

Application for Product Up-scaling Support	
Title of Product Up-scaling Support	E-Tontine for La Poste du Benin, S.A.
Country of implementation	Benin

Notes on completing the application form:

- ✓ When completing the application form, please **keep within the given space limits** and follow the questions provided for your guidance. Only fill out **white** boxes.
- ✓ The application form will not be processed further unless the eligibility and selection criteria outlined at the end of this application and on the SCBF website are satisfied.
- ✓ Proposals should be submitted in **English**. In exceptional cases, applications can be submitted in French or Spanish – please consult the SCBF Secretariat prior to submission.
- ✓ All monetary values are to be indicated in **Swiss Franc** and larger financial figures in **CHF '000**.

1. Brief of the proposed Product Up-scaling Support

1.1. General data

Team Leader (name, function)	CEO of E-Savings.club
Duration of Product Up-scaling Support	24 months
Overall cost (see 2.2)	[please complete]
SCBF share (see 2.2)	[please complete]
Own contributions (cash and staff) (see 2.2)	[please complete]
Third party contributions (cash and staff) (see 2.2)	[please complete]
Further information/comments	

1.2. Short description of the Product Up-scaling Support (max. 80 lines – covering the 5 questions below)

1.2.1. What is the substantive aim and the summary outreach targets (consistent with 1.4.1) of the product up-scaling support?

In Benin, the postal network is a key actor in financial inclusion. With 188 contact points, of which 106 are full-fledged post offices, it has a countrywide outreach, including in places that banks do not reach. However its products are not demand-based and not built to respond to customers' needs.

According to the World Bank, 15.6% of Beninese adults used traditional savings mechanisms based on informal social organizations called "tontines" and "garde-monnaie" in the last 12 months. This represents a total of almost 1m people who use these non-formal financial services. Earlier studies have shown that 95% of microentrepreneurs and craftsmen use informal savings practices. Meanwhile only 10% of adults have an account at a formal financial institution and the vast majority of women microentrepreneurs in markets and other MSME owners remain excluded from the formal financial sector.

The project intends to increase formal micro-savings at La Poste du Benin by digitizing and building bridges with traditional savings practices called "tontines". To do so, E-Savings will redesign and upscale a savings product, called *épargne-tontine* which has remained stagnant for the last years at around 6'000 accounts. By developing a special platform tailored to Benin and La Poste's specificities, the consultants' team will support the Partner Financial Institution in the launching and growth of this revamped product called *E-tontine épargne*. Concretely this translates in adapting the product to customers' needs, using technology to make it more efficient than its paper-based current version and putting field officers on the streets to collect savings directly from market stalls.

In addition, by using the customer relationship management module this project will solve the current dilemma of the Poste du Bénin which is eager to improve its interaction with clients, but currently lacks the capacity. Thanks to this project, La Poste will reach a total of 15'000 clients during the support period (out of which at least 4'000 that are not currently using any of La Poste's financial services), and a total of 110'000 clients three years after (year 5).

<p>1.2.2. What are the key milestones, their cut-off dates, and the concrete activity areas of the product up-scaling support process (as illustrated in the Implementation Plan under 2.1.)?</p> <p>The product up-scaling support process will be developed around 5 key phases over a 24 months period: i) the design and development of the “E-tontine épargne” product, ii) the launching of the “E-tontine épargne” product, iii) the monitoring, evaluation and improvement phase, iv) the design and development of the customer relationship management (CRM) module v) the launching of the CRM module. The project will also serve as a first step in E-Savings.club's global roll-out strategy. Given the professional network of its founders, E-Savings.club expects to replicate its solution in other emerging countries not only in Africa (Burkina Faso, Cameroon, Morocco, Tunisia) but also in Asia (Indonesia, Vietnam) and in Latin America (Mexico, Peru) where informal savings strategies are prevalent and where women micro-entrepreneurs are underbanked.</p>
<p>1.2.3. What preparatory steps have been taken to date?</p>
<p>La Poste du Bénin has developed a basic savings product called “épargne tontine” based on a well-spread informal savings practice in Benin referred to as <i>garde-monnaie</i> or tontine. In the informal scheme, a person collects money directly at the customer’s workplace at regular intervals (usually on a daily basis), always a fixed amount and returns the amount collected at the end of the period minus a small fee. La Poste’s product has reached 6’000 clients in 2013 for a total amount collected of CHF 1.5m. However, the success of this product is limited, with a total growth of 4.6% in number of clients in the last three years. The main limitations are the lack of mechanisms to be able to collect savings directly in the field (postal agents sell the product in the field but clients need to go to the post office to make their deposit) and the lack of adaptations of the product to the needs of the clients.</p> <p>If in principle the product name is meant to show similarities with traditional sector mechanisms, in practice its characteristics do not respond to needs. Here is where the E-Savings.club’s consultants bring strong value-add in client-centered product design. A stock-taking mission was performed in January 2015 to discuss with the key stakeholders at the Poste du Bénin, with field officers and with clients. The results were very enlightening and have allowed us to collect enough information to tailor-make a product that will respond to the needs of the end-customer and of the Poste du Bénin.</p> <p>E-Savings.club has developed an Android-based mobile application that supports the creation and administration of tontines. The first version of this app needs to be tailored to the specificity of the Beninese market and the needs of La Poste du Bénin. The mission was also important to pact with the Poste du Bénin on a risk-sharing mechanism. Concretely, the Poste du Bénin will remunerate E-Savings.club on the basis of results. The remuneration is commission-based so there are no up-front costs for the Post. This is important for a Post that has little margin for capital expenditure in new products and it demonstrates the long-term commitment of E-Savings.club towards Benin and La Poste.</p>
<p>1.2.4. What innovations in ‘pro poor’ financial products and/or product delivery mechanisms are planned?</p>
<p>There are four major innovations to the platform to:</p> <ol style="list-style-type: none"> 1) design client-centered products based on traditional savings practices and the formal financial system by linking informal savings practices with formal financial institutions such as Postal savings Banks. 2) change the postal financial inclusion paradigm which consisted of waiting for clients in the offices and instead to leverage technology to open accounts and collect deposits directly in market stalls from micro-entrepreneurs and rural women. 3) allow the post to reduce fraud by digitizing manual paper-based processes and transactions. 4) allowing the post to reach the bottom of the pyramid in a sustainable way by reducing transactions costs using technology to deliver branchless banking services.
<p>1.2.5. Mention any planned contribution to financial education of low-income clients</p>
<p>The project is based on the idea that if we develop products based on what clients already know, that follow exactly the same patterns, and where costs are displayed in the same manner as those that they already use in the informal sector, clients do not need financial education. They already know where the pain points are, where the risks are, and where the costs lie. For instance, the field stock-taking mission in January showed that ladies in markets did not understand interest rates as a percentage but as a fixed commission that is taken from them. Therefore, our product uses the same structure as those in the informal sector but with the security of a formal financial institution: the Post, where deposits are guaranteed by the State. Despite this adaptation to the local market, we feel it is important to educate clients on how the product works and in particular on digital education. Concretely, women micro entrepreneurs who are our primary target will receive financial and digital training from the Post field officers who speak the local dialects and are trained by E-Savings.club to be able to explain the functioning of the product and its benefits to clients.</p>

1.3. Development relevance (max. 25 lines – covering the 3 questions below)

<p>1.3.1. Snapshot of financial inclusion vision of the government (documented by financial sector development blueprints; poverty reduction strategies, socio-economic development plans, etc.) and key strategies.</p>
<p>Although Benin has not put in place a formal financial inclusion strategy, the Government has demonstrated a strong interest in supporting the Microfinance industry. In 2007, a National Policy for Microfinance development</p>

<p>was developed to increase access to sustainable financial services for micro entrepreneurs and lower income households. The 2011-2015 Strategy for Growth and Poverty Reduction mentions in para. 124 the importance of maintaining an appropriate environment for the development of financial institutions so that they contribute to funding economic activities and it highlights the limitations of funding in the rural and agricultural sector.</p>
<p>1.3.2. Indicate financial inclusion nationwide and in operation areas of Partner Financial Institution(s): e.g. penetration rates for specific financial services; financial depth ratio; bank accounts per households; etc.</p>
<p>Key indicators for Benin (World Bank Global Findex, 2011): - Account at a formal institution: 10.5%; - Loan from a financial institution in the past year: 4,2%; - Saved any money in the past year: 32%; - Saved at a financial institution: 7%; - Saved using a savings club in the past year: 15.6%</p>
<p>1.3.3. Outline the financial inclusion market share of Partner Financial Institution(s) and its capacity in up-scaling client-oriented and gender-sensitive financial services (i.e. understanding of client needs, institutional and financial strength, and corporate governance of putting its social mission into practice).</p>
<p>The Post holds 500'000 savings accounts and 40'000 postal checking accounts in a country of 5.6 million adults. It is the largest financial institution in number of clients in the country (6.7% of adults estimate). The second largest bank in Benin (Ecobank) only had 240'000 accounts in 2013. The Post currently has little understanding of client needs.</p>

1.4. Expected outcome/results (max. 30 lines – covering the 4 questions below)

<p>1.4.1. Indicate targeted increase in outreach (due to the support) by completion of the support <u>and</u> three years later, differentiated by client groups (i.e. low-income households, smallholders, MSMEs), gender, and location (rural, urban). Underpin main assumptions for the outreach projections with arguments.</p>
<p>Thanks to the new product, La Poste du Bénin is expected to reach a total of 15'000 members of informal tontines by the completion of the support (24 months) and 110'000 three years later (total 5 years). Based on the current knowledge of the market, we estimate that these clients will save a total amount of CHF 2.9m (by the completion of the support), and CHF 23.4m three years later. At full productivity, each field agent is expected to visit around 100 customers in a day and will collect an approximate average amount of XOF 120'000 (approx. CHF 200) per day in savings. This might seem a small amount but disposable income at the bottom of the pyramid in Benin remains meager (less than 2 USD a day). The E-Savings product is aimed at microentrepreneurs. These microentrepreneurs are for the most part women selling in streetmarkets in peri-urban or rural areas whose only other savings option are in the informal sector. Our targets are: 70% microentrepreneurs, 60% of women clients and 40% of savings collection transactions performed in rural areas (outside the three major cities: Cotonou, Porto-Novo, Parakou).</p>
<p>1.4.2. What amount of equity/debt investments are expected to finance the business growth of the Partner Financial Institution(s)?</p>
<p>The amount of donation required to cover the full cost of the project is CHF 145'000, to achieve the targets corresponding to the duration of the project (24 months). After this launching period, the Partner Financial Institution will achieve the growth results by mobilizing its own resources, proving the product financially and socially self-sustainable. E-Savings.club, a Swiss-based SA, provides investments in kind for a total amount of at least CHF 128'000 while the Poste du Bénin will provide a contribution of CHF 29'000 in kind.</p>
<p>1.4.3. Outline expected strengthened financial inclusion role of the Partner Financial Institution(s) and what positive demonstrative effects it may have on the financial sector concerned or even beyond?</p>
<p>The new product will enhance the Partner Financial Institution's ability to meet its social mission by collecting deposits from and offering financial services in markets and rural areas to those clients deemed too poor or too remote to be reached. This will in turn boost local development. The E-Savings.club branchless banking alternative to using paper and manual-based processes will allow reducing the cost of collecting deposits thus making rural savings collection viable. Most importantly by leveraging technology and branchless banking it will allow the post to develop a strategy to reach unbanked people previously unreached, especially women micro-entrepreneurs. The project is designed in such a way to limit "start-up risk". Therefore in the unlikely event that E-savings.club changes its focus or stops its activities the post will be in a technical and operational position to take over the system.</p>
<p>1.4.4. In what way (e.g. access to formal financial services per se, access to more client-oriented formal financial services, generation of income and jobs, reduction of livelihood risks, etc.) will the low-income client groups benefit and how will you measure it (e.g. by client satisfaction surveys)?</p>
<p>Access to secure formal financial services and access to adapted/client-oriented financial services at their doorstep are the two main direct objectives. A client satisfaction survey will be applied by the field officers using a mobile monitoring tool which we will create for the purposes of this project to a random group of 3% of all clients after 12 months of having initiated the project and to another 3% of clients at the end of the project. The project is built in a way that usage itself is a strong metric of positive benefits delivered. Additionally, since the <i>E-tontine épargne</i> is a fixed-duration cyclical product that needs to be renewed at the end of a cycle (month or year), we will closely monitor renewals as a metric of client-usage benefits. Finally the platform with its customer-management module will track the performance of each user to see whether amounts saved grow from cycle to cycle showing improvement in disposable income or increase in trust in the institution.</p>

2. Implementation of the Product Up-scaling Support

- 2.1. Implementation Plan:** Please submit the completed Implementation & Monitoring Plan separately, in Excel format. [To download the Implementation Plan template [click here](#)].
- 2.2. Budget:** Please submit the completed budget breakdown separately, in Excel format. [To download the budget breakdown template [click here](#)].
- 2.3. CVs:** Please attach CVs of all consultants proposed in the Implementation Plan and Budget.
- 2.4. Terms of References (ToR):** Please fill in all white areas of the below table for each consultant proposed in the Implementation Plan and Budget: **name; area(s) of TA** (e.g. product development, MIS, etc.); **total days per consultant (thereof the days on-site); main TA/training activity areas plus number of days per activity area per consultant** (add more lines, if needed). Ensure full consistency with the Implementation Plan and Budget!).

Name & domicile (city, country) of consultant I: <i>[please complete]</i>	Total days: 102
Area(s) of TA: Management, Financial Inclusion, Product Design, Institutional diagnostic, Stock-taking, Business modelling, Policy and Legal Framework	thereof on-site: 50
Main TA/training activity area:	
1) Product Development (market surveys, diagnostic of product, product design, etc)	20 / 10
2) Project Management (Coordination of modification of platform, coordination of pilot, etc.)	52 / 10
3) Capacity-building related (Staff training)	30 / 30
Justification of rate: <i>[optional – what kind of expenses included, etc.]</i>	

Name & domicile (city, country) of consultant II: <i>[please complete]</i>	Total days: 60
Area(s) of TA: Financial modelling, Financial analysis, business plan, monitoring and performance evaluation	thereof on-site: 20
Main TA/training activity area:	
1) Monitoring of results, reporting to Project Manager on quantitative progress	40 / 20
2) Business Analysis; definition of requirements for CRM module	10 / 0
3) Elaboration and modification of manuals, implementation strategy of CRM module, cross-selling opportunities.	10 / 0
Justification of rate: <i>[optional – what kind of expenses included, etc.]</i>	

Name & domicile (city, country) of consultant III: <i>[please complete]</i>	Total days: 115
Area(s) of TA: IT development, technological modelling, System Architecture for front-end applications, User interface	thereof on-site: 55
Main TA/training activity area:	
1) Adaptation of E-Savings' platform, user interface.	40 / 7
2) Technical support for the pilot of the product	35 / 35
3) Technical support post-pilot	40 / 13
Justification of rate: <i>[optional – what kind of expenses included, etc.]</i>	

Name & domicile (city, country) of consultant IV: <i>[please complete]</i>	Total days: 115
Area(s) of TA: IT development, technological modelling, System Architecture for Back-end platforms, Servers, Interfaces with Core-banking systems	thereof on-site: 55

Main TA/training activity area:	
1) Adjustment of the back office structure of the platform	40 / 20
2) Interface with La Poste MIS	35 / 20
3) Implementation of CRM module	40 / 15
Justification of rate: <i>[optional – what kind of expenses included, etc.]</i>	

2.5. What quality assurance mechanisms will ensure to meet the expected results (max. 10 lines)

[please complete]

2.6. Please describe what kind of cost-effective measures you have taken to make the requested Product Up-scaling Support as efficient as possible (max. 10 lines)

[please complete]

3. Data on Applicant(s) and Partner Financial Institution(s)

3.1. General data on Applicant

Name of company	E-Savings.club
Address, incl. website	<i>[please complete]</i>
Contact details (name, phone, e-mail)	<i>[please complete]</i>
Legal status	Société Anonyme (SA / AG)
Endorsement by SCBF member	SDC
Statement of self-interest	<i>[please complete]</i>

3.2. Partner Financial Institution

3.2.1. General data

Name of company	La Poste du Bénin, S.A.
Address, incl. website	01 BP 8080 COTONOU
Contact details (name, phone, e-mail)	PARFAIT AGBLONON - +229 21-31-78-59; aparfait@gmail.com
Legal status; year of foundation	SA; 2004
Commercial register no.	3200800025115
Type of Financial Institution	Postal Savings Bank
Involved partners of Partner Financial Institution	n.a.
Shareholder structure	<i>[please complete]</i>

3.2.2. Financial data and workforce (last 3 years and/or projections, as available)

Monetary value in CHF'000	[year -3]	[year -2]	[year -1]	[year 0]	[year +1]	[year +2]	[year +3]
Annual profit/loss							
Equity capital							
Total assets							
Number of personnel							
Operational self-sufficiency							
Return on Assets							

Notes: Audited accounts might be requested at a later stage. Please refer to the [CGAP Microfinance Consensus Guidelines](#)

3.2.3. Short description of the Partner Financial Institution (max. 20 lines)

Short profile (ownership, financial services offered)
La Poste du Bénin is a postal institution 100% owned by the government of Benin. It offers both postal and financial services to a broad clientele in Benin. Its original financial business model is based on the collection of savings and the investment of such funds in government bonds. However, in recent years, it has also started to provide low-risk loans to a specific segment of its clientele which are civil servants who receive their salaries at the Post.
Vision/mission, business strategy and objectives (incl. targets for reaching low-income clients, smallholders, and micro, small and medium enterprises {MSMEs})
Mission: Satisfy a diversified and demanding client base by offering: mail services, financial services, digital services and other activities answering the needs of new markets. Vision: Turn La Poste du Bénin into a profitable company, and a vehicle for the development of postal and financial services as well as technological products of information and communication.
References, like rating reports (please attach)
n.a.

3.2.4. Compliance with Smart Client Protection Principles or similar guidelines for banks (max. 20 lines)

How does the Financial Institution ensure compliance with the Smart Campaign criteria? [Please refer to smart campaign principles]
<p>Endorsement of Smart Campaign: La Poste has not yet endorsed the Smart Campaign principles, since it is not active in the Microfinance industry, but it commits to joining the Smart Campaign over the duration of the project.</p> <p>Appropriate product design and delivery: The core of this proposal is to redesign the product by keeping the client’s needs at the center. The delivery of products is so far performed in the offices. Quality of delivery has improved significantly with the current administration that puts significant emphasis on customer satisfaction and decided to ensure that funds should always be available in all post offices in the country and that lines should be shortened to ensure good customer service. This is already the case today as per Alexandre Berthaud’s recent visit.</p> <p>Prevention of over-indebtedness: So far the Post only lends to civil servants who receive their salaries at the Postal checking center and who therefore present no risk. Since the Post manages the accounts, it knows whether the person is indebted or not and its repayment capacity.</p> <p>Transparency: Prices are provided upfront and explained to the customer. There are no hidden costs.</p> <p>Responsible pricing: The Poste du Bénin is one of the cheapest provider of financial services in Benin. Its main draw in terms of pricing is that there are no account management fees or minimum balance fees levied on customers unlike at the banks.</p> <p>Privacy of client data: E-Savings.club and the Poste du Bénin ensure the privacy of individual customers’ data by putting in place appropriate security measures to encrypt and secure data stored in their servers.</p> <p>Fair and respectful treatment of clients: The Post is a government institution and as such is obliged by law to treat its customers fairly.</p> <p>Mechanisms for complaint resolution: In case of complaints, in the new product design customers can present a complaint directly with the field officer, or at the Post office closer to their home. The Post is setting up a call center to help channel requests but also complaints to the appropriate person.</p>

3.2.5. Available social performance measurement data, including information about applied methodology,

if not available please indicate the results measurement mechanism (max. 10 lines)

The Post does not currently have a social performance measurement system in place. The E-Savings.club’s platform will not initially include social performance measurement mechanisms, apart from data on % of women clients, % of microentrepreneurs and % of rural clients which will be continuously monitored.
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3.2.6. Key constraints to up-scale financial services massively to low-income clients (max. 15 lines)

with regard to regulatory environment, financial sector environment, corporative constraints etc.

[please complete]

3.3. Any additional comments (optional) (max. 10 lines)

I hereby affirm that all information provided in this application is complete and correct:

Name/title: Alexandre Berthaud, CEO

Date: [03/03/2015]

Organisation: E-Savings.club

Signature: [mandatory]

Attachments:

- 1) **Implementation Plan** (excel file; refer to 2.1)
- 2) **Budget** (excel file; refer to 2.2)
- 3) **CVs** of all consultants proposed (one separate Word or pdf file; refer to 2.3)
- 4) **Statement of self-contribution** between Applicant and PFI
(including confirmation of self-contribution, availability of senior management to attend a structured phone interview with the SCBF Monitor upon completion of the intervention)

Please be aware the application form will not be processed further unless the eligibility and selection criteria outlined below are satisfied

SCBF Eligibility & Selection Criteria	
<input checked="" type="checkbox"/>	One of the eligible countries for SCBF funding (<i>mandatory when funded through SDC funds</i>)
<input checked="" type="checkbox"/>	Meaningful self-contribution of on average at least 20% <i>(lower rates may apply for state organizations and immature institutions as well as for FEW and FSW – sub-SC decide case by case on minimum self-contribution)</i>
<input checked="" type="checkbox"/>	Involvement of senior management (<i>mandatory</i>)
<input checked="" type="checkbox"/>	Financial and institutional self-sufficiency is reached or on clear path towards it (<i>if applicable</i>)
<input checked="" type="checkbox"/>	Proven social mission in serving low-income clients, notably women, preferably in rural areas (<i>mandatory</i>)
<input checked="" type="checkbox"/>	Compliance with responsible finance practices (Smart Campaign) (<i>mandatory</i>)
<input type="checkbox"/>	Social Performance Measurement System or Rating available (<i>desirable</i>)
<input checked="" type="checkbox"/>	Sufficient potential to reach at least 4'000 new clients (low-income households, smallholders and MSMEs) (<i>mandatory</i>)
<input checked="" type="checkbox"/>	Innovative financial services/insurance services and service delivery mechanisms with reduced transaction costs for clients and institution (<i>desirable</i>)
<input checked="" type="checkbox"/>	Training of staff of financial institutions (<i>desirable</i>)
<input checked="" type="checkbox"/>	Mobilization and development of local/regional competences through hiring of local consultants and by having international consultants spending at least 60% of their expert days in-country (<i>desirable</i>)
<input checked="" type="checkbox"/>	Contribution to industry building and knowledge sharing (<i>desirable</i>)
<input checked="" type="checkbox"/>	Focus on rather small TA teams and favouring medium-term specialists (<i>desirable</i>)