

Digitalisation of savings with FECECAM in Benin

1. DEVELOPMENT RELEVANCE

In 2020, despite the COVID-19 pandemic, Benin's growth rate was one of the highest among the developing countries at 3.8% (IMF estimation, 2021). Economic growth rebounded in 2021, reaching an estimated rate of 5.5%. As per 2020 World Bank data, the poverty rate remains high at 45.9%. Poverty rate in rural areas decreased from 44.2% in 2019 to 40.6% in 2022 (a decrease of 3.6%) and in urban areas, it decreased by 0.6% from 31.4% in 2019 to 30.8% in 2022 (ENTaD survey results, EHCVM 2022).

The level of financial inclusion is growing in Benin. According to Global Findex data, the evolution of indicators related to access to financial services in Benin reveals the potential for increasing the supply of financial services and the existence of effective and potential demand. However, there are various disparities in access to financial services. In 2017, the proportion of adults aged 15 and older with an account was 49% for men and 29% for women and percentage of youth aged 15 to 24 with an account was 34%. This disparity is more in the rural areas, where only 35% of rural populations aged 15 and older have an account. As per Central Bank of West African States (BCEAO)'s annual report, in 2021, the banking rate in Benin was 34.7%, while the financial inclusion rate, which includes people with electronic money accounts, was 85.5%.

Beninese government has undertaken to develop its own National Financial Inclusion Strategy (NFIS) covering the period 2022-2026 based on the framework document of the Regional Financial Inclusion Strategy (RFIS) of the BCEAO. This strategy aims to address market failures and eliminate non-market barriers that hinder access to financial services. In the long run, it aims to include a significant portion of the Beninese population excluded from the formal financial system while contributing to poverty reduction and vulnerability.

It was important to address the challenges with the offer of proximity service for village savings collection and credit granting using digital technology. Thus, scaling up Planned Savings offers an opportunity for excluded populations to save from their workplace securely via POS terminals and to benefit from cash facilities for the establishment and development of income-generating activities, job creation, and meeting vital needs (food, children's education, and healthcare, etc.).

2. INTERVENTION APPROACH

Prior to the project, FECECAM-BENIN, with its territorial anchorage, implemented a pilot project for digital savings collection called Digital Planned Savings in 2019. Based on the results recorded from the pilot, SCBF provided financial support to CIF to assist FECECAM-BENIN in scaling up the product in its digital form and supporting it with a client financial education program to enable them to make informed choices about the services offered.

Financial Sector Partner/s

The clientele of FECECAM-BENIN mainly consists of small traders, artisans, and small-scale agricultural producers located in rural areas. Their financial investments largely involve retail sales, stockpiling goods for resale, setting up workshops, financing agricultural inputs, but are limited by distance and access to new technologies for transactions. Revenues from these activities enable them to invest in tools and means of transportation, children's education, healthcare, and housing (land purchase, construction of shelter, etc.).

The innovation introduced by savings collection and credit distribution using Point of Sale (POS) terminals allows reaching clients at their homes or workplaces, offering them secure savings services and opportunities for remote credit access. Clients no longer need to visit branches to make deposits or apply for credit. Mobile agents travel to them to collect savings and process credit applications on the spot using POS terminals connected to a digital platform that synchronizes operations with clients'

accounts at the branch. This was particularly appreciated in rural areas, where the distances to service points posed real security challenges.

Capacity building needs

A strategic plan for massive deployment of savings collection was implemented, including a digital-based marketing and communication plan to expand the reach of the offer. The implementation of the deployment plan is based on capacity building of actors in product offering, financial education for clients, monitoring and evaluation, and performance management. The deployment strategy was effectively implemented by training approximately 500 employees on commercial actions and digital risk management, surpassing the planned 430. The digital promotion campaign for the product was carried out through an audio-visual commercial spot designed in French and translated into various local languages (Fon, Dendi, Bariba, Yoruba, Mina, etc.) and distributed on social media platforms (WhatsApp, Facebook, etc.) and community radios.

The knowledge of the end beneficiaries was also strengthened through a financial education program with digitalized modules translated into 5 local languages (Fon, Dendi, Bariba, Yoruba, Mina, etc.). The client financial education awareness strategy was supported by a pool of 41 trainers of trainers. They empowered 244 trainers made up of FECECAM-BENIN employees who in turn disseminated financial education to **25,378 new clients** registered on the Digital Planned Savings (EPD - l'Epargne Planifiée Digitale) platform.

Financial education training also reached former clients of FECECAM-BENIN through credit unlocking sessions and the animation of women's economic interest groups (7,000 people). A survey conducted among community radios, which also served as channels for massive dissemination of educational capsules, found that financial education reached a population of 7.9 million, consisting of the listeners of these radios. The continuous broadcasting of financial education on television screens installed in the entities' hallways also reached 9,000 clients.

The project was realized thanks to the financial support of SCBF, which enabled CIF to provide FECECAM-BENIN with experts to provide the necessary technical assistance for the successful execution and completion of the project.

Images: POS - Training to employees and Promoters collecting in the field



3. RESULTS ACHIEVED AND NOT ACHIEVED

The implementation of the project allowed to financially include **50,469 people**, including **54% women** and **49% young people** aged 18 to 35 in two years. The initial projection was 50,000 new customers.

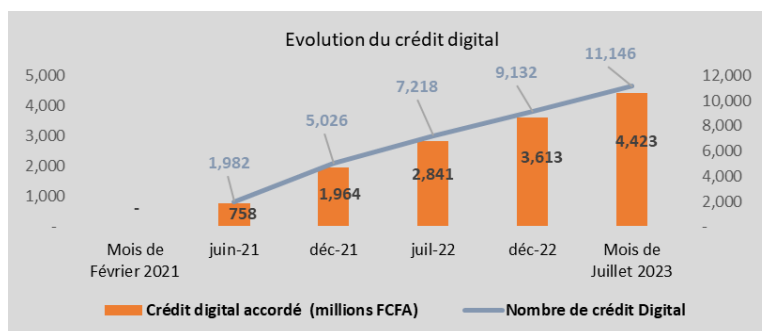
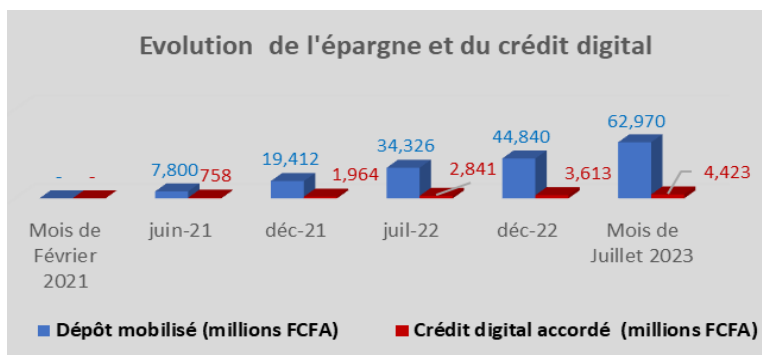
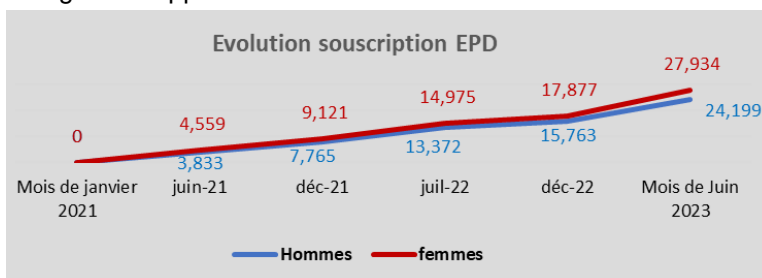
Table 1 : Project KPIs

Criteria	Rural	Urban	Total new clients	Gender percentage
Men	13,026	10,181	23,207	45.98%
Women	14,145	13,117	27,262	54.02%
Total new clients	27,171	23,298	50,469	
Area percentage	53.84%	46.16%		
Youths (18 to 35 years old)	14,629	10,161	24,790	49.12%
Project target	50,000			
Completion rate	101%			

A regular savings is constituted by these clients through the EPD / Digital Planned Savings Platform (Total deposit of 62.9 billion FCFA). These clients benefited from 11,146 cash facilities totaling 4.4 billion FCFA, which allowed them to set up income-generating activities, self-employ themselves, and meet their basic needs (nutrition, decent housing, children's education, etc.). At the end of the project, 94.6% of the clients reported being satisfied with the Digital Planned Savings offer, compared to a satisfaction rate of 68% for other products and services offered by FECECAM-BENIN at the start of the project (Survey data collected).

The effects of the project were manifold, a field survey conducted in June 2023 revealed the following:

- Restoring customer confidence in financial services - which was lost due to successive losses suffered in traditional savings groups.
- Reducing waiting times, operation costs, and improving security by allowing savings without visiting a service point.
- Facilitating access to credit by enabling direct application submission in the field.
- Increase in monthly subscription rate of Digital Planned Savings platform (EPD), from 3.6% to 5% between 2022 and 2023. Daily deposits also grew by more than half of the clients, with 62% being women.
- 707% increase in EPD volume over two years (from 7.8 billion FCFA in June 2021 to 62.9 billion FCFA in July 2023), surpassing the projected 20 billion FCFA.
- General growth in average deposits (34%), rising from 0.9 million FCFA to 1.25 million FCFA during the project's execution phase. Average deposits increased by 104% among women and 8% among youth aged 18 to 35.
- Reduction in cash flow pressures previously experienced at some sites, with FECECAM-BENIN becoming less dependent on bank refinancing to meet client demands, thus reducing refinancing costs and improving profitability.
- 483% growth in financing for income-generating activities over two years. The digital credit portfolio increased from 0.7 billion FCFA to 4.4 billion FCFA. Average credit grew by 223% among women, reaching 0.36 million FCFA, particularly in rural areas.
- Increased turnover observed among 4 out of 5 clients.
- Employment creation - at least 30 young people recruited for digital savings collection.
- Increased productivity and operational efficiency of promoters, and easy coverage of collection areas.
- 30-day Portfolio at Risk (PAR) for EPD-backed credit decreased from 7.27% (May 2020) to 1.32% (May 2023), achieved through improved client monitoring by EPD promoters in the field and financial discipline among clients using planned savings services.
- Overall, with digitalization, FECECAM-BENIN's client base increased from 1.14 to 1.31 million (13.14% growth), credit portfolio increased by 11.6%, and collected savings volume increased by 30.58%.



- The combined effects of these contributions to FECECAM-BENIN will eventually lead to a reduction in the cost of some services offered (interest rates, commissions, etc.), as FECECAM-BENIN is an institution constantly listening to its customers. Survey data collected by the project allows the network to address complaints, needs, and priorities identified by clients.
- Based on the project's effects, some microfinance institutions have also embarked on digitizing their operations and implementing financial e-education using FECECAM-BENIN's model, which is a pioneering innovation in the territory.
- Thanks to the project, the FECECAM-BENIN network is even more recognized by the Benin Government as a major player in promoting financial inclusion. This has led to its involvement in government programs or other donors' initiatives (such as KFW) in favor of financial inclusion.

4. Lessons learnt

The scaling of digital savings collection at FECECAM-BENIN occurred against the backdrop of multiple challenges, including the COVID-19 pandemic, ongoing security crises in the northern part of the country, the Russia-Ukrainian crisis and its impacts, and stagflation leading to a decrease in purchasing power. However, these factors did not significantly impact the project's execution. The success factors of the project include:

- The commitment of FECECAM-BENIN's top management to the success of digital transformation.
- The level of expertise and commitment of experts assigned to the project.
- Constant supervision of activities by the General Director of CIF and the General Director of FECECAM-BENIN, along with their collaboration for the project's success.
- Support, guidance, and supervision from SCBF.
- A participatory approach: Various project stakeholders worked together in decision-making and project strategies.
- Customer-oriented approach: A customer feedback system was established through a dedicated hotline, collection and processing of dissatisfaction points and complaints, and satisfaction surveys to address pain points.
- Proximity service approach: Secure service delivery was developed based on studies on the potential of areas for effective deployment.
- Capacity building of actors for the management and control of digital risks.
- CIF rewarded the best performers at FECECAM-BENIN with certificates, which motivated employees to intensify efforts in product marketing.

However, scaling could not be achieved across all sites due to low potential in some heavily agricultural areas, where the seasonality of incomes did not allow for regular contributions and ensure site profitability. Instead of scaling across all zones, the project strategy focused on reinforcing actions in high-potential areas to compensate for forecasts in uncovered localities during the project period. For future projects, the economic potential of areas should be studied for profitability to avoid post-deployment setbacks. Piloting for adjustments as needed, sufficient communication, and capitalization of achievements from previous activities and interventions should enable actors to learn lessons and benefit from good practices for replication, ensuring the sustainability of actions on the ground. Known limitations in deploying planned savings in areas incompatible with regular daily contributions over a calendar year have led to reflections on opportunities to develop specific products and services to financially include these population segments. The agricultural sector requires technical capacity-building support for producers to ensure year-round production. This involves reducing their vulnerabilities to climate change threats through sustained actions to strengthen their resilience (partnerships for access to financing, advisory support, agro-ecological production techniques, promising value chains, index-based insurance, etc.).

At the end of this project, a workshop was held to capitalize on achievements with various stakeholders. The tools made available to the network and lessons learned allow FECECAM-BENIN to sustain achievements, benefiting from other initiatives in the field as well.

Client testimonials

Fêmi Merveilleux AWE, breeder in the town of Save

In 2022, when I graduated from high school in Savè, I found myself unable to continue my studies because my father's financial resources dwindled upon his retirement. While going to school, I bought a local hen and a rooster with some of the money from my breakfast. They had chicks that I sold to buy clothes and other things. At some point, I decided to focus more on my farming activity. I first started selling cakes door-to-door, which allowed me to earn 1,000 FCFA from sales of 6,000 FCFA. Every day, I try to earn at least 1,000 FCFA, which I save with the CLCAM in Savè.



With the savings accumulated, I decided to enter into an agreement with a supplier of chicken feed to obtain products on credit and pay monthly with the savings group. This is how my supplier provided me with two boxes of chicks for 60,000 FCFA repayable over 4 months at 15,000 FCFA per month. I ventured into farming and decided to make it my business. At the end of each savings group cycle (30 days), I withdraw 30,000 FCFA, repay 15,000 FCFA of my debt, and purchase 15,000 FCFA worth of feed. The Digital Planned Savings (EPD) has helped me develop the discipline to save regularly. Without the EPD, I would easily and unnecessarily spend the 1,000 FCFA I earned from selling cakes. The financial education I received also strengthened my savings discipline, motivation, and determination to succeed and become a great entrepreneur. Today, I have obtained a loan of 200,000 FCFA for a duration of 12 months to buy more chicks and stock inputs, as well as a motorcycle for my business."



Léocadie GODEME, Baker in the Bohicon town, South Bénin

I am a mother of three children. Five collaborators work with me, including three apprentices who live with me and whom I feed.

Without a savings plan, my business would decline. Like many other artisans, I was fooled in the past and lost a lot of money in traditional savings groups. With CLCAM, my money is safe. Even in case of unavailability of assignment or even resignation of the collecting agent, my savings have no problem. That's what we were told, and that's why I turned to them.

Thanks to financial education, I understood the importance of a savings plan and the discipline in managing savings. I started with a deposit of 2,000 FCFA, but currently, I contribute 10,000 FCFA per day, allowing me to mobilize 300,000 FCFA in savings each month for the repayment of the loan I took to expand my business.