

FIELD Report No. 10

Bringing the Unbanked Poor into the Financial Sector with Matched Savings Accounts

Lessons from WOCCU's MatchSavings.org Program in Mexico

Produced in collaboration with the
FIELD-Support LWA



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August 2011

This publication was produced for review by the United States Agency for International Development. It was prepared by Stephanie Grell Azar and Jennifer Bernhardt of World Council of Credit Unions (WOCCU) through the FHI 360-managed FIELD-Support LWA.* The authors thank Pilar Campos, Tiffany Litscher, Santiago Maldonado and Mary O’Keefe for their valuable contributions to this report. They also thank the participating credit unions, Caja Yanga and Caja Zongolica, as well as the MatchSavings.org program participants for generously sharing their time and stories.

This study was made possible with the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of the authors and do not necessarily reflect the views of FHI 360, USAID or the United States Government.

*On July 1, 2011, FHI acquired the programs, expertise, and assets of AED.

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Abstract

WOCCU's MatchSavings.org program gave people living in marginalized and rural communities in Mexico an opportunity and incentive to open their first savings accounts. After making regular deposits, these “savers” received a 1:1 match on their savings and gained access to other financial products including loans and insurance.

A growing body of research has shown that the demand for savings among the poor exceeds the demand for credit, and that savings-led products and programs can play a significant role in helping poor households build for the future, create assets, and better respond to emergencies. For 40 years, WOCCU has worked with credit unions to bring unbanked individuals into the financial sector through savings. Building on the success of online microlending programs such as Kiva and MicroPlace, WOCCU saw an opportunity to bring microsavings to the masses through a similar approach. Instead of seeking individual donations to fund microloans, WOCCU sought donations to match the savings of the unbanked poor. By providing a match incentive, WOCCU's goals were to: 1) attract people to formal savings products and services; 2) bring the poor into the financial system where they could access an array of financial products to meet their economic needs; and 3) build financial, physical, and human assets.

With private funds through WOCCU's Worldwide Foundation for Credit Unions, in October 2008 WOCCU created the MatchSavings.org program (MatchSavings) and corresponding website to introduce people living in poverty to formal financial services through savings first. Program participants, or savers, were new credit union members who had never had formal savings accounts and met a particular profile. They committed to making six monthly deposits for a particular asset-building goal: housing, microenterprise, education, or healthcare.¹ At the end of the six months, savers received their savings and the match in goods, vouchers or collateral for an asset-building loan with matching funds raised through the MatchSavings.org website.

WOCCU implemented four rounds of MatchSavings from October 2008 to June 2011 in partnership with two credit unions and WOCCU's existing credit union outreach program which was funded by the Mexican government². Credit unions used the program as a marketing tool to increase their membership and meet specific economic needs of the rural communities they served. They targeted highly to very highly marginalized communities (as defined by the Mexican government) in order to further expand outreach to people excluded from the formal financial sector.

In May 2010, mid-way through MatchSavings implementation, WOCCU used funds from USAID's FIELD-Support LWA, managed by FHI 360, to carry out independent research to identify the perceived impact of MatchSavings among participants and ways to improve the effectiveness of the program.³ This FIELD Report focuses on overall program results and research findings. Lessons captured in this report can be applied to other development organizations exploring matched savings as an asset-building approach to bringing the poor into the formal financial sector.

¹ WOCCU eliminated the healthcare savings objective in April 2010 due to lack of participant and donor interest and difficulty in delivering matches for this purpose.

² The Mexican Ministry of Agriculture, Livestock, Rural Development, Fishing and Food (SAGARPA) funded WOCCU's Mexico program through its Proyecto de Asistencia Técnica al Microfinanciamiento Rural (PATMIR) project.

³ USAID's FIELD-Support LWA program also provided funding to explore the sustainability of funding through a primarily online platform. See FIELD Brief No.14: *Leveraging New Media to Gain Program Donor Support: Lessons from WOCCU's MatchSavings.org in Mexico.*

MatchSavings Model & Results

MatchSavings worked within the framework of WOCCU's existing program in Mexico which created a rural outreach methodology through the credit unions called *Semilla Cooperativa*.⁴ Using this approach, credit union field officers visited rural communities to introduce the credit unions' services and MatchSavings to people who had never before saved in a formal institution. Since communities in these marginalized areas rarely had access to financial institutions and were more likely to be offered usurious loans, the opportunity to open a savings account and join the credit union was alluring.

Participant Demographics*

Gender
Women (68%), men (32%)

Age
18-81 (average 39)

Occupation
Homemaker (61%)
Farmer (30%)
Microentrepreneur (4%)
Other (5%)

* Based on four rounds of the program

Using a basic selection tool to assess the economic level of interested participants, credit union field officers enrolled those with the greatest need into the program. Participants formed a MatchSavings group in their community and after completing their share requirement,⁵ became individual credit union members with access to a full range of financial services.⁶ Groups elected a president, treasurer, and spokesperson to manage the group meetings and verify member deposits with the field officer's records.

During the initial MatchSavings meeting, each "saver" selected a specific asset-building goal (i.e., improving their housing, starting or expanding a microenterprise, paying for additional education, or saving for a specific healthcare intervention). The saver then committed to making predetermined monthly deposits for six consecutive months. Participants who completed their six month savings goal received a 1:1 match on their savings of up to 900 pesos (approximately US\$75) through donations made by individuals on the MatchSavings.org website.

The purpose of tying savings to a specific goal in matched savings programs is to link the practice of saving to something tangible, enabling participants to see the results of their efforts and motivating them to continue saving for future needs. Additionally, matched savings programs help participants build assets more quickly than otherwise possible through saving alone. In the case of MatchSavings, the savings goal also provided individual donors with a way to see the concrete results of their donations and to hold WOCCU accountable for how their money was being used. Figure 1 highlights the savings objectives for all four rounds of the program.

⁴ WOCCU developed *Semilla Cooperativa* as a financially sustainable model for extending financial services to rural communities in Mexico. Using a route-costing tool to select cost-efficient routes, credit union field officers regularly travel to villages up to 30 kilometers (19 miles) from their branch offices, sometimes taking as many as three hours, to introduce a full range of financial services to multiple groups of people. *Semilla Cooperativa* members are individual credit union members who elect officers to manage the group meetings.

⁵ Credit unions are owned by their members, who are each required to make an initial share deposit that represents the member's equity in the institution. Members may withdraw their share deposit only if they choose to leave the credit union.

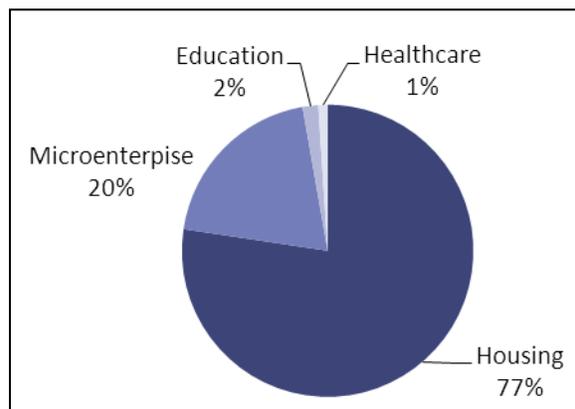
⁶ Caja Yanga financial products and services include: savings (regular, youth and fixed deposit), credit, insurance (deposit and life), youth scholarships, remittances, check cashing and bill payments.

A credit union field officer visited the savers in the community each month to collect deposits. If a saver had an emergency and communicated this with the credit union field officer, he/she was able to double up savings the following month. Recognizing that financial needs can change over a six-month period, savers were able to adjust their savings objective during the six months. Finally, if a saver chose not to complete the program or did not fulfill the monthly deposit requirement, the saver would not be eligible for the match and could either keep his/her savings account in place or withdraw the deposits.

At the end of six months, participants who completed the program received their savings and matches in goods, vouchers, or collateral for an asset-building loan to ensure the money was used for their specific savings objectives. Housing savers often received cement blocks or sheet metal. The credit union typically secured a wholesale discount, passed along to the savers, for purchasing the goods in bulk and also delivered the goods to the community. Microbusiness savers received commodities such as animals, fertilizer or retail goods. In the case of education matches, vouchers were used to remit payment for approved items such as uniforms, books, tuition, and graduation fees. Some savers used the match and savings as collateral for a larger loan toward their savings objective.

Savers then had the opportunity to convert to a *Semilla Cooperativa* group, set their own monthly savings goal and access more financial products including loans and insurance. The *Semilla Cooperativa* groups are self-sufficient and do not receive any further donations.

Figure 1: MatchSavings Savings Objectives



The MatchSavings Model

STEP 1: New “savers” form a group and each participant opens his/her first savings account in the credit union. They agree to a six-month savings goal for housing, microbusiness, education, or healthcare and commit to making regular monthly deposits to meet that goal. A credit union field officer visits the savers’ group in their community each month to collect deposits.

STEP 2: “Matchers” visit www.MatchSavings.org, choose which savings objectives they want to match and make a U.S. tax-deductible contribution of any amount.

STEP 3: Savers who complete the six-month savings period receive goods or vouchers related to their savings goal for the value of their deposits plus the match. A portion of savings remains in their account as their membership share in the credit union. The group then has the opportunity to convert to a *Semilla Cooperativa* group, where they can continue to make savings deposits and gain access to additional financial services including loans and insurance.

Voice from the Field

“WOCCU’s MatchSavings program gave the credit union the opportunity to enter very poor communities and begin providing access to financial services by offering savings first, which is less risky for the credit union than loans. By saving on a monthly basis, the participants build a financial history and become eligible for other financial products. In the long run, Caja Yanga’s initial investment will pay off as new members access more financial products, including loans, and encourage others in the community to join the credit union.”

Nelida Cordova Martínez, Caja Yanga Assistant Operations Manager

Implementation Framework in Mexico

In October 2008, Caja Yanga was the first credit union to launch MatchSavings in marginalized and rural communities of Veracruz. After two rounds of implementation with Caja Yanga, WOCCU introduced MatchSavings to Caja Zongolica credit union in May 2010 in order to expand outreach to the coffee-growing, indigenous region of Zongolica in Veracruz.

The two participating credit unions covered the on-the-ground operational costs of MatchSavings. With support provided by USAID’s FIELD-Support LWA, WOCCU and its Mexico program covered the costs of monitoring and collecting saver testimonies. Matches were funded initially by donations made to WOCCU’s Worldwide Foundation and later by individual matches through www.MatchSavings.org.⁷

At the end of 2010, WOCCU determined that it did not have the financial and personnel capacity to support additional rounds of implementation beyond June 2011. The WOCCU program in Mexico was coming to a close, and the money raised through MatchSavings.org was insufficient to support the operational costs associated with the program.

MatchSavings Results

From October 2008 to June 2011, Caja Yanga and Caja Zongolica credit unions introduced MatchSavings to 31 highly to very highly marginalized communities through ten credit union branches.

There were 579 previously unbanked participants who enrolled in MatchSavings and completed their six-month savings goals. After completing the program, all MatchSavings groups elected to become *Semilla Cooperativa* groups and commit to continue making monthly deposits. On average, individual members now commit to saving at least 50 to 100 pesos (approximately US\$4 to \$8) every month and have access to other financial services in their community.

MatchSavings Snapshot

- 2.5 years
- 4 rounds of implementation
- 2 credit unions with 10 branches
- 31 communities
- 579 new savers achieved their goals
- 96% of participants continue to access credit union financial services

⁷ Contributions made by individuals through the website went directly to the Worldwide Foundation for Credit Unions and were U.S. tax-deductible. Funds were then transferred to the local WOCCU development office in Mexico. Once the program office received confirmation that the savings requirements had been met, the matching funds were transferred to the credit

unions for distribution to the savers.

Voice from the Field

“We’ve tried saving before, but we’ve never been able to. Now the more we get into it, the more excited we become, and we want to continue saving to improve our future.”

Lorenzo Xocua, leader of a 23-member MatchSavings group in the remote mountain community of Miahuatlán

Following the success of the adult program, the community in Miahuatlán saw an opportunity to extend this service to the schoolchildren there. Of 200 students between the ages of 7 to 12, 70 joined the youth savings program and began making individual deposits of 70 pesos (approximately US\$6) per month.



Analyzing the Effectiveness and Potential of MatchSavings

After the first two rounds of MatchSavings, initial results concluded that the program had been instrumental in bringing the unbanked poor into the financial sector. However, WOCCU wanted to gain a deeper understanding of the program’s short-term perceived impact among participants as well as evaluate ways to improve the effectiveness and efficiency of the program to increase the potential for long-term impact.⁸

WOCCU hired local microsavings and financial inclusion experts Mary O’Keefe and Pilar Campos to carry out the research in 2010, covering the first two rounds of program savers through Caja Yanga credit union.⁹ In round one, 117 pilot savers were reviewed 13 months after having received their match and graduating from the program. Round two resulted in 140 participants who had recently completed the program at the time of the research, having received their match in April 2010.

Researchers carried out in-depth interviews with 30 total participants from both rounds who represented a cross-section of gender, age and savings objectives and reviewed and analyzed participants’ deposit history from the credit union database. In addition, researchers interviewed credit union managers and field officers of the participating branch offices and carried out four focus groups with 12 non-participants each to understand how the program was perceived among the participants’ neighbors, family members and friends.

⁸ In the absence of baseline data and a control group, WOCCU evaluated perceived impact rather than the impact of the program.

⁹ See the resources section at the end of the document for additional works by the researchers.

Research Findings and Recommendations

Overall, the research confirmed WOCCU's MatchSavings program was an effective introduction to the financial system and formal savings services. MatchSavings participation and consequent credit union affiliation opened access to other financial products, particularly access to credit for housing, medical needs, education and business. Researchers found that the costs associated with fulfilling a particular housing, microbusiness, education or healthcare goal frequently exceeded the amount of savings and match feasible for a six-month period. Despite not always being able to cover the complete cost of the identified goal, savers could still make the link between the habit of saving and their end goal.

Researchers analyzed the MatchSavings goals, which were: 1) attract people to formal **savings** products and services; 2) bring the poor into the **financial system** where they could access an array of financial products to meet their economic needs; and 3) build financial, physical and human **assets**. Specific findings and recommendations are presented in the sections below.

Savings

An important goal of MatchSavings was to educate people living in poverty about the benefits of saving and offer them an incentive to get started. Researchers sought to understand whether the program had succeeded in increasing the capacity of participants to plan for savings and helping them create a savings habit.

When discussing savings, it is important to note that everyone—regardless of income level—has a system for accumulating sums of money to fulfill daily and cyclical financial obligations, take advantage of productive opportunities and respond to emergencies (see text box on p. 9 for an overview of traditional savings habits). However, the poor often face uncertainty, emergencies and variable incomes that lead them to short-term, low-volume savings cycles in order to meet their immediate needs. They are often outside the reach of safe savings services that could address these needs, making it especially more difficult for them to develop long-term, higher-volume savings habits to build their assets. While MatchSavings did not *teach* the majority of participants to save, it gave them the opportunity to enter the formal financial sector where ongoing savings habits were encouraged and savings and other investments would be better protected.



Snapshot: MatchSavings Community

Nuevo Jacal is a small community located at 3,040 meters (9,973 feet) in the mountains of Calchualco municipality. It is situated on the way to Orizaba Peak, the largest mountain in Mexico, where the climate is often cold and windy. The community has electricity and water, as well as dirt roads without sidewalks or drainage. There is an elementary school in the village, and the secondary school is a 30-minute walk from the community. A small medical office is open twice weekly, but it doesn't have any medicine, labs or attending areas for births. Just three houses and the church are made of concrete walls and roofs. All other houses are made of wooden planks, sheet metal roofs and dirt floors. Members of the community were initially skeptical of MatchSavings.org because they had experienced fraud from others who had come to the community to collect savings and never returned. Caja Yanga was the first formal financial institution to enter the community. It takes about an hour on public transportation to reach the community from the credit union branch in Coscomatepec.

Specifically, researchers found that the vast majority of participants exhibited positive savings practices after finishing the six-month program. Of the first-round savers that had completed MatchSavings, 99% (116 of 117) had continued to save in *Semilla Cooperativa* groups in which they set their own monthly voluntary savings goal. On average, participants made ten deposits over the year and deposited US\$9/month. They had saved approximately US\$15/month during the six-month MatchSavings program. Researchers found that MatchSavings had enormous potential to drive household development, stimulate the accumulation of important sums of money by offering an incentive, and at the same time generate savings habits through local efforts and management. However, it is too early to determine whether the initial monthly savings practices will result in long-term savings habits.

Beyond specific asset-building goals, researchers found that other motives for continuing to save, including building a sufficient reserve to apply for a loan or meeting the monthly savings goal established by the *Semilla Cooperativa* group (in some cases perceived to be mandatory rather than voluntary), may have influenced monthly savings practices.

Industry research has shown that the following factors play a role in reinforcing savings habits (discussed further below): security of deposits, the ability to make frequent transactions, an understanding of money management strategies, and a financial structure that takes into consideration how much people can realistically save. Researchers used this framework to analyze MatchSavings and the services provided by the credit unions through *Semilla Cooperativa* to assess the program's potential for instilling long-term savings habits:

- **Security of deposits:** MatchSavings participants perceived that their savings were more secure in Caja Yanga compared with a range of other options that did not elicit the same level of confidence (See text box on p. 9 for an overview of some of these options).
- **Access to frequent deposits and withdrawals:** Monthly visits to the community limited the members' ability to make more frequent deposits and withdrawals. Any additional deposits and withdrawals must be made at the branch office, which requires time and additional money to cover transport. Local branches have been analyzing potential technological solutions and/or modifications in operating procedures to address this challenge.
- **Understanding money management strategies:** Since field officers visited several communities in one day, they had limited time and resources to provide financial education related to financial planning and the benefits of accumulating significant sums of money through savings.
- **Appropriateness of required savings amounts during MatchSavings:** Participants were required to save a standard amount, making it challenging for those who depended on variable or seasonal income common in agricultural communities. Researchers found that the amount people could realistically save on a monthly basis varied by community, gender, and time of year, the typical amount being 50 pesos per month (up to 400 pesos) compared to 200 pesos required by the program. In some cases, researchers found that participants employed strategies beyond saving to meet the monthly deposits so they

Voice from the Field

Mrs. Eustolia's neighbor tried to convince her to join Caja Yanga credit union years ago, but her husband would not let her at the time. After her husband died, Eustolia was invited to join a microfinance institution so that she could get a loan. She didn't like to depend on credit as her only source of financing, so the invitation to join MatchSavings was just what Eustolia needed.

could take advantage of the 900-peso match incentive. These included selling livestock or borrowing from friends, family or others, sometimes at a high interest rate, to fulfill the savings requirement. Some participants also noted that it would be easier to save weekly than monthly.

It is also important to note the role that specific financial institution requirements play in their clients' ability to accumulate sums of money. Specific to Caja Yanga rather than the MatchSavings model, savers were enrolled in a mandatory life insurance program for members called PROFUN.¹⁰ When a credit union member died, each member contributed two pesos into a fund for the deceased member's beneficiaries. PROFUN was attractive to some savers, especially older participants, since few people in Mexico have life insurance; however, this regular "right and responsibility" of credit union members implied a recurring albeit unpredictable cost that was much more onerous for newer, poorer credit union members. When the fund was originally designed, Caja Yanga had significantly fewer members and the frequency and amount of deductions were significantly lower. Caja Yanga membership has grown approximately 10 times over the past few years; as a result, the amounts deducted can have a significant impact on the accounts of the very poor and actually discourage savings.

Recommendations

To overcome some of the potential limitations to promoting longer-term savings habits, the researchers recommended that WOCCU, credit unions, and other financial institutions interested in launching matched savings programs consider the following:

- Allow flexible savings requirements to account for income cycles and to ensure that deposits come from savings and not another source;
- Time the program start according to each community's income cycle and try to avoid entering a community during times of low economic activity when the proposed savings objectives would not have the same reception or impact; (Note: this was not an issue in the first two rounds of MatchSavings implementation)
- Analyze existing financial products and whether they may have adverse effects on small savers; and
- Incorporate an educational component related to the benefits of financial planning in order to accumulate significant sums of money for savings.

Implementation of these recommendations should be based on the results of a cost-benefit analysis.

¹⁰ The other MatchSavings implementing credit union, Caja Zongolica, did not have the mandatory life insurance product.

Understanding Traditional Savings Habits

Researchers sought to understand the key perceived differences between traditional forms of savings and formal savings through MatchSavings. They also identified traditional savings characteristics that could be incorporated into a matched savings program or financial product development for the target group. Researchers have incorporated some of their findings into recommendations throughout this report while some are presented here.

MatchSavings savers traditionally saved through **tandas** (rotating savings and credit groups), in **livestock** or **in their home**. Participants considered all of these strategies insecure, in contrast with their perception that Caja Yanga kept their money safe.

Transactions associated with traditional savings are often small and short-term. On average, **tandas** last for 10 weeks and, in contrast to MatchSavings, require weekly deposits. Few MatchSavings savers were involved in **tandas** because they required a consistent source of income, which many people did not have. Focus group participants (community members not involved in MatchSavings) said they preferred not to join **tandas** because they were worried about being able to make the required weekly payments. The concern about not having a consistent source of income also impacted MatchSavings, which requires fixed deposits and terms.

When saving in **livestock**, the average term is between three and six months. There is no fixed amount or time period, but both are known to be small. Many prefer the flexibility livestock offers, which lie in contrast with the monthly deposit and term restrictions of MatchSavings.

The most significant characteristic of traditional savings is **small and frequent deposits and withdrawals** that lack the conditions for accumulating important sums of money. These small transactions are primarily related to regular income from a government program and income generated through remittances sent by family members who have migrated in search of better economic opportunities. In this regard, the savings mechanism and match provided by MatchSavings offers value for the participants in that they can accumulate larger sums of money more quickly than through traditional means.

Focus group participants also cited **celebrations**, primarily religious in nature, as an important motive for saving. Community members consider it an honor to be the master of ceremonies of these fiestas. However, this position requires large amounts of savings in cash and goods.

In addition, when getting married, it is common for one of the families to give the couple a piece of land. With limited purchasing power, the new couple buys housing materials little by little and builds the house as resources become available. This is a constant form of **saving to build the house over time**.

Finally, researchers found that participants primarily took loans from money lenders at interest rates up to 20% per month and with variable terms. Loans with the longest terms, and those that had adverse effects on household assets, were related to healthcare.

Financial Inclusion

As highlighted throughout this report, the MatchSavings program was designed as a tool to bring the poor into the financial system where they could access an array of financial products to address their various economic needs. Effective financial inclusion implies a relationship between the amount of savings regularly amassed and the timing and access to an array of financial products to do so. In this context, the researchers sought to understand MatchSavings participants' perception of various credit union products (specifically savings and credit) at their disposal and any experience they had using the products or their plans to use them.

- **Use of other financial products and services:** In addition to 99% (116) participants continuing to save one year after completing the program, 60% (71) first-round savers had applied and received a loan. Of these, 20 obtained a second loan, and two members had received three separate loans. Average loan amounts (US\$600) were about half of the amount that other credit union members had requested, suggesting that MatchSavings was reaching people of lower economic means. Of the 140 second-round participants, 24% had requested a loan within one month after they completed the program. Furthermore, one saver's family benefitted from the credit union's life insurance product.

A small subset of participants, 10% (11 people), took full advantage of the financial products and services available to them by taking out loans, withdrawing money and making regular deposits. Researchers noted that this group most represented the aspects of financial inclusion and had been most impacted by the program in the short-run.

- **Perception of formal financial services:** Researchers found MatchSavings participants viewed savings-related goals in new ways. Participants who had been accustomed to saving in traditional ways were seeing the benefits of saving formally in the credit union. Many participants noted the added benefit of credit union membership, being able to access more affordable loans to meet their needs for larger sums of money.
- **Potential barriers to financial inclusion:** In reviewing the appropriateness and accessibility of other credit union products for MatchSavings participants, two issues arose that have already been addressed in the savings discussion. The first was a credit union-specific product, Caja Yanga's mandatory life insurance. The members' inability to control or predict the amount deducted from their savings accounts in the event of another credit union member's death acted as a fee for savings and could discourage deposit-making.

The second issue, not product-specific, was related to the community outreach model. Apart from deposits, the majority of financial transactions needed to be done in the branch office since the field officers' risk of carrying money over long distances limited how much could be done in the community. This situation increases the cost of a transaction for members and consequently reduces the absolute number of transactions they perform. The importance of this issue lies in recent studies that have confirmed the role of transactionality (repeated deposits and withdrawals) in effective financial inclusion.

Voice from the Field

"I feel stronger, happier and more secure," explained Mariano, 32, a MatchSavings participant. Mariano had previously borrowed 6,000 pesos at an interest rate of 10% per month from an informal lender. He said that he would have joined MatchSavings even without the 900 peso match incentive in order to gain access to credit at much lower interest rates. "The program is very good."

Recommendations

Researchers recommended that credit unions and other institutions interested in promoting financial inclusion in rural communities seek alternatives for increasing the availability and frequency of financial transactions that can be carried out in the communities.

In recent years, WOCCU has been working with Mexican credit unions to introduce point-of-sale (POS) devices to businesses in local communities. These devices have the potential to enable credit union members to access their accounts during business hours in their community rather than just once a month with the field officer.

Asset Building

WOCCU's final goal for MatchSavings was to help participants build physical, productive, and human assets faster than they would have been able to on their own.

Researchers sought to understand the role the savings objective played in improving assets as well as how participants perceived the improvements in relation to their efforts to save.

As highlighted previously, researchers found that the main benefit of the program for the previously unbanked participants was not in creating an asset for housing, business, education, or healthcare but in successfully breaking the barrier of entry into the formal financial sector. The positive feelings participants expressed regarding MatchSavings stemmed not from the selected savings goal or incentive, but rather from having completed something and knowing they would be able to address a need that had been identified by their participation in the financial system.



José, 23, used milk cartons to insulate the wooden plank walls of his one-room home in the mountainside village of Nuevo Jacal. He chose to receive his savings and match in cement blocks so that he could begin building a new, warmer home for his family of five.

A Look at Specific Savings Goals

While housing and microbusiness were the most popular savings objectives, healthcare and education were noted as the most important concerns in the households interviewed. The prevalence of saving for housing goals, and to a lesser degree microbusiness, was related to the program design—WOCCU's strong preference for providing the match in goods.

Participants saving for standard housing materials or inventory for small community grocery stores benefited the most economically and in building their physical assets. They were able to get better, often wholesale, prices for their goods and have the costs covered for transport, usually paid for by the credit union. However, those who had specific construction needs, for example porches or doors, or needed more expensive inventory for specialty stores, were unable to secure discounts on bulk goods.

In addition, researchers found that while the amount of the match (900 pesos) usually was not enough to completely fulfill the identified needs, it was helpful.

Recommendations

To increase the program's impact on helping participants build assets, researchers recommended the following for MatchSavings, which can be applied to other organizations considering similar programs:

- Train field officers to discuss with potential participants that while the match may not be sufficient to completely fulfill a goal, it is a step in bringing the saver closer to achieving his/her goal;
- If the goal is to help savers completely fulfill a need, evaluate the possibility of extending the length of the program to give participants an opportunity to accumulate more savings (WOCCU found that some participants thought the six-month period was already too long); and
- Consider distributing the match in cash to better address healthcare and educational needs. WOCCU had chosen to distribute matches in goods to maintain accountability with program donors/matchers.

Additional Findings and Recommendations

WOCCU and the researchers documented other lessons learned related to program operations and implementation that could be applied to similar matched savings programs.

- **Field Officer Role and Workload.** Both WOCCU and the researchers found that the credit union field officers were critical to successful implementation of MatchSavings. Savers who were interviewed showed appreciation for the field officers; they had demonstrated dedication, flexibility, good judgment and empathy in administering the program. However, the role of the field officer was very extensive, covering everything from recruiting participants, forming groups and collecting monthly deposits to finding products at a good price to provide the matches in goods and then following up with savers to report on how the match was used. This intense workload could lead to inconsistent understanding of the program among participants, limited time to educate participants on financial services and potentially high turnover. Field officers also carried the additional risk of transporting sometimes large sums of cash with little physical security.

Balancing the responsibilities and risks of field officers is an ongoing challenge for financial institutions focused on taking financial services to clients in their communities. Seeking ways to reduce their workload and risk should be carefully considered in designing and implementing similar programs. To address these challenges, WOCCU has been working with credit unions to introduce personal digital assistants (PDAs) to reduce the time it takes for field officers to conduct transactions and upload information to the credit union. In addition, POS devices are being installed in some rural businesses to connect the community to their credit union on a more frequent basis. Eventually, this will also allow field officers to deposit money through the POS rather than carrying it back to the credit union.

- **Participant Selection.** Participant selection was critical for WOCCU to ensure that MatchSavings was offered to those with the greatest economic need who otherwise may not have entered the formal financial system without the incentive. Only new savers—those who had never had a formal savings account—were eligible to participate. After the pilot round of MatchSavings, WOCCU introduced a participant selection tool to further refine the selection criteria. While participant selection did improve, researchers found that the field officers did not always apply the selection tool consistently and recommended that WOCCU further develop the selection tool to reduce the potential for subjectivity.

- **Participant Stories.** Matched savings programs require a donor to provide the match, whether supplied by governments, NGOs, foundations or individual donors, as was the case for MatchSavings. Individual donors want to see accountability, which can come in part from participant testimonials. For WOCCU, a key challenge was getting timely, complete, and compelling participant stories from the implementing credit unions to keep the website and individual donors updated. To help guide the process, WOCCU created standardized forms for the field officers to capture stories more efficiently and also revised the credit union's contract with WOCCU to outline these responsibilities more clearly.
- **Match Distribution.** At the end of the six-month program, WOCCU found that it was important to be present during the match deliveries to monitor distributions. Match deliveries required a fair amount of coordination and during the distribution, the credit union and WOCCU verified account balances and contracts between the vendors and the credit unions as well as the credit union and savers. WOCCU found that efficiency could be improved at the credit union level by providing electronic forms for the match delivery rather than completing them by hand, which happened at one branch office.

Conclusions

While researchers identified improvements that could be made to program design to boost the effectiveness and efficiency of the program, they also found that WOCCU's MatchSavings program had enormous potential to drive household development, stimulate the accumulation of important sums of money by offering an incentive and at the same time generate savings habits through local efforts and management. MatchSavings worked in communities that experienced significant uncertainty; this newfound access to formal financial services would definitely play a role in helping households build for the future and better prepare for unexpected emergencies.

Researchers also suggested that WOCCU and other organizations that pursue similar programs consider investing in youth, especially those between 20 and 24 years of age who are the most excluded from the financial sector. Capturing youth and promoting savings and other financial products at the beginning of their productive years could positively affect the generational impact on their children.

Finally, sustainability for matched savings programs outside of government-run programs has been an ongoing challenge. WOCCU sought to overcome this challenge by capturing savings from individual donors through an online platform similar to those that had been successful for microlending. While WOCCU was not able to raise sufficient funds to promote ongoing sustainability on its own, lessons from MatchSavings related to program design and implementation will be useful for other NGOs, donors and governments interested in exploring matched savings as an asset-building approach to bringing the poor into the financial sector.

Resources

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