

Linking Informal Savings Groups to a Formal Financial Institution

The Experience of Mwanga Community Bank in Tanzania

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Acronyms

CBT Community Based Trainer
FSP Financial Service Provider
MCB Mwanga Community Bank
MCF Mastercard Foundation
MFI Microfinance Institution
MNO Mobile Network Operator
POS Point of Service (device)
SACCO Savings and Credit Cooperative

SG Savings Group
SMS Short Message Service
TSP Technical Service Provider
UNCDF United Nations Capital Development Fund
VICOBA Village Community Bank
VO Village Official
VSLA Village Savings and Loan Association

Executive Summary

Tanzania's Mwanga Community Bank (MCB), a regional bank serving the Kilimanjaro region, received funding from UNCDF's MicroLead programme to link informal savings groups (SGs) to the regional bank. Even though MicroLead funding and technical assistance ended in 2017, the bank continues to expand its work with informal groups. This case describes MCB's group linkage process utilizing agents and a mobile network.

Introduction

Abby Ghuhia, MCB's Managing Director, was determined to make MCB "the bank owned by the people"—serving the people in his community, regardless of their income.

Though the number of banked people in Tanzania is on the rise,¹ many remain excluded because of distance, high fees and limited financial capabilities. With financial support and guidance from MicroLead and the technical assistance of international NGO CARE, Mr. Ghuhia identified savings groups (sg) as a way to reach previously unbanked populations. By incentivizing bank linkage among SGs through lower fees and more accessible services, MCB aimed to expand access to finance for everyone in the Kilimanjaro region. However, there were problems with the initial structure of the programme, where CARE employed a franchisee model to create SGs².

“ MCB made changes to the programme and were confident that problem, at least, was solved. Could they make SG linkages work for the bank and for its clients? ”



Savings Group Members

¹ Between 2013 and 2017, the percent of Tanzanians who have accessed commercial bank services rose from 14% to 16.7%, according to the 2017 FinScope survey. See: Insights that Drive Innovation, FSDT. September 2017. <http://www.fsd.or.tz/finscope-tanzania-2017-insights-drive-innovation/>, pg. 42

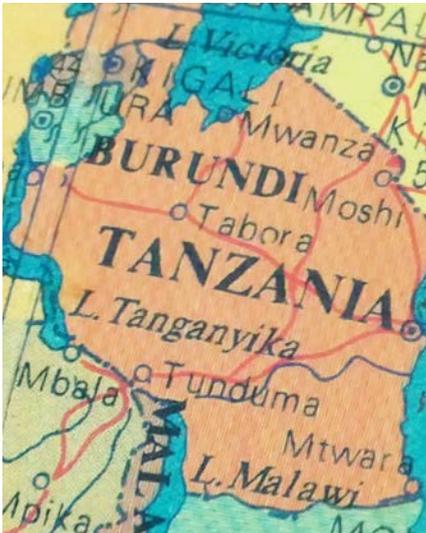
² See UNCDF MicroLead Partner Case Study Series: The Franchisee Model for Savings Groups, CARE Tanzania and Mwanga Community Bank, November 2017, <https://uncdf-cdn.azureedge.net/media-manager/82575>

The Project

MCB is a small regional bank that operates in six districts in Tanzania's north-eastern Kilimanjaro Region. MCB is one of the banks pioneering products and services for SGs in the region.

In 2012, MCB identified the need for a unique mechanism to reach Kilimanjaro’s lower-income, rural populations. After meeting CARE International at a financial inclusion conference, the two decided to collaborate. Between 2013 – 2017, UNCDF’s MicroLead programme supported a project with MCB and CARE to link SGs created and trained by CARE to the bank. With the overall objective of increasing financial inclusion, the project expected to link 2,000 SGs (representing 48,000 individual members, approximately 70% of whom would be women) to MCB over a five-year period.

Table i
Tanzania at a Glance

	Capital	Dodoma
	Population	53,950,935
	Total area	947,300 sq km.
	Agricultural area	43.7%
	Currency	Shilling
	Inflation rate 2016 (est)	5.25%
	GDP per capita, PPP (2016)	USD 3,100
	Population below the poverty line (2015 estimate)	22.8%
	Life expectancy	62.2 years
	Literacy rate	77.9%
	Human Development Index Rating	151

Sources: CIA World Factbook and UNDP Human Development Report 2016. Acronyms: GNP, gross national product

The project was designed to respond to Tanzania’s staggeringly high levels of financial exclusion, which at the time of project design, saw 83% of the population without access to formal or semi-formal financial institutions, and just 6.8% of the rural population with a bank account³ - despite there being 30 commercial banks and close to 50 MFIs operating in the country. Trends show that poor infrastructure and market penetration make it particularly difficult for women to access financial services, especially in rural areas.

Using a franchisee model – a model that uses local entrepreneurs trained in CARE’s SG methodology to work with, establish, and support SGs – the pilot aimed to link 2,000 SGs to MCB. However, CARE eventually ran into problems. Their incentive structure was such that community based trainers (CBTs) created ghost groups, inflating SG numbers in order to receive larger compensation. They also saw inconsistency in training of CBTs that led to incompatible results. Ultimately, due to many challenges throughout the programme, and after several changes to the structure of the programme, CARE successfully facilitated the linkage of 1,000 SGs (approximately 24,000 members) to MCB, half of the project’s original target. Although the programme did not reach all of its targets, it did make significant strides in savings mobilization. Since the MicroLead programme with MCB and CARE TZ concluded in March 2017, MCB has continued linking informal groups to the bank, using the model fine-tuned by CARE. However, because of natural dissolution, difficulties with retention after payout, and account dormancy, not all groups initially formed under the programme remain active.

³ FinScope Tanzania, FSDT. 2013. <http://www.fsd.or.tz/wp-content/uploads/2016/05/FinScope-Brochure-2013-Summary-2.pdf>

The Linkage Process

To link SGs to the bank, MCB hires community-based trainers (CBTs) to either find existing groups or form new groups and help them with the linkage process.



**A CBT RECEIVES
PAYMENT EQUIVALENT
TO 0.5% OF THE
AMOUNT OF THE
DEPOSITS**

A CBT is paid through his/her MCB account and receives payment equivalent to 0.5% of the amount of the deposits from the groups for which they facilitated a linkage. CBTs are paid monthly depending on the deposits mobilized, meaning that CBTs will not make money if their group decides to withdraw all its funds from its MCB account. To identify groups, CBTs often work closely with village officials (VOs). One CBT reported obtaining a timetable from the VO and personally visiting each group, making his pitch for the importance of bank linkage. Another reported asking the village executive office to introduce her to groups willing to link. Once groups are identified, the MCB team with the support of the CBTs build capacity in the groups through financial education,⁴ with specific regard to savings, budgeting, and recordkeeping. Groups often receive additional education on subjects such as gender issues and sexual and reproductive health. CBTs and MCB officers then help SG members through the multi-step process of opening a bank account (*detailed in Box 1*).



A Savings Group Meeting

After the bank has confirmed receipt of all required forms, the SG opens a joint bank account. While the initial idea was for each individual member to also have an account, most SG members do not have individual accounts, instead choosing to save through the group. When prompted as to why they did not have an individual account, group members stated that they were from low-income areas and did not believe they had enough to save. Nevertheless, MCB has taken steps to ease the process of opening accounts for individuals that already have a linked group account, taking group membership as proof of legitimacy in lieu of the otherwise mandatory letter of introduction from a VO.

⁴ MCB generally finds professionals with subject matter expertise if the topic is not within MCB's purview.

Once an account is opened, SGs can deposit or withdraw from their account through three different channels, each with their own benefits and drawbacks: 1) physically going to the bank, 2) transacting through Vodacom's mobile money service, M-Pesa, and 3) visiting one of the agent banking sites.

Group

To open a group account requires several documents (Know Your Customer requirements):

- I. One of the following forms of ID from each of the account holder's three signatories:
National ID; Passport; Driver's License; or Voter ID;
- II. Three passport-size photos, one from each account signatory;
- III. Copy of SG constitution;
- IV. Group minutes; and
- V. An introduction letter from a village official.

MCB is unique among Tanzanian banks in that they allow signatories to use their Voter IDs, which allows the bank to reach more people, since 83% of adults have a Voter ID while only 9% have a National ID, 5% have a driver's license, and 2% have a passport. However, though MCB has taken several steps to ease the process by providing a standard form for the introduction letter and photo taking services for the signatories, the process remains burdensome for some groups.

Signatories are chosen by the group and must be gender balanced – i.e., there cannot be three male signatories – there must be at least one woman.

Also unique to MCB is their agents' ability to open an account in the field. Rather than requiring that SGs visit the physical branch, MCB deploys agents to the groups, giving them the necessary supplies to help groups open accounts on the spot. For example, agents are equipped with cameras and portable printers so that account signatories can easily obtain passport-sized photos. Groups pay MCB for this service through a flat fee (included in the account opening fee).

Individual

Once a SG has opened an account, the process for individual group members to open their own individual account is expedited. To open an individual account, the group member must provide:

- I. One of the forms of ID mentioned above; and
- II. Confirmation of legitimacy from SG leader.

MCB eased the account opening process for group members in order to incentivize individual account opening, but in practice, few members operate individual accounts for reasons that will be discussed later.

Box 1: Opening a Group Bank Account at MCB

I. Visiting the Bank

Physically taking the money to the bank avoids fees, but requires transportation to/from the bank/bank branch, which comes at a cost (financial as well as time) to the customer. Additionally, transporting money over long distances, especially using public transit, increases the risk of theft. Though MCB's guidelines suggest that two group members should be present when depositing at the bank, it is common for one person to go alone. While this lessens the transportation cost, it opens up the opportunity for an individual to take a portion of the group's money with no accountability.

II. M-Pesa

To transact using mobile money, SGs do not require a combined mobile money account in addition to their individual accounts. One of the MCB account signatories, whose phone number is linked to the bank account, simply transacts on behalf of the group, noting that the transaction is for the group account at MCB. Only group account signatories can use the mobile banking service to ensure the bank account's security. While each mobile network operator (MNO) operating in the region allows customers to deposit funds, at no cost, into their mobile money wallet, Vodacom, the largest operator in the region, is currently the only MNO that allows MCB members to withdraw funds through the platform. Customers that use other operators must physically visit a branch or MCB agent if they wish to withdraw funds from their bank accounts. Even then, SG members are charged a fee by the MNO when cashing out. Vodacom had initially waived these fees for MCB-linked SGs, but later reinstated them. MNOs make money from the fees imposed on customers, with MCB assuming none of the cost. It is thus in the bank's best interest to expand mobile banking operations, since costs for doing so are negligible, and profits are all but certain. Eventually, MCB hopes to work with all major mobile network operators in the region.

Despite the widespread use of mobile money among SG members, their use of mobile *banking* is fairly limited.⁵ While nearly 100% of group members MicroLead interviewed used mobile money, only three out of over 50 members interviewed used mobile banking services. There is also no SMS-based notification system in place for the mobile banking transactions – this lack of transparency has contributed to low uptake.



One of MCB's Agents with his Shop

⁵ Mobile money is a technology that allows people to send, receive and store money using a mobile device. Mobile banking is a service provided by a financial institution that allows customers to transact remotely using a mobile device.

III. Agent Banking

MCB is a community bank, meaning that unlike Tanzanian banking giants NMB and CRDB, MCB has only two branches and three service outposts. As such, access remains a large barrier for the community bank. To combat this, MCB introduced an agent banking pilot in mid-2017. Used for both lending and savings collection, Point of Sale (POS) devices allow MCB customers to access their accounts through their local agent (typically a small shopkeeper). There are no costs to become an agent, and agents are paid by MCB based on the number of transactions handled by the agent.

Foreseeing challenges with liquidity, MCB provides a float to agents. This float is particularly useful when handling SG shareout⁶, since this can often mean transactions of one million or more shillings. The agent simply ensures that SG leaders inform him/her one day prior to shareout so that s/he has time to secure the float.

Since the pilot began in July 2017, five agents are operational. One agent MicroLead spoke with averages 40 transactions per week. “I wanted to become a MCB agent because of customer demand in the area. They come to me, I don’t have to advertise,” the agent explained. Though only three agents are currently active, the initial results are promising, and there are plans to scale up first in Mwanza and Moshi, and then throughout the Kilimanjaro region.

For agent banking, MCB must initially invest to train agents, purchase the POS, and register each agent with the Bank of Tanzania (the central bank), as well as incur costs associated with maintaining the hardware. However, MCB believes the investment will pay off as the programme expands and more SGs and individual SG members use MCB agents to deposit funds. Customers, on the other hand, assume zero cost of agent banking, making it an increasingly attractive option as agents become more prevalent.

Management of Linked Groups

Once groups are linked, MCB continues to provide services for the group – facilitating trainings and mediating any conflicts between group members – via their CBTs and bank officers. Post-training, CBTs continue to visit the groups, some as often as once every two weeks, but more commonly every two to three months. During these visits, CBTs ensure proper protocol is being followed and conduct additional trainings if necessary. MCB officers also visit the groups in person, visiting each group every two to three months to answer questions, ensure that groups have adequate financial education, and discuss the loan process with interested groups. This requires significant time and dedication from the MCB staff, and Mr. Hamisi Chimwaga, MCB’s Operations Manager, highlights it as a fundamental challenge, “Even with streamlined processes, staff oversight still requires lots of time and resources. It is a strain that we must manage.”

In general, however, group oversight depends both on the availability and dedication of the CBTs and MCB staff members and the type of group that is linked. Each type of SG has different structures and protocols that affect how they govern, operate, and save. Box 2 details the different types of groups linked with MCB and discusses their implications.

⁶ Groups “shareout” (disburse all their saved funds) to members on average once a year. However, some groups may shareout after longer periods or only shareout accumulated interest.

Savings and Credit Cooperative Societies (SACCOs): The target of the first iteration of group products, SACCOs are large groups, predominately comprised of men, that are officially registered and authorized to take deposits from and lend to their members. However, because of weak credit administration and governance practices, and lack of restrictions on group size, loan repayment is generally poor. As such, MCB has shifted its focus towards groups with stronger methodologies. Currently, 20 SACCOs bank with MCB.

Solidarity Groups: Solidarity groups consist of five to eight microentrepreneurs who form a group with the primary purpose of receiving credit. These groups are organized under local Community Centers, which are run by a single leader. Generally, between five and ten groups meet under one community center; the centers serve as a convenient meeting place for these groups. Because of the decentralized power structure and often short repayment schedule, loan repayment is difficult, especially when groups lack a peer pressure mechanism. 125 solidarity groups are linked to MCB.

Village Savings and Loan Associations (VSLAs): With more than 600 linked groups, VSLAs represent the type of group with the largest presence in MCB, utilizing a group savings model developed by CARE. Many bank managers and CBTs prefer working with VSLAs because of their strong methodology. Membership is limited to between 15-30 members, and groups meet on a weekly basis. This allows for more simplified monitoring and evaluation. They also have the most rigorous financial education training of the groups, resulting in improved outcomes.

Village Community Banks (VICOBAs): Like VSLAs, VICOBAs have significantly better repayment rates than Solidarity Groups and SACCOs. However, while VSLAs meet every week and shareout every year, VICOBAs sometimes meet as infrequently as once per month and graduate every 2+ years. While MCB treats VICOBAs and VSLAs as one and the same, the aforementioned difference can significantly alter the outcomes of these groups, with CBTs expressing a preference for VSLAs. Nearly as many VICOBAs as VSLAs are linked with MCB – just under 600 groups.

Box 2: Types of Linked Groups and their Saving Habits

According to Mr. Chimwaga, the most obvious indicator of success is not the type of group, but the group's location. "People in Moshi save well, better than Mwanga. And the people in Mwanga save better than those in some other areas." In other words, the local economy largely dictates the success of the groups – groups in lower-income areas do not perform as well. Even at a group level, the value of shares varies from region to region.



A MCB Loan Officer speaking with members of a Savings Group

Project Challenges

Supply-side

Distance

Distance from services continues to be a fundamental barrier for many SGs. Because MCB has only two branches, many groups live far from the physical branches. In addition, only three MCB agents are operational. Until MCB's agent banking programme has reached scale, distance will remain an issue.

Infrastructure

Even with attempts to facilitate access to finance through alternative delivery channels such as mobile money and agent banking, access to services proves difficult due to infrastructure challenges. Banking agents occasionally experience issues transacting with the POS because of power outages or network connectivity issues. When we visited one agent, the power was out. The agent had to turn down customers who came to transact, adding yet another barrier.

Incentives

Despite lessons learned from the UNCDF MicroLead programme, MCB still faced challenges with the incentive structure for CBTs. After the programme with CARE ended, MCB temporarily stopped compensating the CBTs. This had measurable consequences. According to Mr. Chimwaga, between March and September 2017, the bank saw a significant change in both rate of linkage and group performance. The linkage process became lethargic and CBTs began visiting groups less and less frequently. It also led to an increase in group account dormancy. To address this problem, beginning October 1, 2017, MCB implemented a new incentive structure for the CBTs. Rather than the flat-rate payment system used by CARE, CBTs now receive 0.5% of all deposits they bring into the bank. This serves to incentivize CBTs while still preventing the earlier problem of overinflating figures.

Fees

With each new innovation comes new challenges. One such example is the fee charged to SGs by MNOs on mobile money transactions. Though MCB charges no fees for mobile transactions, the fees charged by Vodacom alone are enough to disincentivize groups from using the service. For every 1 million TZS cashed out, Vodacom charges 8,000 TZS, which for a SG can be a large burden. Find the M-Pesa Fee Schedule in Annex A.

Demand-side

Information

Even when access to formal banks was not a challenge, group members perceived it as one due to lack of information. Lack of information is an issue that permeates throughout the project. In one instance, MicroLead spoke to one of the operational bank agents.

Mwanga Community Bank



MCB CHARGES NO FEES FOR MOBILE TRANSACTIONS, THE FEES CHARGED BY VODACOM ALONE



FOR EVERY 1 MILLION TZS CASHED OUT, VODACOM CHARGES 8,000 TZS,

“
When asked how much he earns from operating the POS, the agent replied that he does not know how his compensation is calculated, but that he notices his float increasing occasionally.
”

While there are no costs to operating the POS, the agent should have information on the compensation structure. In another instance, one SG complained that distance was their primary constraint, without knowing that there was a MCB agent operating in their village. That same group did not use mobile banking, not because accessibility was an issue, but because they did not understand how it worked and had not received training.

Trust

Trust still remains a significant barrier to linking groups with banks. One CBT recalled difficulty convincing groups to link to the bank, simply because trust had not yet been established. Even once groups were linked, the CBT reported difficulties training groups because they trusted their leaders and fellow group members more than the CBT. Additionally, some groups did not want the CBTs to oversee shareout. One CBT speculated this was because certain members may have owned more than one passbook or been taking more than their share.

Enabling Environment

Regulation

Each POS needs to be authorized by the Bank of Tanzania. Because of the lengthy and bureaucratic authorization process to POS authorization, MCB currently has only five operational bank agents.

“
MCB Operations Manager Mr. Chimwaga is optimistic despite this slowdown - Since it takes a while to process, we have submitted 10 more requests, hopefully they will be approved after a few months.
”

Competition

Currently in the Kilimanjaro region, both NMB and the Tanzania Postal Bank have followed MCB's lead by introducing SG products. Though a little competition is healthy, competing banks are now implementing SG products without the accompanying financial education training. This is problematic, especially as competing banks shift their focus to lending products. If groups begin taking loans from banks without first being properly educated, there is an increased risk that they will take on loans they cannot afford and ultimately default. Additionally, MCB's Managing Director Mr. Ghuhia is concerned that the greater the number of SG products on the market, the higher the likelihood that individuals and groups will become confused. Already, MCB Mobile Coordinator Ramandan Msuya has reported instances where group members have used mobile money to pay a loan installment to the wrong bank.

Table ii
Comparing Savings Group Products Among Banks

	Mwanga Community Bank	NMB	Tanzania Postal Bank
Product Attributes	<ul style="list-style-type: none"> • Emphasis on economically empowering low-income populations • Brick and mortar, agent banking, and mobile banking services available • Free ATM card • No transaction limits • Loan application opportunities after one year • Facilitation from CBT • Frequent trainings • Assistance opening and maintaining account 	<ul style="list-style-type: none"> • Brick and mortar, agent banking, and mobile banking services available • Attractive and competitive interest of 3% for amount above TZS 50,000/= • Free ATM card • Access to over 195 branches countrywide • Free NMB Mobile subscription • No transactions limits 	<ul style="list-style-type: none"> • Brick and mortar and mobile lending services available • Members can access a loan 3 times the size of their contribution • Repayment within 3 months • Receive a loan at a 10% interest rate • Low fees for group savings products
Drawbacks	<ul style="list-style-type: none"> • Reach is not nationwide, community-based 	<ul style="list-style-type: none"> • Less prominent reach in rural areas 	<ul style="list-style-type: none"> • Small number of branches in Mwanga area
Fees	<ul style="list-style-type: none"> • No monthly maintenance fees • No deposit fees • No minimum balance requirement • Fee for late loan payment, underpayment 	<ul style="list-style-type: none"> • No monthly maintenance fees • No operations fee • Fee for not meeting minimum balance requirement 	<ul style="list-style-type: none"> • Monthly membership fee • Penalties for late payment, underpayment

Lessons Learned

Though MCB is still developing the business case for linking SGs for small balance deposits, they did discover one surprising benefit to linkages.

According to MCB Managing Director Mr. Ghuhia, nonperforming loans are extremely uncommon among linked groups. Though the loans may appear risky – they are nearly 100% unsecured—Mr. Ghuhia believes the risk of lending to groups is more manageable than to individuals because of the shared responsibility. With group loans, peer pressure acts as a reinforcement mechanism for loan repayment, as most groups are comprised of friends, neighbors, and even family members, thus resulting in higher returns. Cross selling services in addition to savings is frequently cited as a potential benefit to group linkages. MCB has discovered this to be true, at least with regards to risk. The potential to obtain loans also serves as an incentive for recruiting and retaining CBTs. One CBT working with MCB cited it as his primary motivation for being a CBT.

After the completion of the CARE project, MCB adjusted their expectations in terms of customer acquisition through group accounts. Taking into consideration the significant cost of reaching low-income segments and remote communities, in the short term MCB may not reach savings mobilization or account targets. However, MCB understands that their emphasis on group savings and lending, while not immediately profitable, will lead to their success in the long run. To ensure this, cost analysis and streamlining for clients and for the bank should continue.

MCB believes, however, that it still has adjustments to make to the overall linkage process. For example, this same CBT asked for more frequent training (every six months or so) on subjects like data entry, record keeping, loan processes, and also asserted that group leaders need to be trained, especially on subjects such as calculating new share values for group members after every cycle. Certainly, CBTs need more training at least on their prospective earnings from MCB, as none of the CBTs interviewed understood the incentive system. It is also essential that the CBT pay model and incentive structure is fine-tuned and systematically implemented. Regarding group trainings, many new applications are now available which allow SGs to store group transactions electronically and which calculate share outs automatically. MCB may employ such innovations through its CBTs which would in turn streamline SG interactions.

In sum, trustworthy institutions, groups, CBTs and VSLA committee members matter a great deal to encourage uptake and usage. Poor governance, lack of information or transparency affect trust deeply and will result in services offered not being used.

What's Next

Expanding access to finance for Tanzania’s poorest people requires thinking “outside the box.” MCB has reaffirmed its commitment to reach SG members and bring their informal savings into the formal financial system by utilizing alternative delivery channels such as mobile money and agent banking. MCB plans to continue using these alternative channels to reach previously unbanked people while still remaining profitable. According to Managing Director Mr. Ghuhia, “there are still so many groups that are not linked. We need to mobilize them through marketing and expanding our agent banking programme.”

The use of agent banking is particularly exciting for MCB. Many groups continually cite distance to a bank branch as a primary challenge to saving in the formal system. As MCB expands its agent banking programme into more areas, distance will become less and less of an issue.

Mr. Ghuhia believes that groups are the best way to mobilize savings, acting as financial intermediaries, and simultaneously improving the livelihoods of group members and ensuring the vitality of the bank. Because of high capital requirements, community banks such as MCB are struggling to keep their doors open. Loans to savings groups not only allow group members to thrive, but also allow MCB to remain financially viable. Low balance savings also provides access to low-cost funds for MCB while servicing and expanding its client base and deepening its ties with the community.



Members at a Savings Group meeting

ANNEX A

Table iii
M-Pesa Fee Schedule

Rates	Customer Fees			
	Benefits	Send money to registered customers / network partners	Send money to unregistered customers	Give money to the agent / ATM
100-999 TZS	10 TZS	N/A	N/A	N/A
1,000-2,999 TZS	20 TZS	375 TZS	300 TZS	300 TZS
3,000-4,999 TZS	50 TZS	650 TZS	400 TZS	400 TZS
5,000-9,999 TZS	120 TZS	920 TZS	800 TZS	800 TZS
10,000-19,999 TZS	300 TZS	1,600 TZS	1,300 TZS	1,300 TZS
20,000-39,999 TZS	350 TZS	2,000 TZS	1,650 TZS	1,650 TZS
40,000-49,999 TZS	400 TZS	2,650 TZS	2,250 TZS	2,250 TZS
50,000-99,999 TZS	700 TZS	3,300 TZS	2,600 TZS	2,600 TZS
100,000-199,999 TZS	900 TZS	4,400 TZS	3,500 TZS	3,500 TZS
200,000-299,999 TZS	1,000 TZS	6,000 TZS	5,000 TZS	5,000 TZS
300,000-399,999 TZS	1,500 TZS	7,500 TZS	6,000 TZS	6,000 TZS
400,000-499,999 TZS	1,500 TZS	8,000 TZS	6,500 TZS	6,500 TZS
500,000-599,999 TZS	2,200 TZS	9,200 TZS	7,000 TZS	7,000 TZS
600,000-799,999 TZS	3,200 TZS	10,700 TZS	7,500 TZS	7,500 TZS
800,000-1,000,000 TZS	3,200 TZS	11,200 TZS	8,000 TZS	8,000 TZS
Over 1,000,000 TZS	5,000 TZS	N/A	8,000 TZS	8,000 TZS

ABOUT UNCDF

UNCDF makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments — through fiscal decentralization, innovative municipal finance, and structured project finance — can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

ABOUT MICROLEAD

MicroLead, a UNCDF global initiative which challenges financial service providers to develop, pilot and scale deposit services for low income, rural populations, particularly women, was initiated in 2008 with support from the Bill & Melinda Gates Foundation and expanded in 2011 with support from Mastercard Foundation and LIFT Myanmar. It contributes to the UN's Sustainable Development Goals, particularly SDG 1 (end poverty), SDG 2 (end hunger, achieve food security and promote sustainable agriculture) and SDG 5 (achieve gender equality and economic empowerment of women), as well as the Addis-Abeba Financing for Development Agenda (domestic resource mobilization).

MicroLead works with a variety of FSPs and Technical Service Providers (TSPs) to reach into previously untapped rural markets with demand-driven, responsibly priced products offered via alternative delivery channels such as rural agents, mobile phones, roving agents, point of sales devices and informal group linkages. The products are offered in conjunction with financial education so that customers not only have access but actually use quality services.

With a specific emphasis on savings, women, rural markets, and technology, MicroLead is a performance-based programme that supports partnerships which build the capacity of financial institutions to pilot and roll out sustainable financial services, particularly savings. As UNCDF rolls out the next phase of MicroLead, it will continue to focus on facilitating innovative partnerships that encourage FSPs to reach into rural remote populations, build on existing digital financial infrastructure and emphasize customer-centric product design.

For more information, please visit www.uncdf.org/microlead. Follow UNCDF MicroLead on Twitter at @UNCDFMicroLead.

ABOUT MASTERCARD FOUNDATION

Mastercard Foundation works with visionary organizations to provide greater access to education, skills training and financial services for people living in poverty, primarily in Africa. As one of the largest private foundations its work is guided by its mission to advance learning and promote financial inclusion to create an inclusive and equitable world. Based in Toronto, Canada, its independence was established by Mastercard when the Foundation was created in 2006. For more information and to sign up for the Foundation's newsletter, please visit www.mastercardfdn.org. Follow the Foundation at @MastercardFdn on Twitter.

ABOUT MWANGA COMMUNITY BANK

Mwanga Community Bank (MCB) started its operations in 2000 after receiving its Regional Unit Financial Institution License from the Bank of Tanzania (BoT). In 2009, MCB obtained a regional bank license allowing it to operate in the entire Kilimanjaro region; operating in a limited area serves as a key reason it pursues agency banking and SGs as clients. The bank is a public limited company whose shareholders are individuals from every village of Mwanga District, people originating from Dar es Salaam, Arusha, Dodoma, Tanga and Moshi, and institutions and non-governmental organizations including the Tanzania Gatsby Trust (TGT), Mwanga Pare Community Development Trust Fund and Mwanga District Council, among others. There is no majority shareholder in the bank. MCB also works with several mobile money service providers to promote mobile banking. It is beginning to expand operations in rural areas, with a special focus on enabling SGs to open accounts and transact. MCB is also planning to establish ATMs in rural areas to support SGs and other rural clients.



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