

2020-15 | Digital Savings Product Upscaling in Mozambique

Partner Financial Institution:	Socremo	SCBF Contribution:	CHF 144'408 (41%)
Grantee:	Accion	Matching Contribution:	59%
Country:	Mozambique	Theme:	Financial Capability
Duration:	December 2020 – November 2022	Product:	Savings
Potential Outreach:	14'000	Target Group:	Multiple
Thereof Women:	45%		

CONTEXT

Mozambique has one of the lowest financial inclusion rates in Africa, with only 24% of adults in urban areas having access to formal financial services, and even lower in rural areas. In 2016, with support from the World Bank, the Bank of Mozambique launched a new financial inclusion strategy, with the goal of increasing access to formal financial services to 60% of the population by 2022. A 2018 review of the banking sector in Mozambique by KPMG noted that “there is still more that needs to be done to reach people in the remote areas of the country,” and that financial inclusion in rural areas must be driven largely through digital channels. There remains a significant gap in access to digital financial tools and services among low-income and disenfranchised segments, including micro-enterprises operating in the informal sector.

This intervention aims to support a broader effort by Socremo, a leading microfinance institution in Mozambique, to increase its outreach to low-income individuals and micro-enterprise owners, especially those living outside of Maputo and other urban districts, using a range of digitally enabled financial products and services, moving beyond traditional microlending services to include savings, insurance, and payments.

CURRENT STATUS OF THE MFI

Since 1998, Socremo has worked to provide financial services to the low-income population of Mozambique, which had been left behind by the formal financial sector. From the time of its incorporation as a regulated microfinance bank in 2003, Socremo has grown to offer a range of products, including various microfinance loans, savings accounts, and a funeral insurance policy. Currently, Socremo serves approximately 55'000 customers through a network of 13 branches in six provinces primarily in southern Mozambique, with plans to continue expanding its operations into the northern part of the country. Socremo is expected to take a stronger role in the financial inclusion of low-income individuals in Mozambique through this project, as a digitally offered savings product will enable broader outreach to individuals beyond the bricks-and-mortar branch network and significantly reduce barriers to access. Support from SCBF will catalyse the roll-out of the savings product through digital channels that have not been used by Socremo up to this point.

OBJECTIVES AND MAIN ACTIVITIES

The aim of this project is to expand financial inclusion to low-income individuals and entrepreneurs in Mozambique by offering a digitally enabled savings product. Accion and Socremo will improve access to savings among Socremo's customers and target segment of underserved individuals, building on the current baseline of 6'900 existing savings customers of its “Vitamina” savings product, leveraging digital channels to introduce both, an assisted model and self-service model for savings, to reach 14'000 active savers (defined as at least one transaction in the past 90 days) by the end of the two-year project period. The “Vitamina” savings product is unique among Socremo's savings offerings in that it is a standalone, voluntary savings account, not tied to their loan products. By tweaking the product design and integrating it with digital channels, the project aims to effect savings behavior change driven by convenience and customer loyalty / appreciation of the savings product's value proposition.

There will be three major project components: (1) adjusting the design of the existing savings product in line with customer needs and underserved segment needs; (2) integrating the digital savings offering with a mobile wallet service; and (3) making the savings product available via a mobile app for self-service.

Upon project completion, the financial institution should be in a position to offer a digital savings product using multiple channels, thereby broadening its outreach to underserved individuals in Mozambique, including those living in more rural areas.

Partnering with:

