

# Savings product for rural women by CRECER IFD in Bolivia

## 1. DEVELOPMENT RELEVANCE

### Economic and poverty context

Since 2021, Bolivia has been recovering steadily from the crisis caused by the COVID-19 pandemic. According to official data, the annual growth rate for Bolivia's GDP in June 2022 was 3.9% and for 2023, it is expected that the economy will grow 4.8%. This recovery has been possible due to the increase in the price of commodities, gas and other minerals produced by Bolivia, as well as high public spending and growing domestic credit. Despite the steady growth experienced before the pandemic, rural populations (representing 29.5% of the total population) are not fully benefitting from the economic developments. Rural poverty continues to be severe, with 53.9% of the rural population still living in moderate poverty and 33.4% in extreme poverty (National Statistics Institute, 2021). Additionally, the high levels of migration from rural to urban areas, particularly among men and youth, have left rural areas mainly populated by women and older adults.

| Table 1 <sup>1</sup> : Population and economic indicators             |                    |
|---|--------------------|
| Population in million (2021)  | 11.8               |
| GDP growth (2021)   | 6.1%               |
| Inflation (2021)  | 0.7%               |
| Trade balance (% of GDP) (2021)                                       | -3.4%              |
| Foreign direct investment (net) (% of GDP) (2020)                     | -3.1%              |
| Net ODA received (% of GNI) (2020)                                    | 0.9%               |
| Remittances received (% of GDP) (2020)                                | 3.1%               |
| Economic Freedom Index <sup>2</sup> (Rank among 186 countries) (2022) | 43 <sup>2</sup>    |
| Poverty indicators  |                    |
| GDP per capita (USD) (2021)   | 3,414.9            |
| Gini Index (0= equality 100= inequality) (2020)                       | 43.6               |
| International poverty rate (2020; at 2.15 USD/day)                    | 3.1%               |
| National poverty rate (2020)  | 39%                |
| National rural poverty headcount rate (2021)                          | 47.9% <sup>3</sup> |

### Financial sector context

In March 2020, ASFI, the financial system regulatory body, issued a norm that allowed borrowers to delay their monthly instalments, initially for nine months, and then for six additional months, followed by a grace period of six months. This debt relief instrument has worked partially well as credit risk has taken some time to materialise and therefore, financial institutions have had enough time to constitute provisions, keeping the delinquency rate under control. The downside of this debt relief regulation is that it will probably deteriorate borrowers' payment ethic.

According to the recently released [Findex 2021 report](#), Bolivia shows a great improvement in terms of the population that access a savings account and/or e-wallet, which is up from 54% in 2017 to 69% in 2021. Although the jump is significant, Bolivia is still below other countries in the Latin America and the Caribbean region, which on average shows an access ratio of 74%. The challenge now is how to increase the use of the savings accounts, as around 10% of the people who hold a savings account do not use it regularly and consequently it is inactive.

### Financial Sector Partners

The project was implemented in alliance with CRECER, a non-profit development finance institution (DFI) with a mission "to offer, with excellence and warmth, financial services linked to development services to enhance the quality of life, especially of women and their families". The business model relies on providing services to satisfy the daily life needs of families in general, and specifically mothers, young women, and their micro or small enterprises, economic activities, housing, food security, health education, and social security.

CRECER targets mainly women, and micro and small entrepreneurs. It also prioritises those living in rural areas. CRECER offers loan products, such as village banking credit, and credit for individuals, rural production, and for health purposes. It also provides free insurance in case of death or disability of the borrower. Credit services are combined with trainings on health, business and financial education, and citizens' rights. It also organises, in coordination with specialised institutions, workshops to teach embroidery, pastry, cooking and other business-oriented skills. Additionally, CRECER organises health campaigns for all the people in the

<sup>1</sup> The World Bank Group (2022). World Development Indicators database. Washington, DC. <http://data.worldbank.org>.

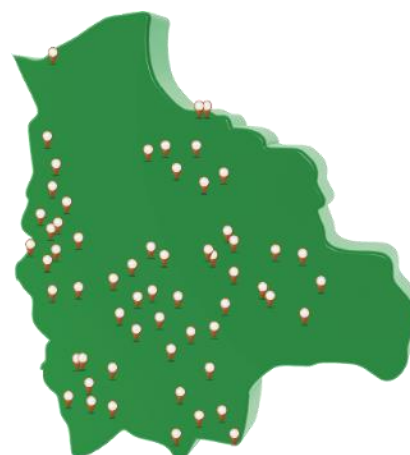
<sup>2</sup> [The Global Economy.com](http://the-global-economy.com), Business and economic data for 200 countries.

<sup>3</sup> National Institute of Statistics - INE (2021), data from the Household Survey. <https://www.ine.gob.bo/index.php/estadisticas-economicas/encuestas-de-hogares>.

community and establishes agreements with health centres and hospitals to provide health services and regular cervical cancer check-ups to CRECER's clients and their families. Since 2021, CRECER has also been offering savings products and a newly developed health insurance to treat cancer.

CRECER plays an important role in the Bolivian financial system, and especially among DFIs. By November 2022, CRECER had 245,265 clients, 73.4% of them were women (180,070 clients) and 41.2% live in rural areas (101,016 clients). With a portfolio slightly above USD 400 million as of October 2022, it owns 1.32% of the portfolio of the entire financial system. Its operations represent 13.6% of the total operations in the financial system (October 2022). Compared to the other DFIs, CRECER leads in first place, with 35.6% of the portfolio and 42.4% of the total operations of DFIs.

In the last five years, CRECER has seen a sustained growth, with an average of 7.2%, despite the reduction caused by the pandemic. Growth in normal conditions has been above 10%.



*CRECER's branch network*

## 2. INTERVENTION APPROACH

### Capacity-building needs

CRECER received the authorisation from the financial system regulatory body (ASFI) to start offering deposit-taking services only in March 2020, shortly before the announcement of the COVID-19 lockdown measures in the country. Thus, when the project was conceived, CRECER was developing its first savings account (a standard account), and was willing to embark on designing innovative savings products that cater to the needs of its target audience (mainly low-income women in rural areas). It needed to build its capacities to do this.

### Main activity areas (goals, targets, resources & time frame) and outputs

The project intended to support CRECER in the design, testing and scale up of a client-centred savings product using design thinking and behavioural science insights.

The main activities and outputs of this project were:

1. **Design of a savings product.** The product features and conditions were determined through a needs assessment and developed through a co-creation process that involved potential clients and staff from CRECER's different branches. The result was a commitment savings product: CRECER Programado. Refer to Chapter 3 section on results at the financial sector partner-level, for an overview of the product features.
2. **Support in the promotion of standard savings accounts and in the opening and use of mobile banking amongst village banking clients.** This activity was introduced due to delays in the technological development of CRECER Programado. The project developed tutorial videos and simulators where people could learn practically how to use mobile banking.
3. **Development and implementation of a financial education campaign to strengthen savings habits amongst village banking clients and a marketing campaign for the new product.** The education campaign included training workshops and a module of the digital solution LISTA.<sup>4</sup>
4. **Market launch of CRECER Programado.** Initially, the plan was to deploy the product in specific areas and then scale it up. Due to delays in its development, the product was launched at a national level. Village banking agents were trained and given marketing materials to promote the product among their clients, focusing on women.

<sup>4</sup> LISTA is a digital financial education programme developed by Fundación Capital for people with low levels of education and financial literacy. Its effectiveness has been proved through independent evaluations carried out by Innovations for Poverty Action (IPA), a research and policy non-profit institution specialised in Randomized Controlled Trials (RCTs).

### 3. RESULTS ACHIEVED AND NOT ACHIEVED

#### Client-level

The commitment savings product developed with the support of the SCBF grant targeted mainly, though not exclusively, the clients of village banking, and in particular the women. Therefore, the composition of the target audience was expected to mostly mirror the current composition of the members of these village banking groups: 87% women, 63% living in rural areas, 40% under the age of 30, and 27% having completed elementary school at the most. Members of these groups have low income levels and/or lack the collateral needed to access individual microcredit. The promotion campaign, as well as other project activities, were oriented mainly to these groups.

The COVID-19 restriction measures taken in 2020 and 2021, as well as loan portfolio regulatory changes delayed the development of the first two savings products of CRECER (a standard savings accounts and fixed term deposits). This, in turn, delayed the development of CRECER Programado. As a result, the product was approved by the Board and launched to the market only in May 2022. Taking this into account, the project team agreed with SCBF on accompanying CRECER's efforts in fostering the opening of the standard savings account and, in particular, of mobile banking accounts, among the clients of village banking during the second semester of 2021, in order to obtain the insights needed for the design of the promotion campaign of CRECER Programado. The decision to foster the opening and use of mobile banking was based on the results of the assessments carried out throughout the design thinking process, which highlighted that mobile banking facilitates the opening and use of savings accounts, especially among people living in rural areas, since it reduces the need to travel to carry out financial transactions. For that purpose, tutorial videos were developed to teach people how to open and use mobile banking, as well as a mobile banking simulator for people to practice how to carry out some financial transactions (available in 2022).



The promotion of the standard savings accounts among village banking groups started by the end of September 2021. In the sessions, agents also mentioned that transactions could be easily made through CRECER Móvil, the mobile banking product, and in the next session they used the tutorial videos to demonstrate how to use it. As a result, 112,875 clients of CRECER were trained on mobile banking using the tutorials, and 106,093 on the use of the QR code (with the tutorial) by 31 December 2021. Likewise, 3,724 standard savings accounts were opened from the moment the training on that topic took place until December 2021 and 920 mobile banking accounts were opened after the training on mobile banking took place. The lower number of mobile banking accounts opened can be partially explained by the low levels of digital literacy that prevail especially among people living in rural areas. That is also the reason why between April and July 2022, village banking agents carried out refresher training sessions on the benefits of using mobile banking and how to use it. This time they used the mobile banking simulator, where people could practice how to carry out different transactions. They trained 28,124 village banking clients and nearly 80% of them were women (22,500).

The promotion campaign of CRECER Programado for village banking groups started by reinforcing the savings habits of their members before the deployment of the product. The financial education campaign included a training session to be given by the village banking agents in the monthly meetings they had with their groups,<sup>5</sup> and a module on savings from the LISTA financial education app. Between April and July 2022, 135,209 village banking clients were trained, including 108,167 women (80%). This result exceeds by far the initial target of training 2,500 clients and was possible because the project team decided to train the village banking

<sup>5</sup> Village banking groups meet monthly with the agent. The agents dedicate 20 minutes of these meetings to provide training on different topics. The rest of the time is used collect the repayment of credit instalments and the compulsory savings quota.



agents from the 74 CRECER branches (instead of only from the 29 located in rural areas) and provide them with the tools to deliver financial education to their clients in the monthly group meetings.

The evaluation carried out in two regions of Bolivia (La Paz and Oruro) showed that these training sessions contributed to reinforcing the savings habits of participants and facilitated the opening of savings accounts. *“We have learned to save for a goal, even if it is small, we have to achieve it. If we leave our money at home, we could spend it or maybe lose it. It is better to save it in CRECER.” – CRECER Client in Oruro.*

The promotion of CRECER Programado amongst village banking clients started in August 2022. The agents presented the product and its benefits in the sessions they had with their village banking groups. In the initial months, the number of accounts opened was low, which prompted CRECER to launch an incentives campaign for the agents and the branches in October 2022, to reward the agents of the branch that opens more accounts with a tablet, and with a dinner for all the staff of the branch.

As a result, by mid-December 3,000 accounts were opened, 70% owned by women. Around 40% of the accounts have been opened in rural areas. The lower uptake of CRECER Programado can be explained mainly by three factors. While in urban areas the village banking sessions are carried out in the bank's branches, which facilitates the opening of the accounts, in rural areas the sessions are carried out in the communities. Therefore, rural members need to go to the branch to open the account. This additional step makes it difficult for them to open savings accounts. CRECER is exploring the possibility of enabling agents to open the accounts in rural areas, as well as collect the savings quotas. They expect to be able to do that in 2023. Additionally, not all people understand the benefits of a commitment savings product in only one training session. According to the agents, people in rural areas, and in particular, relatively new members, need more time and information to fully understand it, and to be convinced to open the savings account. Therefore, agents need to reinforce the message in the following sessions. Finally, even though the product was launched simultaneously in the 75 branches, not all the groups started the same training session in the same month. Agents determine when to start with a new topic, within a certain timeframe, depending on the evolution of the group, and usually the evolution of rural groups is slower.

Taking all these factors into account, and considering that between 6 October and 15 December the number of accounts opened increased from 373 to 3,000 (704%), the project team is confident that CRECER can open 4,000 savings accounts by the end of 2022. These results highlight that CRECER, with the support of the SCBF grant, is contributing to deepening the financial inclusion of their clients. Considering that due to the findings of the design-thinking process CRECER started exploring how to enable village banking agents to open the commitment savings accounts and collect the savings in rural areas, their contribution to financial inclusion of women and in rural areas will become even more evident in the future.<sup>6</sup>

### Financial sector partner-level

With the support of SCBF, CRECER was able to develop a commitment savings account with characteristics and conditions that cater to the needs and capacities of low-income women, especially in rural areas, a product that is more attractive than other product offerings in the market. Specifically:

- There is no minimum amount to open the account, and each person defines the monthly savings' rate. On the contrary, other banks establish a minimum amount to open a commitment savings account.
- The interest rate is 2% per year, and if clients comply with the established savings plan, they receive an additional 2% on the amount saved, which is higher than the rate offered by other banks.
- There is no penalty if they withdraw their savings before the established time limit, but they do not receive the additional 2% interest. On the contrary, other banks establish a penalty if the savings are withdrawn before the time limit.

CRECER Programado gives CRECER the possibility to offer its current and potential clients (mainly women and people in rural areas) a product with better conditions than other financial institutions serving this population segment. Simultaneously, CRECER can count on funds available for a period ranging from 4 to 12 months.

By the end of November 2022, there were 2,116 accounts opened, with a total volume of savings of more than USD 120,500. Savings amounts per saver vary significantly, with one person saving more than USD 1,250, another one saving around USD 570 and the rest of the savings balances ranging between USD 4 to nearly USD 400. The average savings balance is USD 111.

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<sup>6</sup> This assumption is supported by the fact that CRECER currently has 164,375 female clients of village banking and 84,359 clients living in rural areas. All of them could potentially open a CRECER Programado account.

Besides CRECER Programado, the SCBF grant also contributed to reinforce the promotion and use of CRECER Móvil, the mobile banking product. This was accomplished through tutorial videos and digital simulators that were used to train people, initially village banking clients but then also other potential clients, on the use of CRECER Móvil. Though there is no information available about the number of clients trained that started using mobile banking, it is noteworthy that by the end of November 2022 there were 6,909 mobile banking accounts opened, with 84% of them active (the owners made at least one transaction from the moment the account was opened). The number of transactions per month changed considerably in the last year, since the number of users grew monthly. However, the number of transactions carried out in October 2022 was of 15,723, with an average value per transaction of USD 454.

The SCBF grant also contributed to strengthen the capacities of CRECER staff from different areas and regions in the country. Additionally, there was a transfer of the design thinking methodology to the CRECER staff who participated in the process of ideation and co-creation of the product, building their capacity to apply this methodology in the future for the design of new products.

Several training sessions for village banking agents were also designed and implemented, enabling them to reinforce the financial capacities of their clients, as well as to promote new products (in particular, mobile banking and CRECER Programado). This was accomplished by leveraging the “cascade training strategy” that CRECER uses to train the village banking agents. The project trained 25 staff from the Area of Development Services, who in turn trained the village banking agents. In addition, the project provided them with tools that can be used to reinforce or complement the training sessions, such as LISTA, the mobile banking simulator and the tutorial videos. The tutorials and mobile banking simulator were also distributed to the credit agents and other staff of CRECER that handle clients or potential clients, so that they can use them to promote the use of mobile banking. These are also available on the CRECER website ([Tutoriales CRECER Móvil](#)).



#### Financial sector-level

Since the product is new to market, it is too early to see sector-level impact.

#### 4. LESSONS LEARNT

- When using the design thinking methodology to create new financial products, it is essential to involve people from different areas and regions of the country and to have their commitment to participate throughout the process. This enriches the process and enables accounting for cultural differences among regions that could affect or facilitate the acceptance of a product with specific characteristics. It is also important to include, during specific parts of the process, staff focusing on technology, as well as staff that knows about financial regulations, to design a product that is legally and technologically feasible.
- When a project intends to develop, pilot and scale-up a new financial product, it is important to consider that the adjustments that may be needed in the core banking model to enable operating the new financial product may take many months. This timeframe can become even longer if the product line is new, and if

there are already other products that are planned or already under development. This should be considered when defining the implementation period of the project, and the targets.

- The use of the tutorials and especially the mobile banking simulator has proven to be effective in supporting the opening and use of mobile banking. However, it is important to consider that technology and access to internet is still a limitation, mainly in rural areas. Even though the plan was to get the clients of village banking to download LISTA and the mobile banking simulator onto their cell phones so they could learn and practice at home, this wasn't always possible due to the lack of internet, unreliable connectivity, lack of space on the phone or because the operating system of phone was incompatible with the apps (as both required Android 8). To overcome this problem, agents downloaded both apps on their mobile phones or tablets and rotated them among the members of the groups, but the time available wasn't enough for all the members to complete LISTA or to use the simulator. In the future, it would be better to use the apps mainly with urban clients or to allow group members to take turns bringing home the village banking agents' tablets. Also, to dedicate one session only to the download and use of LISTA.
  - According to village banking agents, the acceptance of CRECER Programado has been relatively higher amongst older clients than amongst the new ones. This is not only because they understand the benefits that the product offers them, but also because they fully trust CRECER. In the case of the new members of village banking groups, they need more time and information to fully understand the product benefits and conditions. Not everyone understands everything and can fully evaluate a savings product after one session. Therefore, this information should be reinforced periodically and complemented with supporting material.
  - The "cascade training strategy" used to train the village banking agents so that they can build the capacities of their clients and promote new financial products, has proved to be effective in reaching large numbers of agents all over the country in less time. However, it is important to supervise how the information is transferred to the village banking agents and if they are given all the materials provided, to be sure that they can replicate the training among their clients.
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