase of land

#### ADVANTAGES

- Possibility of realising a capital gain if the asset becomes valuable

#### DISADVANTAGES

- Potential administrative problems (land deeds, etc.)

## Attitude to savings

### Amount of savings

- The majority of respondents **do not save a fixed amount** on a regular basis. This amount may **vary significantly depending on needs**.
- The amount of savings depends on the **nature of the income received**. This amount is **low** (around DH 100/month) or **even zero in low-income populations and students**.
- On **average** respondents save **DH 1000/month**.

### Savings methods

- The use of **bank** and **home savings** topped the **savings methods** used by respondents.
- **Daret** is also considered as a **form of savings** and ranks in **3rd place** of savings methods used by respondents.

### Savings methods

- The majority of participants use money saved **in the event of an unforeseen event** (illness, accident, etc.) or to pay **fixed costs** (school fees, holidays, etc.).
- The horizon and duration of savings vary from **2 months to 1 year** depending on the respondents with an **average duration of 4.5 months**. For **Daret users**, this horizon is very often equal to the **duration of the cash pool**.

# About the report partners

## About WSBI and Scale2Save

The World Savings and Retail Banking Institute (WSBI) created in 2016 a new programme in partnership with the Mastercard Foundation “to establish the viability of low-balance savings accounts and use of customer-centric approaches to address barriers faced in access, usage and affordability of savings services”.

Called Scale2Save, the programme is set against a backdrop of problems such as high poverty rates and financial exclusion in sub-Saharan Africa, as well as low formal savings rates. FSPs have a poor understanding of the market savings potential of people in various low-income segments. The needs of existing and potential customers – and how much customers can afford to pay to meet those needs – are not well reflected in FSPs’ business models, customer interfaces and interactions. The resulting poor customer experience gives rise to extremely high rates of bank account dormancy and inactivity. This is a significant cost for FSPs and undermines potentially sustainable business cases to deliver accessible financial services to people in these segments.

The Scale2Save programme’s core activities are to:

- Provide financial service providers with technical assistance to develop savings services valued by low-income customers. WSBI works with eleven financial service providers to develop and deliver savings products that not only broaden access to financial services but also drive ongoing use of those services. The banks are located in Cote d'Ivoire, Kenya, Morocco, Nigeria, Senegal and Uganda. A bank in Tanzania acts as a knowledge partner.
- Conduct research and share lessons between partner banks. WSBI publishes the annual Savings and Retail Banking in Africa report series to facilitate peer learning and the spread of knowledge. The institute also researches new pricing models to help establish a business case for low-balance savings and conducts household research to contribute to knowledge of cash flows in households.
- Communicate lessons learned to the wider sector. WSBI has developed and carried out a targeted communications strategy to share the knowledge generated by the project with key stakeholders.
- Monitor and evaluate the programme. WSBI monitors project progress at partner banks and oversees mid-term and final project evaluations. The programme started in September 2016 and will continue until August 2022.

For more information about WSBI please visit: [www.wsbi-esbg.org](http://www.wsbi-esbg.org)

For more information about Scale2Save, please visit:

[www.wsbi-esbg.org/KnowledgeSharing/Scale2Save/Pages/EmptyHomepage.aspx](http://www.wsbi-esbg.org/KnowledgeSharing/Scale2Save/Pages/EmptyHomepage.aspx)

## About the Mastercard Foundation

The Mastercard Foundation works with visionary organizations to enable young people in Africa and in Indigenous communities in Canada to access dignified and fulfilling work. It is one of the largest private foundations in the world with a mission to advance learning and promote financial inclusion to create an inclusive and equitable world. The Foundation was created by Mastercard in 2006 as an independent organization with its own Board of Directors and management.

For more information on the Foundation, please visit: [www.mastercardfdn.org](http://www.mastercardfdn.org)

## About Barid Cash

Created in 2014, Barid Cash, subsidiary of Al Barid Bank, offers a simple and fast international money transfer service to and from Morocco. Barid Cash is a partner of WSBI’s programme for financial inclusion, Scale2Save. Barid Cash has quickly grown with focus on the diversification of its range of products and services, as well as the densification of its branch network.

Barid Cash also offers a full range of local services such as mobile payment, payment of bills and taxes, and purchase of transport tickets.



Learn more about Scale2Save at  
[www.wsbi-esbg.org/KnowledgeSharing/scale2save](http://www.wsbi-esbg.org/KnowledgeSharing/scale2save)

