



# Digitizing BeninCajù Savings Groups Pilot Project Report

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## Executive summary

**Financial services offered by the formal financial sector are not available to many low-income people, particularly women, in rural communities with low literacy rates and limited resources. As a result, many of these people pool their savings to form informal savings and lending groups, known as Savings and Internal Lending groups (SILCs) or Village Savings and Lending Associations (VSLAs). VSLAs meet important savings and lending needs for millions of people globally.**

**However, traditional VSLAs remain isolated from the formal financial sector.**

**Digital financial services have the potential to connect these users with the formal banking sector, bringing financial services to men and women where they live and work.** Digitizing VSLAs by introducing mobile technology to manage VSLA meetings and to connect groups and members to larger financial institutions can improve the experience of members, reduce group meeting times and decrease record-keeping errors.

**TechnoServe and DreamStart Labs conducted a pilot of [DreamSave](#) — a digital Android-based application that streamlines VSLA meetings — among 40 savings groups in the Zou, Collines and Borgou Departments in the Benin Republic from March 2021 through September 2022.** For the pilot, we selected 31 pre-existing savings groups (“paper-to-digital”) and 9 newly formed groups (“born-digital”). TechnoServe provided each group with a smartphone and a monthly data/SMS bundle to mitigate any bias from only working with groups who could afford a group smartphone or bundle.

**The pilot provided important insights into the benefits of VSLAs transitioning from paper ledgers to digital ledgers using the DreamSave app.** Groups were comfortable moving to the new digital process, which showed significant benefits over the traditional paper-based ledger, even in the first fund cycle.

	<p><b>Successes</b></p> <ul style="list-style-type: none"><li>• Groups comfortable with all-digital process</li><li>• Meeting times cut in half</li><li>• Better tracking of financial goals</li><li>• Improved policy enforcement and recordkeeping accuracy</li><li>• Good group cohesion and transparency</li><li>• Potential for MFI integration</li><li>• Clear path to scaling and sustainability</li></ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"><li>• Pilot not managed as a digital initiative</li><li>• Coordination with field partners</li><li>• App synchronization in rural areas</li><li>• Engagement of women in digital bookkeeping process</li></ul>
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**This pilot also highlighted some of the challenges of digitization** - both management challenges and other challenges such as limited internet coverage and the gender dynamics of smartphone use.

The digital transition for savings groups is not simply about the change from a paper-based ledger to a smartphone application. Implementers have to consider the digital literacy of staff, trainers and savings group members, training for VSLA groups, provisioning smartphones, internet access, and data coverage.

A new industry resource is now available - the [Digital Savings Group Hub, or “DSG Hub”](#) that provides many resources for organizations implementing digital savings group solutions. This did not exist at the time of our pilot but will help with future digital rollouts.

**Overall, the rapid adoption seen among group members in such a short time suggests exciting possibilities for future expansion of VSLA digitization, connecting rural communities to the formal financial sector.**

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## Abbreviations

ASCA - Accumulating Savings and Credit Association

A2F - Access to Finance

CSR - Customer Success Representative

SILC - Savings and Internal Lending Community

MFI - Microfinance Institution

M&E - Monitoring and Evaluation

PSP - Private Service Provider

VSLA - Village Savings and Lending Association

## Implementing partners



TechnoServe is the executive sponsor of this pilot as a part of the USDA-funded BeninCajù program. TechnoServe oversaw high-level strategy, staffing, and budget decisions. TechnoServe also translated the DreamSave app from English to French and provided phone and data bundles for the initial pilot groups.



DreamStart Labs is a financial technology firm that offers a smartphone app for savings groups called DreamSave. DreamStart Labs was responsible for training and configuration of the app. They have local Customer Success Representatives (CSRs) in pilot areas for continuous assistance.



Catholic Relief Services (CRS) is a subrecipient of the USDA-funded BeninCajù program. CRS set up 500+ SILC groups as part of the BeninCajù program access to finance pillar. In this pilot they were responsible for field implementation of digitized SILC groups.



## Savings and Internal Lending Communities (SILCs)

SILCs are a form of Village Savings and Lending Association (VLSA) built on the Accumulating Savings and Credit Association (ASCA) model developed by CARE in Niger. The SILC model incorporates several adaptations and innovations developed by Catholic Relief Services (CRS).

As groups are started, CRS recruits Private Service Providers (PSPs) who offer a “fee-for-service” delivery model where PSPs charge groups for training and support. These payments are a key source of motivation for PSPs, and underpin the model’s sustainability, during and post-project. While the PSP model is a proven way of supporting groups, it can create challenges when moving to digital. If the PSPs are not brought on board early in the project, they may see apps like DreamSave as a threat to their income because the app makes running groups easier by automating many of the tasks previously managed by PSPs.

Since the “SILC” model of VLSA was implemented in Benin, going forward we will use the term “SILC” in this paper to refer to savings and lending groups in our pilot.

## SILC groups in Benin

As of September 2021, **TechnoServe and its implementation partner CRS worked with 643 SILCs in Benin with over 20,000 members, 74% of whom were women.** CRS trained PSPs to support these groups in cashew growing areas in Benin as a part of the BeninCajù project.

As of September 2021, 55,327 loans worth \$3,554,141 were granted by Benin SILC groups to their members. **Women received 72% of the amount of loans granted in SILC groups - over \$2.5M.** Most loans were used to buy and store cashew nut, cereals, and other agricultural crops as investments to increase member incomes.

## Group formation

SILCs are owned and managed by their members. This is their most important characteristic, and self reliance is fundamental to their operations and long-term sustainability. The goal of the SILC group is to achieve group and individual financial independence.

SILCs consist of self-selected groups of 10-25 individuals from the adult population within the community. Members select each other based on characteristics of trust, honesty, reliability, punctuality, good standing in the community, a good work ethic, savings potential and related factors.

## Governance

SILC group members elect a five-member governing committee to lead the group, consisting of a Chairperson, Secretary, Treasurer and two Money Counters. In the case of mixed male/female groups, at least three of the five committee members should be female. Committee members are subject to annual re-election at the start of a new cycle. They may be removed at extraordinary meetings.

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Group members who hold public office (Chiefs, MPs or other administrative officials) are ineligible for committee positions, but their advice may be sought as needed. If groups are larger than 25 members, they are encouraged to divide into smaller sub-groups.

SILC group members agree on a set of rules to guide their activities. These rules are written into SILC by-laws or a constitution that provides authority to committee members and a framework for regulation and dispute resolution. The constitution specifies the terms and conditions of savings and lending and how the SILC fund will operate. Each member of the group may be assigned one or more rules to remember. This has the effect of reinforcing the rules so that after some months every member is aware of the regulations. After the first operating cycle this memorization procedure can be reduced in frequency or eliminated, because by that time every member is aware of the rules and it is no longer necessary. Each group member has one vote.

## Fund development

The purpose of SILCs is to provide savings-led financial services to communities that have no access to formal financial services or where access to formal financial services is limited due to high transaction costs and other entry barriers.

SILC members pool their money into a fund, from which members can borrow. The money is paid back with interest, causing the fund to grow. These saving and borrowing activities take place during a cycle of predetermined length - typically 8–12 months.

At the end of each cycle the funds are distributed to members in proportion to their total savings. Members are free to use the distributed lump sum as they wish, including reinvestment for another cycle. SILCs also contribute to a secondary fund that is set aside for member emergencies.

When the amount of group savings is sufficient, any group member can borrow from the internal fund, committing to repay the loan with interest. This allows the fund to grow.

Unlike traditional loans from external sources, all interest income from these internal loans becomes profit to the group as a whole and allows the loan fund to grow. **At the end of a cycle, it is not uncommon for a group to collectively earn 20-30 percent profit on their collective savings using this method.**



Follow up field visit to pilot group by TechnoServe and CRS

## Transparency and accountability

All transactions at meetings are carried out in front of the group to ensure transparency and accountability. This ensures that all members of the group are able to witness who has saved and who has not, who has borrowed and who has not, and what this means with respect to the return on savings. To ensure that transactions only take place during group meetings, a lockable cash box or heavy-duty lockable canvas pouch is used to safeguard excess cash and record books to prevent unauthorized cash transactions and tampering with group members' records.

Anyone needing a loan puts forward his or her request publicly to the other SILC group members. Approval of the loan rests with the members of the group; the loan may then be disbursed immediately. Loans are provided for consumption, investment, or household expenses that are agreed to by the group and noted in their by-laws.

While this model works well in theory, it is often difficult in practice for groups using traditional paper ledgers to know whether their leaders are properly enforcing the policies they have all agreed to. Group leaders can easily tamper with paper-based ledgers, conducting favorable side deals for friends or pocketing money themselves without the regular members knowing. One of the advantages of moving to a digital solution like DreamSave is to ensure full transparency and accountability.

## The fund cycle

SILCs meet on a regular basis, at intervals they select. During the first cycle, meetings should be weekly or every two weeks so the group can begin to build strong habits and become independent. Weekly meetings require more time, but make it easier to mobilize the small amount of savings required. Groups may continue this pattern or choose another regular meeting pattern (perhaps monthly meetings) after the first cycle ends and they graduate. Monthly meetings are specifically discouraged in the first cycle.

## Meeting management

### Opening

In a typical meeting, the members gather at a designated location. Some groups will open with a devotional or a time of prayer or worship, though this is not required. The box is then unlocked by the three key holders, and passbooks, ledger, and all other supplies are passed to the members.

### Emergency fund

The [emergency or social fund](#) is usually a group requirement, established to help group members in immediate need. For example, if a member has a death in the family and needs money for funeral costs, the group will vote and decide if the member should receive the requested funds. When money is given to a member from the emergency fund, the money does not have to be paid back. During the meeting, each member gives a predetermined amount to the emergency fund. Once all members have given, the meeting continues on to the savings portion.

### Savings

Typically, group members are able to purchase between one and five shares at a predetermined price. Members are called in a specific order and once their name is called, they go in front of the group to present the money and amount of shares they would like to purchase. They hand the money to the



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treasurer and their passbook to the bookkeeper, who records the amount for the member's personal record. All members have passbooks, which are small booklets that record savings, loans, and interest activity.

### Loans

The next phase of a meeting deals with loans. At this time, group members can take out loans or pay back outstanding amounts. Whenever a member wants to take out a loan, they must present the need for the loan and make a case for how they will use the money. Then the group votes to decide whether or not to grant the loan at the desired amount.

### Closing

When closing up the meeting, selected members count the money and announce it before the group. All members then know the final amount in the savings box. Once this is done, members collect all materials (such as the main ledger) and add it to the box.



Training of Trainers session at Parakou for PSPs involved in the pilot

# SILC digitization pilot background

## Pilot scope

In June 2020, TechnoServe and DreamStart Labs partnered to conduct a pilot test of the DreamSave app with 40 SILCs among the 600+ groups implemented by BeninCajù.

The pilot tested the app with two different types of groups: 31 established groups (“paper-to-digital”) that had been together for 1-3 years, and 9 newly created groups (“born-digital”) that met for the first time at the beginning of this pilot. This pilot was the first of its kind in West Africa.

## Pilot objectives

DreamStart Labs and TechnoServe both believe that digitization of SILC groups offers the potential to benefit SILC members and the organizations that support them. We share a common view that technology can play a key role in poverty alleviation, financial inclusion and women’s empowerment.

### Primary objectives

**The primary goal for this pilot was to understand how these benefits can be achieved with DreamSave, and to determine key success factors to scale up the solution.** Specifically, we sought to validate that -

- **Savings groups will accept DreamSave and be comfortable using the app as their primary ledger system.**
- **Groups will reduce meeting times** by simplifying bookkeeping and reducing the amount of time required manually recording transactions, calculating interest payments, and processing loans and shareout distributions.
- **DreamSave will help group members set, track, and achieve their financial goals.**
- **DreamSave will help groups enforce policies and improve recordkeeping accuracy.**
- **Using DreamSave will help improve trust and transparency** by giving members greater visibility into their financials and reducing the potential for errors and fraud. Groups using DreamSave can build similar levels of group cohesion and social capital as groups using paper ledgers.

### Gender dynamics

For SILC groups created as part of the BeninCajù program, 74% of SILC group members were women, and women received 72% of the dollar value of loans granted in SILC groups - over \$2.5M. *This is in cashew growing areas where 70% of cashew farmers are men.*

We sought to understand whether digitized VSLAs could be used as a tool to further empower women through technology and digital literacy.

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### Testing new DreamSave features

In March 2021, DreamStart Labs was awarded a grant as part of the “Women Saving for Resilience” (WS4R) Innovation Fund. This grant, funded by the Bill and Melinda Gates Foundation, sought to help women in the developing world who were disproportionately impacted by the global pandemic.

As a part of the WS4R grant, TechnoServe agreed to test new features for 1) communicating with groups during meetings, 2) interactive surveys, and 3) credit scoring.

Because the savings group members in the pilot were 70% women, we hypothesized that direct messages into the groups could play an important role in building financial literacy and empowerment for unbanked women.

### Microfinance Institution (MFI) integration

A core promise of digitized SILC groups was the ability to link unbanked rural farmers to the formal financial sector. We sought to gain a deeper understanding of the current friction points in lending to savings groups throughout the customer engagement lifecycle from the MFI perspective, e.g. customer acquisition, credit evaluation, KYC, loan submission process, payments, and so on. As a part of this learning agenda, we wanted to understand -

- What are inefficiencies when lending to SILC groups, and how can these be reduced by digitization?
- What is the MFI revenue model for lending to this sector? What is the value of bringing MFIs qualified new customers?
- How do MFIs think about alternative credit scores? What financial and behavioral data are most useful for determining credit worthiness?
- How useful would it be to MFIs to have SILCs submit loan applications directly via a digital platform? What data would they want to validate the group?

### Demonstrating scalability

Finally, the pilot helped us assess how we might prepare for a broader deployment of the DreamSave system in the future -

- How a digitized solution could impact data collection and analysis
- How DreamSave could change training requirements for SILC groups
- How staff and field agents should evolve to meet the requirements of digital savings groups
- Costs and ongoing economics for scaling a digital ledger in Benin and other countries

## The DreamSave app

The DreamSave app was designed to function in much the same way as a SILC group’s paper ledger, including the ability to enter group by-laws rules such as loan terms and to track each individual member’s savings progress, outstanding loans, and any other fees or fines over the course of the savings cycle. DreamSave—which was designed in close collaboration with rural savings groups—also includes added features such as goal setting, tracking, automatic reminders, share-out projections, and automatic calculations.

The app was designed to be used primarily by the group’s bookkeeper. These digital bookkeepers were selected by the group, and all had either previous experience as a paper bookkeeper in the group and/or

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were viewed by the group as having a comparatively high level of digital literacy. Individual members with a smartphone could view their individual financial records and practice using the app but could not access the group ledger or other members' records.

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## Key findings

### Overall findings

#### Acceptance of the digital app as the primary ledger system

**35 out of 40 groups in the pilot were still using or planned to resume using the app after the end of the first fund cycle.** 24 groups were still using the app for meetings in September 2022 at the end of the pilot, and 11 of 16 groups who had stopped using the app resumed using the app after a visit and further support by the field team. The remaining 5 groups required additional training.

Most groups' bookkeepers felt comfortable using DreamSave after two meetings using the app with support members present. Bookkeepers who had never used a smartphone required additional time to master the app.

Most groups continued using a paper ledger in parallel to the digital app during the pilot. Since DreamSave was a new technology and a majority of members were new to smartphones, groups felt more comfortable using paper ledgers alongside DreamSave to keep track of their group transactions.

However, **at the end of one fund cycle, most group members wanted to replace the paper ledger with the digital ledger.** They cited many reasons to support this decision such as: automatic calculations during meeting and share-out, SMS reminders for loans and goals achievements, shorter meeting times, improved enforcement of SILC policies, improved group cohesion and other related reasons.

#### Shorter, more efficient meetings and fund share-out

**Meetings using the DreamSave took roughly half as long as meetings that previously used a paper ledger.**

Before digitization, meetings took an average of 1h 20 min. After digitization, meetings took 30-40 min, because less time was spent calculating financial transactions during meetings.

During follow up field visits, some groups reported that group meetings were shorter even though they still used a paper ledger because they used DreamSave to do the calculations and then transcribed



Follow up field visit to a pilot group by TechnoServe and CRS

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DreamSave calculations into paper ledger during meetings. This saved time because they no longer did the calculations manually.

Other groups reported that their bookkeeper used the manual ledger during meetings, and then transferred calculations from the ledger to the DreamSave app at home, after the meeting. These groups did not experience significant time savings because a paper ledger was still calculated manually during meetings.

Time for fund share-out decreased significantly with DreamSave. With traditional paper-based groups, manual calculation of share-out at the end of a cycle often takes several days and is a frequent source of group conflict about share-out earnings. DreamSave simplifies this process with a “Shareout Calculator” that shows running totals by group and by member. As a result, members see the impact of their actions on future earnings in real time each week, instead of waiting until the end of a year-long cycle.

### Better tracking of financial goals

#### **The DreamSave app was a major improvement versus using a paper ledger to track savings goals.**

Members of traditional groups using paper ledgers were often encouraged to set personal savings goals, but goals were nearly impossible to track within the group’s ledger and were often unreasonable because they were not validated to ensure they were achievable, and they were not accompanied by regular reminders.

The app helped members create and track savings goals by mapping out how many shares each member would have to save each week to reach their goal. When setting up the program, members were asked if they were saving for something specific; if they knew how much they needed to save for that goal; and, for members of existing groups, whether they knew how much they had saved to-date. According to the savings goal input by the member, the app defined the periodic share the member should save to reach his/her goal at the end of the cycle. And when the share defined by the app was beyond the member’s capability, he/she adjusted the goal to fit his/her financial capability.

DreamSave uses savings goals and SMS reminders to encourage savings contributions and loan repayments. If SMS notifications were enabled, the app reminded each group member about their goal each week, encouraging them to save and telling them the exact number of shares they need to save each week in order to meet that goal. When the member saved the maximum during a meeting, they received stars, a dancing GIF or a short animated video.

There was also a graph that showed if the member was behind meeting their goals. Goal attainment is displayed in the app with graphics and colors to ensure understanding by illiterate group members.

*I really liked getting the SMS's. Even if I was absent from a meeting, I received a summary of the meeting and confirmation that my weekly savings contribution was recorded.*

- SILC group member

Many women members were excited to know how much they needed to achieve their goals and were gratified to know when they were saving at the right pace.



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### Improvement in policy enforcement and recordkeeping accuracy

**With digitization, group practice was more consistently aligned to the stated loan policy, and recordkeeping errors decreased.**

Five groups in the pilot identified discrepancies in loan practices which were then addressed as a result. During the implementation phase, we set up the digital app to reflect fixed monthly interest loans to members, as described in the SILC group written constitution. However, for five groups the implementation team discovered that loan interest calculated by the app was greater than interest calculated manually. Upon investigation, we found out that these groups used declining monthly interest rates that were inconsistent with their written constitution. For these groups, the app was adjusted and the constitution was updated to reflect the practice of declining monthly interest rates.

DreamSave calculates transactions automatically based on group policy. This eliminates errors, fraud, and tampering that can occur when leaders record everything in paper ledgers. Introduction of smartphones can expose gaps between the loan policies group members agreed to in their by-laws, and the policies that may be practiced by group leaders without the knowledge of members. With the move from paper to digital, side deals and tampering of records is no longer possible. This additional transparency and accountability was a welcome change for regular group members, but it was not always welcomed by some leaders who could no longer change group policies without being noticed.

Prior to the pilot, erasures or alterations were noted in groups' ledgers. With the introduction of the app, for groups that kept paper ledgers in parallel to using the app and transcribed DreamSave calculations to their ledgers, there were no more erasures or alterations in the paper ledger.

### Group cohesion and transparency

**SMS notifications used with the digital solution built trust and transparency in the groups and in the new digital process, because members received confirmation of meetings and of their saving activities.**

At the beginning of the pilot, we were concerned that cohesion of existing SILC groups might be negatively impacted because groups would spend less time together with the new, more efficient digital process. However, we did not notice any negative group dynamic with the paper-to-digital groups, and group dynamics were very healthy with the newly-formed born-digital groups.

Members were enthusiastic about receiving transaction information directly to their phone as SMS messages. Group cohesion, a critical element to savings groups, was also positive for born-digital groups. These newly formed groups were still able to bond and trust each other.

## Gender dynamics of phone use in savings groups

**Women were underrepresented as digital bookkeepers - only two groups had women in the role of primary bookkeeper managing the new digitized process with the DreamSave app, despite the fact that the majority of group members were women.**

Early in the pilot, the implementation team was aware of the gender digital gap. TechnoServe strongly recommended that groups include at least one woman from each group to be trained for one of the three

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core roles in the newly digitized SILC groups: primary bookkeeper, backup bookkeeper or a “DreamSave champion”, helping to support the bookkeepers and other members as needed.

Unfortunately, participation in digital bookkeeping training did not result in women using the phone during SILC group meetings. Two groups had female primary bookkeepers, and in these groups women (the female primary bookkeeper) managed the new digitized process with the DreamSave app. However, all other groups had male primary bookkeepers. This occurs because potentially qualified women did not attend SILC council elections, so only male candidates were considered, and in all but two cases men were elected to the council roles, including bookkeeper. In groups with male bookkeepers, even where women were trained as the backup bookkeeper or “DreamSave champion” and women were given encouragement from the project team and a USD 10 financial incentive to use the app, the women were still reluctant to use the DreamSave app during meetings.

Based on group feedback, women would skip meetings claiming that they had household chores. It is also possible that the action by the project to encourage women’s participation was taken too late, so women might have forgotten how to use the DreamSave app and were therefore afraid to use it.

In future implementations of digitized SILC groups, the question of gender dynamics around both general assembly elections of group officers and use of digital tools for the groups needs to be addressed.

## New DreamSave features

With a grant from the Bill and Melinda Gates Foundation, DreamStart Labs designed and developed several new features for in-app messages, surveys and credit scoring.

### In-app messaging

**In-app messaging and surveys were successfully tested with 10 groups.** Using these features, NGOs can now send targeted messages and surveys to any savings group. During meetings, messages appear as a pop-up directly in the DreamSave app. Responses from the group are collected automatically and show up in DreamSave Insights, correlated with demographic and financial data for each member.

These features open up a new range of capabilities for digital savings groups. **At scale, in-app messaging can be used to communicate valuable information to remote groups such as current market pricing, loan offers, other products, training, or climate and health alerts.** In-app messaging gives NGOs full control over message content and the ability to communicate with groups of beneficiaries on a regular interval at no cost, even when it is challenging to physically access groups.

### Group surveys

**In-app surveys also offer a promising ability to collect data from beneficiaries quickly, at zero cost.** In-app surveys can be used to assess market conditions, understand what products members are selling, measure market prices, and gather data on a wide range of monitoring and evaluation questions. Unlike traditional surveys, data collected via in-app surveys during savings group meetings can be collected at no cost to the NGO and can be correlated with information DreamSave already collects for savings group members.

### Credit scoring

**DreamStart Labs also developed a new credit scoring system, using loan and savings data and a predictive analytics engine to forecast creditworthiness of each member and group.** The new

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system also uses advanced machine learning analytics to compare local data with overall global trends from other groups using DreamSave around the world.

This credit scoring system is presented in the form of a banking portal that shows anonymized data to potential outside lenders, allowing them to see the credit scores, total savings, average savings by member, and other key metrics for each group. If a lender is interested in presenting an offer to a group based on this data, the system uses the built-in data privacy permissions technology to digitally send these offers to the group.

While the timeframe of this pilot did not allow us to test this feature with MFIs, we believe that the credit-scoring system unlocks many new opportunities to connect TechnoServe beneficiaries to outside financial service providers. It also helps empower beneficiaries, giving them more leverage with lenders based on their positive credit history.

## MFI integration

TechnoServe worked with DreamStart Labs and the micro-finance institution ALIDé to understand the potential for MFIs to lend to SILCs. As SILCs use DreamSave, the app generates data-driven credit scores for both members and the groups as a whole.

DreamStart Labs provided ALIDé with a banking portal that showed anonymized group data, including group credit scores, total savings, average savings, and other key data that is typically difficult for MFIs to access.

Full testing of the credit scoring feature was not completed as of the end of the pilot, pending a full evaluation of the new group credit scoring method compared to the traditional credit scoring used by MFIs.

## Scalability factors

### Data collection and analysis

Prior to DreamSave, PSPs collected high-level group data and manually entered it into a static MIS system like SAVIX where monitoring and evaluation (M&E) teams could view it. For digitized VSLA groups, DreamSave captured all required M&E data plus far richer group data in a more automated way than previously possible, provided the app was synchronized (backed up) with the cloud database after meetings by each group.

However, for this pilot the CRS M&E team did not have access to the DreamSave Insights portal, so we did not get their feedback on this feature during the pilot.

### SILC group training

The training of digitized savings groups has the potential to make training significantly more streamlined and cost-effective, but **training for SILC groups needs to be updated based on the digitized model.**

SILCs are promoted and formed in three periods: preparation, training and monitoring. During the training period, two out of eight training modules are dedicated to written record-keeping. These two modules should be replaced by the modules on DreamSave, in addition to making general updates on the savings group training curriculum.

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### Staff roles

**Digitizing SILC groups with applications such as DreamSave can make staff roles significantly more efficient and leveraged.** We found that after training, PSP's could potentially increase the number of groups that they coached.

However, digitization brings new requirements for staff qualifications - in addition to being knowledgeable about SILC group set up and operations, staff also need to be tech savvy and be comfortable playing less of a hands-on role in ongoing SILC group operations, and playing more of a training/coaching role working with the groups.

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## Lessons learned

### Team structure and coordination

#### Management of SILC groups as a digital initiative

The pilot was managed within an existing access to finance (A2F) program, and not as a digital initiative with oversight by the TechnoServe Labs / CajùLabs team. As a result, some pilot activities were deprioritized by the program team and by the rural finance team lead because they did not “fit” within the existing paper-based SILC program.

**Recommendation #1**  
SILC digitization should be managed as a digital initiative with its own indicators.

#### Management coordination

TechnoServe did not coordinate sufficiently at a management level with the CRS team - the subrecipient responsible for implementation of the SILC group program. There was no formal kickoff between TechnoServe management and CRS management to explain pilot objectives and generate excitement about the pilot before the TechnoServe field team engaged with CRS field staff.

As a result, roles and responsibilities were unclear and collaboration was more difficult than necessary, resulting in project delays. For example, pilot groups were pre-selected by CRS staff for the pilot but without taking into consideration important factors such as poor network connectivity in some areas.

**Recommendation #2**  
Ensure buy-in at all levels of management as the program is being kicked off.

Field support during the pilot was also impacted. Because TechnoServe did not adequately brief CRS management, some CRS field staff responsible for savings groups and PSPs who worked directly with the SILC groups were suspicious of the digitization pilot.

## Field support

### PSPs

**Engagement of PSPs is a key factor in the adoption of the digitized models.** PSPs are community leaders with a good reputation, and they strongly influence group decision-making. In the SILC model, PSPs are paid advisors to SILC groups, so were understandably wary of efforts to automate the manual process.

In one case, a PSP with seven groups in the pilot convinced five groups to withdraw from the pilot. After investigation, we found out that the PSP feared he would lose out to more tech-savvy group members or PSPs if groups continued using the DreamSave app.

#### Recommendation #3

Where paid PSPs are used in a SILC model, develop a clear economic model for the PSPs to expand the number of groups managed or add other value-add services, e.g. with MFIs to provide other services

### Field support by DreamStart Labs CSRs and TechnoServe

**Due to the high rate of digital illiteracy in rural areas, support by DreamStart Labs and TechnoServe in intervention areas is essential.**

Support is needed for all groups on the app until groups become independent. The first two meetings are critical to ensure adoption.

At the end of the initial fund cycle, 16 groups had stopped using the DreamSave app. However, after a field mission to support the groups, 11 of 16 groups resumed the use of the app.

#### Recommendation #4

DreamStart Labs CSRs, TechnoServe or partner staff should be recruited to support groups during the entire first funding cycle, especially in remote areas.

For all groups, support staff must attend the first two group meetings for group monitoring and support.

### Training

**Training duration should be extended in rural areas where the app is not in the local language.**

19 languages are spoken in Benin. In Benin the app was in French, which is the national language but is not spoken or understood in many rural areas.

Training for trainers lasted two days, and training for group members lasted one day. For rural groups, extending group member training or adopting different training approaches could help members master the app more effectively.

The pilot included 31 pre-existing savings groups (“paper-to-digital”) and 9 newly formed groups (“born-digital”). We found out that paper-to-digital group members had a greater appreciation of the benefits of the digitized process as they compared it to their experience with ledger books.

**Training for born-digital groups needs to be more comprehensive - incorporating SILC group training as well as training on the app.**

#### Recommendation #5

Increase training length, increase practical exercises, and incorporate different training approaches, e.g. training audio/video dubbed in the local language for rural groups that do not speak the official national language.

#### Recommendation #6

Develop different training tracks for paper-to-digital groups and born-digital groups, where born-digital groups receive more training on general SILC group setup and operations.



## Startup and ongoing costs

### Device costs

The initial device cost for an Android phone required for each group is USD 150. For this pilot, device costs were borne by TechnoServe, however other approaches could make the program sustainable in the long term, such as partnering with phone makers or other companies that have used phones to donate to savings groups digitization programs, or selling phones at a subsidized price and on credit to groups, who then pay back the phone cost via the loan fund.

### Group data costs

Data and SMS fees are key factors for app adoption. We proactively considered different ways to reduce the data costs, and we identified the minimum bundle to activate at each meeting for data and SMS. If many groups are using the app, it may be possible to develop a partnership with mobile network operators to create a low cost tailored data bundle for saving groups.

#### Recommendation #7

Until reaching critical mass (hundreds of groups), programs may subsidize the one-time phone cost and data costs during the first fund cycle. For subsequent funds, programs should pursue creative approaches to minimize data cost and have SILC groups pay for ongoing costs.

To cover group data costs, we noticed two trends during our endline visits. Some groups agreed to take money from the social fund to pay for data costs, and some groups required additional funds from members to cover these charges.

Note also that the new DreamSave 2.0 version released after the conclusion of this pilot significantly reduces app data requirements, which should reduce ongoing data costs for groups in the future.

### Member SMS costs

**SMS data messages sent by the app can result in high data costs for group members. This needs to be explained to members in advance.**

A key feature of DreamSave is the SMS reminders sent to individual members. Members have the option to include a mobile phone number if they want to receive SMS messages with personalized meeting summaries, transaction receipts, and loan reminders.

#### Recommendation #8

Fully explain all configuration options to the group, especially options that affect SMS notifications.

While these SMS messages are optional and the app explains that personal financial information will be sent to these numbers if members activate SMS notifications, the implementation team chose to check a box during the configuration step without explaining the option to the members. Members with text phones received SMS text messages and were charged SMS text fees. We later removed members who did not want to pay for the SMS message updates from the app.

## Connectivity

While network coverage is available in all implementation areas, network connectivity is weak near some meeting locations. As a result, the keeper of the mobile phone had to change location in order to synchronize / backup the app, and sometimes the backup was delayed.

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Good wireless connectivity is an important factor in group selection. Network connectivity ensures that data is backed up and synchronized to allow group data analytics with the DreamSave Insights dashboard. After completion of this pilot, the DreamSave 2.0 release significantly increased the speed of data backups and reduced data usage, so connectivity will be less of a factor in the future.

### Recommendation #9

Prioritize digitization groups in areas of good network connectivity at the meeting site, or suggest relocating meetings to areas with better connectivity. Where network connectivity is poor, ensure that groups take the phone to a location to synchronize / backup the app immediately after meetings.

## Gender

**In the pilot, only two out of 40 groups had female bookkeepers who used the DreamSave app,** *despite* the fact that women represented 74% of SILC group membership and 72% of SILC loans granted, *despite* TechnoServe's strong recommendation that at least one woman from each group should be trained as primary bookkeeper, backup bookkeeper, or "DreamSave champion", and *despite* financial incentives for women to use the digital application. Training and other incentives did not result in women using the phone during SILC group meetings.

### Recommendation #10

For groups that have over 50% women members, the primary and backup bookkeeper trained on the application shall be women in order for the group to receive a first year subsidy for device and data costs.

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