QuIP Report:
Informal saving mechanisms in Tanzania
March 2020

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Glossary of terms and abbreviations

QuIP studies employ the following terms as described below:

Attribution: Evidence that an action (X) causes change in an outcome (Y), which is the same as saying that action (X) is a necessary condition for change in an *outcome* (Y) in the presence of a package of other *drivers of change* (Z). The causal package (X, Z) is sufficient to cause the change in Y, but need not be necessary, because there may be other causal packages that are also sufficient to do so. Some authors define attribution more narrowly as a quantifiable effect of X on Y, but here the term is used more generally and in a way that is synonymous with contribution.[1]

Attribution code: a code that indicates whether a *driver of change* (a) is having either a positive, negative or neutral effect on a specified *outcome*, and (b) identifies a selected organisation by mentioning the organisation or its activities by name (i.e. explicitly); mentions activities consistent with the organisation's *theory of change* (i.e. implicitly), or does not make either explicit or implicit mention of the organisation (i.e. are unrelated/incidental to it).

Blindfolding: The process of deliberately restricting what interviewers and/or interviewees know about an activity or actor in order to reduce the potential bias in favour of emphasising the importance of this activity or actor relative to other drivers of change.

Causal chain: A series of connected causal claims, for example in a narrative where X leads to Y1 leading to Y2 leading to Y3.

Causal driver: See *driver of change*.

Causal factors: A proposition that a specified *outcome* (Y) was a direct consequence of a specified action (X) or (Z). Note that an outcome in one causal claim can be a driver in another causal claim. Consider one narrative where X leads to Y1 and another narrative where Y1 leads to Y2; then Y1 is an outcome in the first claim, but a driver in the second; the outcome of X and the driver of Y2. Similarly, Y2 is both the outcome of Y1 and the driver of Y3. Codes are applied to the text as shorthand for causal factors in the analysis process. Causal factors are the building blocks of causal chains.

Commissioner: The organisation contracting a QuIP study, and the primary user of the evidence to be collected. Responsibility rests with the Commissioner to decide what sort of evidence they want and why, as well as when, where, and how to collect it.

Credibility: How believable a particular finding or conclusion is to a particular person or audience. It acknowledges that their capacity to assess the validity and reliability of findings depends upon their own independent knowledge, experience and opportunity for cross-checking or triangulation against other sources. This contrasts with the quest to establish universal truths that are valid and reliable independently of the perceiver. In aspiring to produce reasonable or 'good enough' evidence the success of the QuIP ultimately hinges on the credibility of findings.

Count: the number of times a theme is mentioned in interviews and focus group discussions

a) **Respondent Count:** The number of respondents who mention a given theme ('driver of change', 'outcome' or 'attribution') when answering a given question. By definition, the maximum respondent count for a given theme in a QuIP with 24 respondents is 24.

[1] The QuIP has a strong affinity to Contribution Analysis as described by Mayne (Mayne J. 2012. Contribution analysis: coming of age? *Evaluation* 18(3):270-280.). Mayne (2012:273) also distinguishes between attribution ("… used to identify both with finding the cause of an effect and with estimating quantitatively how much of the effect is due to the intervention") and with contribution, that asks whether "… in light of the multiple factors influencing a result, has the intervention made a noticeable difference to an observed result and in what way?" Taking "observed results" to refer to changes measured through routine monitoring, the QuIP conforms to this definition of contribution. But as the basis for identification of causal chains it also conforms to the first part of Mayne's definition of attribution.

b) **Citation Count:** The number of times a theme is mentioned, with a maximum of one count per respondent per domain. By definition, if a QuIP questionnaire has five domains and 24 respondents, then the maximum citation count for a given theme is 24 x 5 = 120.

Domain: An area of respondents' lives, or category of outcomes (e.g. Income, Health, Education) agreed in advance with the commissioner and used to structure interviews and focus group discussions. Most studies address a number of domains that are consistent with a *theory of change*. For example, they may refer to different aspects of the wellbeing of individual intended beneficiaries.

Driver of change: An action or state (X or Z) behind an outcome (Y). These are generally self-reported by respondents, in answer to questions like *'why did that happen?' or 'what was the reason for that?'* This term is synonymous with *causal driver*.

Factors: See Causal factors.

Intended beneficiary: Those people that a specified organisation is aiming to benefit, by achieving *outcomes* specified in its *theory of change*. Sometimes the intended beneficiaries are organisations or associations of people, as is the case with capacity building projects.

Impact: Evidence that a specified project *credibly caused* a specified set of outcomes. In some cases, the term impact may refer specifically to final *outcomes*. X *credibly causes* Y in a particular context if (a) there is strong evidence that X and Y happened, (b) several stakeholders independently assert that X was a cause of Y, with minimal prompting, (c) there is no more credible counter-explanation for why they might have said this, (d) their account of how X caused Y is consistent with a plausible *theory of change*.

Outcomes: Changes (positive or negative) reported by respondents, often in answer to a question in the form of: *'during this time period has anything changed in this domain of your life?'*

Project or Programme: A specified set of activities, interventions, or investments over a given period of time aimed at achieving a specified set of intended outcomes for a specified group of intended beneficiaries. This is the object of a specified QuIP study. It is the responsibility of the commissioner to define it, as well as the theory of change behind it, as precisely as possible. Others may refer to a project as a 'treatment,' but in QuIP studies this term is generally avoided.

Respondents: Interviewees and focus group discussion participants. Their narratives are the source of causal claims, linking drivers of change (including but not limited to project activities) to outcomes, both intended and unintended. Respondents are usually a sample of intended beneficiaries, and data is collected form them through a mix of semi-structured interviews and focus group discussions.

Theory of change: The causal processes by which the commissioner of a QuIP study expects a specified project to achieve intended outcomes and impact. Not all causal drivers originate with the project. Theories of change also identify incidental drivers of change and may also assess the risks associated with their occurrence or non-occurrence.

Note regarding respondent data

The interviews and focus group discussions were carried out in person and in the local language by a local research team. Summary rather than verbatim responses were then translated into English and written up by these same researchers. Any quotations used in the report reflect the English used by the researchers. All the respondent data is anonymised by allocating a code to each respondent and focus group discussion. Any quotation used in the report is tagged with the code of the source of the quote. Data in the form of audio recordings of interviews and notes taken by the local researchers are stored securely by the research team for a maximum of one year, at which point they are deleted.

Executive Summary

This report presents the findings of Bath SDR's first round of the evaluation of the SF programme in Tanzania, using the Qualitative Impact Protocol (QuIP). The programme is a 6.5-year, US$17.6 million partnership between (XX) supporting a broad range of financial services providers (FSPs) in three countries in Africa to expand access to and use of formal financial services by users of informal savings mechanisms (ISMs).

The partner FSPs

XX is a licensed commercial bank with a mission to make mobile banking as easy as mobile money. In order to achieve this objective, the Bank added a mobile-enabled individual savings account to its basic group savings account, which offers free member-to group and group-to-member transactions. Savings group members are able to access their savings accounts through agents and via their mobile phones. In the project, XX is working with a grass-roots NGO which provides training to the savings groups. YY is also a licensed commercial bank, and it was the first bank in Tanzania to introduce mass-market mobile banking through the product YY Popote. The Bank has created a group mobile platform that enables groups to save, take loans and make contributions to their social funds through their mobile phones. In addition, the Bank employed 75 local trainers who are responsible for signing up newly created SILC (Saving Internal Leading Community) for group savings accounts (GSAs).

Expected project outcomes

The first round of the study explored the short-term expected changes at user level identified in the project's theory of change (ToC). These include:

- Increased transparency and efficiency of groups' activities
- Increased trust in savings groups
- Improved awareness of formal financial services
- Improved attitudes and perceptions towards formal financial services
- Increased confidence to seek information and give advice concerning financial services
- Improved access and ease of use of formal financial services
- Increased level of savings, increased level of transactions and payments
- Improved economic and financial decision-making processes and behaviours (e.g. budgeting and planning)

Methodology

The research was carried out using the QuIP evaluation approach. QuIP studies are designed to collect credible evidence on change directly from intended beneficiaries, based on their perceptions of what has changed in their lives and livelihoods over a set period of time related to the ToC. In Tanzania, 24 savings group members were interviewed individually and members of four additional groups were invited to participate in a focus group discussion (FGD). Interviews with two trainers from YY and an agent working with XX were also conducted.

The interviews were conducted by a team of local researchers who are fluent in local dialects, but did not have any information about the SF programme. This exploratory, 'blindfolded' approach helps to minimise pro-project and confirmation bias and increases the likelihood that researchers will collect a broader range of drivers of change – rather than only the project intervention. The FGDs and interviews with key informants were unblindfolded.

The semi-structured questionnaires used in this study covered questions about income, spending, savings, borrowing, group dynamics, and financial service providers (FSPs). The questionnaires were purposefully designed to be relatively broad and open-ended to allow the respondents to speak freely about what they believed to be significant changes in their lives.

The purposive selection of groups for interviews took into account the opening date of the group bank account, the location and size of the savings group as well as its gender profile and the activity level of the group. The two groups selected for each bank for the individual interviews share similar characteristics, being one based in rural and one based in peri-urban areas. 24 individual interviews (12 members from 2 savings groups for each bank) and 8 focus group discussions (4 for each bank) were conducted during the month of February 2020. The changes identified by the respondents report to the period between 2018 and beginning of 2020.

Main Findings

Overall, for the majority of the clients, income has increased over the period, which translated into **increased consumption (spending), savings and borrowing,** and it became **easier to save and to borrow.** It should be noted, however, that due to the change in the economic environment in the country towards the end of 2019 and the floods in 2020, some respondents from the 4 groups involved in the individual questionnaires reported both positive and negative changes (e.g. increased and decreased income) over the period of the study.

In general, results were positive at the group level, with the exception of one YY **rural group from the Namtumbo district** where **internal problems** in the group led to a number of negative consequences throughout the different domains explored (decreased savings, decreased borrowing, stop using group bank account, etc.). Comparing the groups of the two FSPs, **another interesting difference relates to the groups' activities.** Three out of four groups from XX reported initiating economic activities as a group in order to grow the group's savings and earnings, whilst none of the YY groups developed group businesses. This situation most likely results (at least partially) from differences in how long the groups have been running. Saving groups participating in the YY project were created with the project (2018 or later), while those involved in the XX Bank project were mainly pre-existing groups. **Building close relationships and trust requires time;** this difference signals that groups are at different stages of development - one of the factors to be considered when assessing their willingness and readiness to adopt new financial instruments.

Participation in the project, and therefore, in the savings group led to the **expected outcomes in terms of increased individual savings,** which are attributed by the participants to their participation in the group and to an increase of income resulting from starting or growing their individual businesses (in many cases with funds gathered through saving and borrowing from the group). Although on a smaller scale, respondents also report an **increase in borrowing**. This outcome is associated with (starting) borrowing from the savings group and increased individual savings, given that the amount of borrowing is dependent on the amount of savings in most groups. The larger amounts saved have raised money safety concerns leading some of the respondents to **save in an individual bank account, and in a few cases to use mobile banking**.

It should be considered that there were also **external factors** contributing to these changes, with business performance being a key driver of change. For many of the participants in the project, the development of individual businesses is a main source of income, with fluctuations of income (increasing or decreasing) impacting savings most strongly, but also reflecting in the levels of borrowing.

In the SF project, **training is a core mechanism**. The training given by the groups' trainers includes group constitution and functioning as well as personal financial management and use of financial products. Participants in the individual questionnaires identify training as a main driver of changes at the practice level, contributing to increased savings and borrowing as well as to saving in an individual account. They also refer to **changes in attitudes and behaviours,** with training having a positive impact on the relationship with the FSPs and, most significantly, changing behaviours regarding budgeting, with respondents acknowledging the benefits of planning their spending. In parallel, in the FGDs, it the role of training in **changing group rules** was highlighted, which led to **increased group savings and closer relations within the group**, and in **changing requirements to borrow** - associating the amounts borrowed to the amount of savings and considering repayment capacities (unlike before). This has **improved loan repayment** by group members, guaranteeing a better financial performance which allowed groups to overall increase borrowing to its members.

Furthermore, group training/facilitation is an important driver of people feeling that the **groups are safe learning places** where group members can see other members using the products (e.g. applying for an individual loan at the bank) and they can get support from trainers and bank officers to understand the requirements, advantages and disadvantages associated with the different financial products and services offered by the bank.

There is, therefore, an **increased awareness of the offer provided by the FSPs**, although a **slower uptake of** many of the products, particularly those associated with **mobile solutions** with only one third (8) of the individual respondents reporting using a mobile wallet, and four mentioning using mobile banking. **Transactions between the groups and their members remain based on cash** in all groups participating in the study.

Implications for the project

A first main implication for the project is that the three core mechanisms that compose the project: training, proximity (in the relations between groups and FSPs), and financial offer are equally important and mutually reinforce themselves in the achievement of the expected outcomes. The experience of one of the rural groups of YY illustrates well the relevance of the three mechanisms. The distance from the bank branch and the perception of no contact with bank officers led the group to stop using their group bank account after internal problems and the subsequent expulsion of the group leaders. The relationship with the bank was broken, despite training and monitoring continuing in place and the group bank account remaining open.

From the interviews conducted, it seems that while training and access to bank accounts were in general consistent across groups independent of location, proximity is a more complex issue as the situation described above showed. Frequent visits from bank officers or contacts at the branch were repeatedly praised by respondents from the urban groups in Morogoro and Songea. However, if visits are not feasible or entail excessive costs in the more remote areas, using the mobile network for customised communication with the groups can be an alternative to help maintaining the relationship and convey to the group members that they are valued clients for the bank.

Also to be considered when analysing the main findings of the evaluation are the characteristics of group members and their businesses, which influence the readiness of the members to access and use the different financial products and services offered by the FSPs. For some groups, opening individual accounts, making mobile payments, applying for loans directly at the banks and even using mobile banking may be natural developments of the relationship with the FSPs that started with opening the group bank account. However, for others these are challenging steps as noted by the two YY trainers interviewed. For groups with poorer members, who have lower levels of literacy and access to technology, and develop smaller businesses, it is often more difficult to understand and meet the requirements of access to loans at the banks and this can lead to demotivation regarding the linkage with the FSPs. It is no surprise that these remarks are made by YY trainers, since the Bank seems to be reaching poorer segments of the population, who are also more likely to be adversely affected by external events such as economic crisis and natural disasters.

In this context, the perception of the savings groups as a safe learning environment where there is the opportunity to see others experiment and to have support in the use of different financial products and services, can help overcome or minimise some of these difficulties. In all this, time is an important element, allowing group members to become closer to each other, to build trust and to learn from experience. In the project, this seems to favour XX's approach of working mainly with pre-existing groups, compared with the choice of YY of creating new groups and working with more vulnerable clients. Nonetheless, if financial inclusion is a goal for the institutions, they must be open to these different speeds of adoption of their products and be 'patient' with those groups just starting their journey. Partnerships such as the ones developed by XX with the NGO and YY with the municipality of Songea, i.e. partnerships with institutions with experience and local knowledge, can be important to minimise the effort required by the FSPs and enhance results.

1. Introduction

The report comprises the following sections:

Section 1 gives a brief introduction to the research questions for this QuIP study and a brief overview of the project background.

Section 2 outlines the QuIP methodology, including the sampling strategy and data collection methods used.

Section 3 presents the key overall changes reported by respondents in open-ended discussions, and an overview of the responses from the closed questions, indicating respondents' overall perceptions of change across the different domains.

Section 4 explores the main stories of change in more detail.

Section 5 shows the different organisations respondents listed and ranked at the end of the questionnaire.

Section 6 summarises the findings from the interviews with key informants.

Section 7 discusses the results in relation to the theory of change and summarises the main conclusions from the study.

Section 8 includes appendices relevant to this QuIP study and report.

Please note that the raw data behind this report is available in an interactive dashboard, giving access to all summary transcripts and a more detailed analysis of counts.

1.1 Project Overview

The SF programme is a 6½ year US$17.6 million partnership between [redacted] The programme is supporting a broad range of financial services providers (FSPs) in Ghana, Tanzania and Zambia to expand access to and use of formal financial services (FFSs) by users of informal savings mechanisms (ISMs). FSPs include all formal financial services providers as well as tier 3 or tier 4 providers, often regulated and supervised by bodies other than the central regulator, such as *susu* enterprises. ISMs include, among others, village savings and loan associations (VSLAs), individual savings collections and affinity groups. In Tanzania, the groups are designated SILC (Saving and Internal Leading Community).

This report presents the main findings of the first of three rounds of a longitudinal research study for the SF programme to be conducted between 2019 and 2021 in Tanzania. The first round of individual questionnaires (IQs) and focus group discussions (FGDs) was implemented during February 2020, followed by three interviews with key informants during the month of March. The research framework used in Tanzania was previously piloted in Ghana.

In Tanzania, SF has partnered with [redacted] (XX) and Tanzania Postal Bank Ltd (YY).

XX is a licensed commercial bank that started its operations in 2012. It has currently 15 branches across the country. In the project, XX is working with a grass-roots NGO aiming to boost its rural footprint. XX's mission is to make mobile banking as easy as mobile money. In order to achieve this objective, the Bank added a mobile-enabled individual savings account to its basic group savings account, which offers free member-to group and group-to-member transactions. Savings group members are able to access their savings accounts through agents and via their mobile phones. This offer is happening under the branding of [redacted], and it has been disseminated through a model of agency banking.

The digitisation of transactions is expected to bring greater transparency and accountability to rural users of savings group services. The opportunity of depositing their savings in a bank account increases VSLAs' security, avoiding too much late-cycle cash in the box. In addition, linkage with XX should allow group members to access larger and longer loans compared to what groups can offer. The SF- XX partnership aims to reach 35,000 savers, via 900 existing groups through 300 agents. The project has a budget of $0.5 million and is being implemented in the regions of Arusha, Morogoro and Moshi.

YY is a licensed commercial bank with its origins in the [redacted] Bank created in 1925. It was the first bank in Tanzania to introduce mass-market mobile banking. The Bank has created a group mobile platform that enables groups to save, take loans and make contributions to their social funds through their mobile phones. This digital technology makes saving safer, cheaper, more convenient and transparent. SF has partnered with YY to support the establishment of an active user base for its group mobile platform and the linkage between this platform and the individual mobile account '[redacted]'. Signing up of newly created VSLAs for group savings accounts (GSAs) is currently happening through 75 local trainers employed by YY under the SF-YY partnership.

In addition to the traditional GSAs, the partnership is also supporting YY linking with mobile network operators (MNOs) to maximise their outreach and lower the costs of delivery, aiming for free group-to-member and member-to-group transactions for those using the same mobile money provider. In particular, a partnership with V is currently being developed to sign up groups through the M-Koba E-wallet. As of end of June, 2019, 2,023 GSAs and 3,689 M-Koba accounts have been opened by various types of VSLAs. Local trainers support the registration for both Traditional GSAs and M-Koba.

However, the role of V agents is more specifically related to sensitisation, since groups can independently open an M-Koba account. YY aims to enable more Tanzanians in rural and peri-urban areas to save conveniently and safely through their mobile phones. YY has started the implementation of the Traditional GSA in the regions of Dar es Salaam, Ruvuma and Njombe. M-Koba accounts can be opened anywhere in Tanzania, as long as members have a V SIM.

In summary, XX and YY and their partnerships with [redacted] under the SF programme seek to:

1. Promote group mobile accounts and their linkage with individual mobile accounts, increasing safety, transparency and accountability of saving;
2. Lower and ultimately eliminate charges for member-to-group and group-to-member transactions;
3. Increase customer outreach and use of mobile banking in peri-urban and rural areas of Tanzania.

The first round of the evaluation involved savings groups members, as well as trainers from YY and an agent working with XX. Its focus was on the impact of the mobile-enabled services offered by XX and YY to savings groups and their members, with the objective of contributing to an improved understanding of the underlying motives and processes of linkage between saving groups accounts (GSAs) and individual saving accounts (linked to GSAs). Data was collected from group members in the regions of Morogoro (XX) and Ruvuma – Songea (YY) at the following levels:

1. Individual level: interviews with individual savings groups members to explore individual and household level change in terms of income, spending, saving and borrowing behaviours as well as use of financial services;
2. Group level: focus group discussions with savings groups to explore changes and reasons for change in terms of group dynamics and processes;
3. Key Informants: interviews were conducted with one agent from XX and two trainers from YY to explore linkage processes, their sustainability and viability.

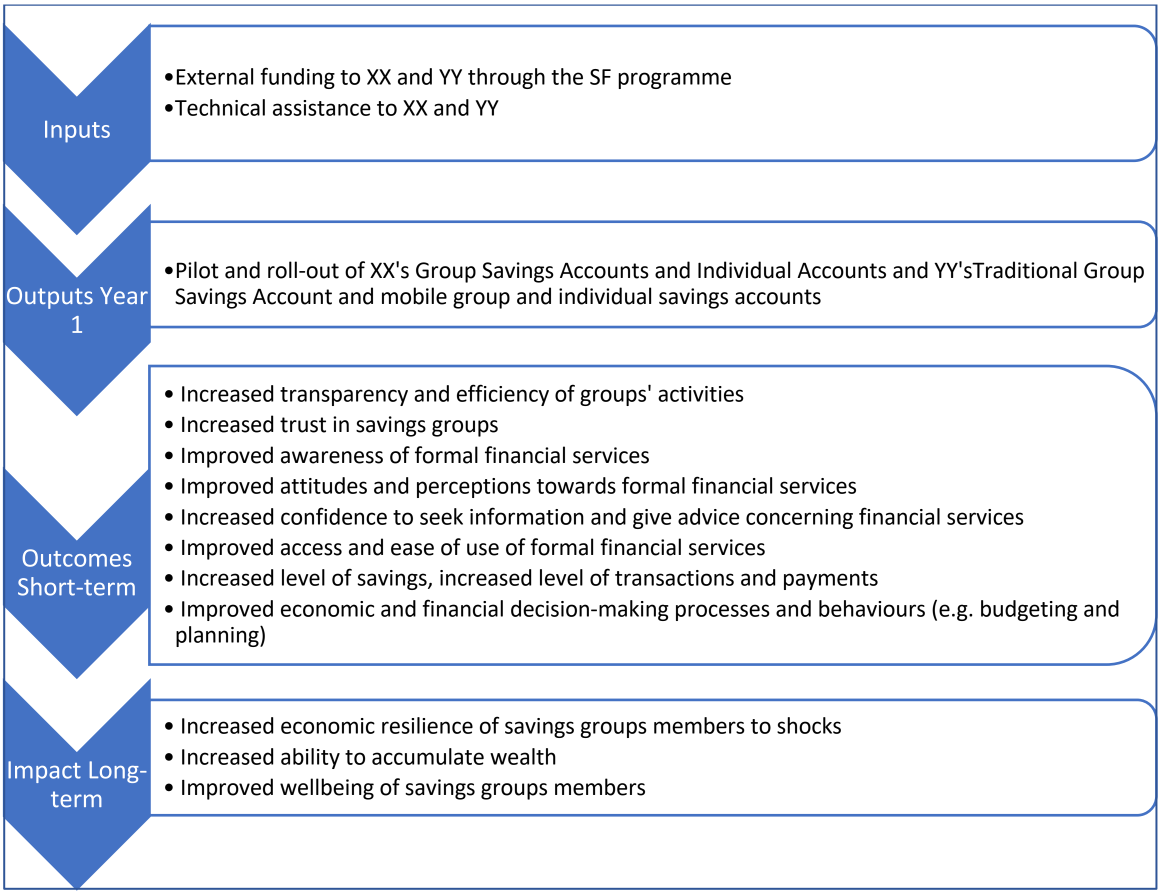
Figure 1 shows the maps of Tanzania with the identification of the study locations – Morogoro and Songea.

Figure 1: Tanzania Map

In particular, the study looked into changes in **attitudes, perceptions, and behaviours** regarding the adoption and use of group savings accounts (GSA) and their linkage with individual savings accounts through digital and mobile platforms.

The partnership between XX, YY and [redacted] under the SF project is based on a set of assumptions regarding the expected and intended benefits of the project, which are presented in Figure 2. The first round of this study explored the expected changes at user level in the short-term (see short-term outcomes in Figure 2).

Figure 2: Simplified Theory of Change - focused on saving groups members level



Based on the theory of change displayed above, three objectives and respective research questions were defined:

Objective 1: Explore the impact of the Group Savings Accounts and the linkage with Individual Accounts on saving groups members.

- How do the XX's [redacted] Account and YY's [redacted] Group Account impact on savings group members' experiences, in particular ease of access to, and use of, FFSs and FSPs, including bank services?
- How do these services impact attitudes and perceptions of FFS and FSPs, including banks?
- How do these accounts affect customers' financial preferences and decision-making?
- How do these accounts affect balances, transactions, payments and forward looking financial behaviours (e.g. budgeting and planning)?
- How do these accounts affect saving group's members levels of awareness of FFS and other FSPs?

Formal financial services (FSSs) here refer to all regulated financial services, used by or known to saving groups members, specifically mobile and digital financial services.

Objective 2: Explore the impact of group accounts on savings groups' internal dynamics.

- Why did groups decide to open a group accounts? What expected benefits convinced them to try a group account?
- How do group accounts and mobile group accounts affect intra-group relationships, social capital, trust and collective decision-making and group's sustainability?
- What happens to the amount saved collectively by savings groups once group accounts are linked to individual accounts?
- What are the risks and trade-offs of using mobile group accounts and linkages between group and individual accounts?

Objective 3: Explore and compare the types of links developed by XX and YY with savings groups from the agents and trainers' perspectives.

- How are agents and trainers maintaining relationships with savings groups?
- What underlying factors affect the relationships between agents and trainers and savings groups over time?
- What are the underlying reasons for success/failure of these relationships? Are the links sustainable over time?
- How has the business case changed for bank agents?

2. Methodology

2.1 QuIP Overview

This research study was carried out using the *Qualitative Impact Protocol* (QuIP) evaluation approach.[2] QuIP studies are designed to collect credible evidence on the household-level impacts of an intervention. This information is gathered directly from intended beneficiaries and based on their perceptions of what has changed in their lives over a set period of time and across a series of domains related to the project's theory of change (ToC).

The interview data was collected by a team of local researchers who are fluent in local dialects. The lead researcher, [redacted], was aware of the programme being assessed in order to help with sampling data and gaining access to the savings groups, but the researchers who conducted the fieldwork were only given very limited information and did not know about the SF programme. They had no knowledge of the hypotheses being tested and worked completely independently of the project team and commissioning organisation. These procedures are important as they help to reduce pro-project and confirmation bias. Moreover, blindfolding increases the likelihood that field researchers will collect a broad range of information about changes in the community, as interviewers and interviewees are not limited to thinking about one intervention or project activity. This further enhances the open-ended nature of the questionnaire, which is consciously designed to increase the potential to uncover unintended intervention outcomes or unexpected stories of change. Informed consent was obtained by respondents prior to starting interviews.

The semi-structured questionnaires used in this study were divided into relevant domains, including:

- Income (IQs)
- Spending (IQs)
- Savings (IQs and FGDs)
- Borrowing (IQs and FGDs)
- Group Dynamics (FGDs)
- Financial Service Providers (IQs and FGDS)

A final section of the individual questionnaire asked respondents about financial service providers they engaged with. Respondents were asked to rank and to detail their involvement with them.

Questions were purposefully designed to be relatively broad and open-ended to allow the respondents to speak freely about what they believed to be significant changes in their lives. Researchers were trained to use the additional questions to probe further and establish what the perceived drivers of these changes were. Closed questions were also used at the end of each domain to capture overall perceptions of change in some specific areas. These provide a useful snapshot of responses as an introduction to the findings and are presented in Section 3.1. It is important to stress that these closed questions are limited in their scope as respondents are only given three choices (easier, more difficult, the same). The open questions provide a more detailed narrative providing the often complex and multiple drivers of the changes. The main findings from these questions are

[2] Further background and QuIP resources can be found at: www.bathsdr.org

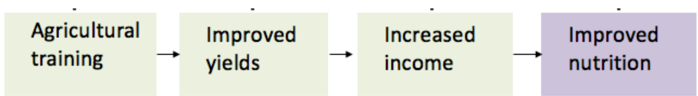
presented in more detail in Section 4, drawn from the standard QuIP analysis process as described below, allocating driver, outcome, and attribution codes to each statement of change.

QuIP analysts only code statements related to *changes* that the individual or focus group experienced and reported (i.e. any statements about the status quo are not coded, unless they are deemed significant to highlight to the commissioner).

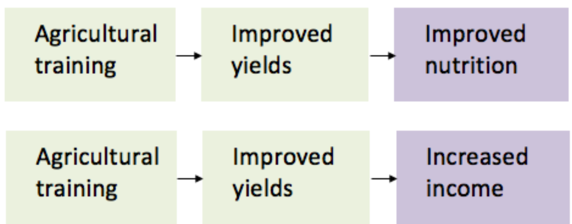
How to interpret QuIP presentation of findings

QuIP data is not statistically representative of the wider population. Findings cannot be extrapolated out across wider project target areas, nor is that the intention. The aim of carrying out a QuIP is to conduct a 'deep dive' assessment with a purposively selected group of people in the project target area to understand whether, and if so, how different aspects or 'domains' of their lives have changed in recent years. Counts are used to highlight trends in the data, but these should not be interpreted as being representative of a particular population other than those interviewed, rather this offers an opportunity to learn from detailed perceptions of change in a carefully selected group. Where quotes are used, this is to help communicate more detail and give examples of the types of stories under discussion, but the number of quotes used is not representative of a 'majority' or 'minority' view.

The QuIP approach to analysing data relies on counting 'factors' applied during the coding process. Analysts carefully mine the responses to all questions and apply a factor tag to each portion of text, e.g. 'Increased income'. These factors are unique to each project. The causal relationships between factors are coded depending on the order in which they are related, as per the example below.



A causal claim relies on the use of at least two factors, to denote a 'driver of change' and an 'outcome. The example above could also be coded differently depending on how much information is volunteered by respondents, and in what order they tell the story, as shown below.



In addition, an attribution code is added to the factors, depending how closely the story mirrors the known theory of change and interventions, as per Table 1 below.

Table 1: Attribution coding

	Positive code	Negative code	Neutral code	Explanation
Explicit project link	PE	NE	E	Positive or negative change explicitly attributed to the project or to explicitly named project activities or project partners
Implicit link to project theory of change	PI	NI	I	Change confirming (positive) or refuting (negative) the specific mechanism by which the project aimed to achieve impact, but with no explicit reference to the project or named project activities.
Other attributed	PO	NO	O	Change attributed to other forces not connected to the project.
Other not attributed	PN	NN	N	Change not attributed to any specific cause.
N/A	X			Responses that were felt to be of interest, not related to change.

When the whole dataset has been coded it is possible to run queries to establish how many times different factors have been used in different ways, and the relationships between them. Figures in this QuIP report will use two different types of 'count';

a) **Respondent Count:** The number of respondents who mention a factor. The maximum respondent count will always be equal to the number of people interviewed, or the number of FGDs, (these are presented separately), i.e. 24 interviews and 8 FGDs in this study.

b) **Citation Count:** The number of times a factor is mentioned, with a maximum of one count per respondent per domain.

Some figures present both counts alongside each other; this is important as they tell us two different types of information. The respondent count tells us how many times a particular factor was brought up across all the interviews - to a maximum of once per interview. This is telling us how many people mentioned this factor in general. The citation count tells us whether they repeated that factor across more than one domain (set of questions linked to one theme), thereby telling us if it was important in more than one area of their life, for example, 'increased income' is likely to be mentioned across multiple domains, whereas 'eating more vegetables' may only be mentioned in one domain (e.g. food consumption). If the citation count is much higher than the respondent count, it means that it has been mentioned across more than one domain.

This analysis method allows the rich narrative information gathered from interviews to be coded and displayed in the tables and visualisations contained in this report. This coding process enables the analyst to look for patterns and trends across the dataset, and to understand which stories of change are common across the sample, and which are specific to certain individuals, or to a particular group of respondents.

A note on respondent voice

As respondent voice is central to QuIP's methodology and philosophy, quotations from the narrative accounts are presented throughout this report. Furthermore, the respondent codes presented in the tables, figures, and quotations, allow the reader to trace back from the charts to the original qualitative data (available in the accompanying dashboard or extracted Excel file).

The fieldwork for this QuIP was carried out in Tanzania by researchers from [redacted], managed by [redacted]. The researchers were trained by [redacted] and [redacted] of Bath SDR.

The QuIP questionnaires were carried out in local dialects and then summarised and translated into English by the same researchers. All quotations used in this report reflect the wording and English language used by the data collection team. Translations or clarifications are provided where necessary, but where possible the English has been deliberately left as written by the field researchers, in order to maintain authenticity. Original notes and recordings are held by the research team.

2.2 Sampling strategy

The QuIP methodology uses a combination of purposive and then random sampling.

In this study, six GSAs were first selected for each bank. Respondents for the individual interviews were selected from two GSAs while FGDs were conducted with four different GSAs to avoid respondents' fatigue. The selection of GSAs took into account the opening date of the account, the location and size of the savings group as well as its gender profile and the activity level of the group. The two GSAs selected for each bank for the individual interviews share similar characteristics, being one based in rural and one based in peri-urban areas.

Table 2: Sample selection for individual interviews in Morogoro and Songea

Tanzania 2020	Rural	Peri-urban	Total
XX (Morogoro)	6 (VSLA 1)	6 (VSLA 2)	12
YY (Songea)	6 (VSLA 3)	6 (VSLA 4)	12
Total	12	12	24

FGDs, which are unblindfolded, were carried out after the IQs in order to avoid the risk of customers hearing about the research and maintain the partial blindfolding of the IQs. In addition, interviews with an XX agent in Morogoro and two YY trainers in Songea were also conducted to explore the relationship of the agents/trainers with the FSPs and the groups, as well as their perception of benefits and challenges associated with the main financial products provided to savings group members (group and individual bank accounts).

3. Main findings

This section presents the overall snapshot of change derived from respondents' responses to closed questions and a brief overview of the main positive and negative changes reported by respondents within the detailed narrative accounts. It also includes an overview of project attribution across the different questionnaire domains.

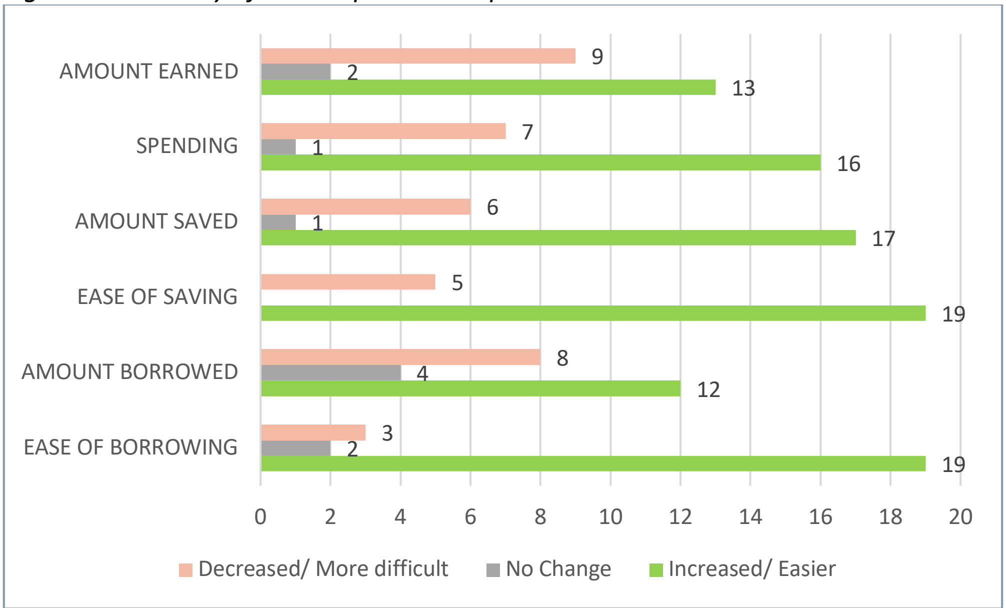
3.1 Snapshot of change: closed questions

Figures 3 and 4 below show the number of respondents reporting positive, negative, or no change across the different questionnaire domains in response to the closed questions. The figures use a shortened version of the closed questions; Table 3 outlines the full list of closed questions.

Table 3: Closed Questions

ID	Closed Question Full	Closed Question Shortened
B2	Overall, has the amount you earn...? *Increased, Decreased, Stayed the same, Not Sure*	AMOUNT EARNED
C2	Overall, has the amount you spend...? *Increased, Decreased, Stayed the same, Not Sure*	SPENDING
C3	Is this: a good change / a bad change?	POS OR NEG CHANGE
D2	Overall, has the amount you save...? *Increased, Decreased, Stayed the same, Not Sure*	AMOUNT SAVED
D3	Overall, has saving become...? *Easier, More difficult, Stayed the same, Not Sure*	EASE OF SAVING
E2	Overall, has the amount you borrow / take out loans for...? *increased, Decreased, Stayed the same, Not Sure*	AMOUNT BORROWED
E3	Overall, has borrowing become...? *Easier, More difficult, Stayed the same, Not Sure*	EASE OF BORROWING

Figure 3: Summary of closed question responses



Overall, income has increased over the period for the majority of the clients, which translated in increased consumption (spending), savings and borrowing. It should be noted, however that the number of respondents for whom income has decreased is relatively significant and reflects a change in the economic environment in the country towards the end of 2019 as well as the impact of the floods in 2020.

The economic slowdown and the increase in prices of business inputs and consumption goods was reported not only by those experiencing a decrease in earnings, and it helps explain the number of respondents reporting increased spending. This is why question C3 is used to help establish whether increased spending is perceived positively or not (see figure 4). For some respondents, an increase in spending is seen positively – meaning an increased consumption capacity, while others perceive it negatively reflecting an increased cost of living and a diminished purchasing power.

Figure 4: Questions C2 and C3 on Spending (IQs)

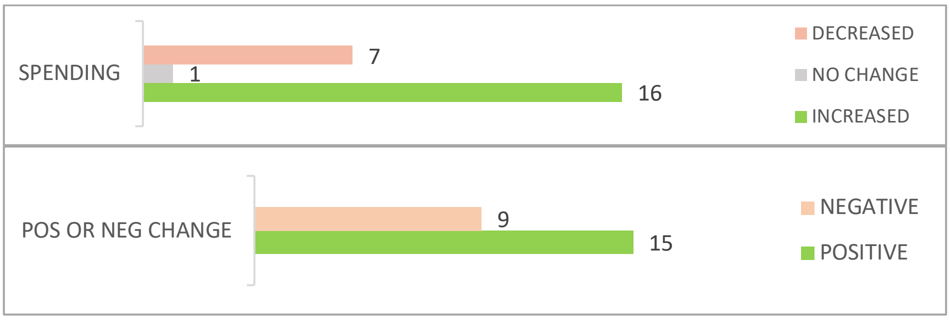


Figure 4 shows that positive answers to this question (15) still outweigh the negative (9). These nuances can be verified in Appendix 3 where a full list of how all individual respondents answered each closed question is provided.

Finally, the main finding from figure 3 is that together with the growth of the amounts earned, saved and borrowed, it became **easier to save and to borrow**, which gives a good indication of positive changes associated with the respondents' participation in the SF project.

3.2 Overview of changes by theme

Respondents reported a range of changes in their lives over the past two years, predominantly linked to savings and borrowing, use of FSPs' products and services (including training provided within the project) and household budget (income, spending, assets). In addition to these themes, the FGDs also covered changes in group dynamics.

Tables 4 and 5 below outline how these positive and negative changes reported by respondents were clustered into thematic categories by the analyst. The changes are listed in descending order of frequency within each category, with the most frequently mentioned first. Tables 4 and 5 refer to data collected through the IQs and FGDs, respectively. In the case of the IQs, only factors cited by at least two respondents were included.

Although there was no specific question on group dynamics in the IQs, the factors included in the theme were mentioned by some of the respondents while answering other questions, and for this reason, the theme is also included in Table 4. One of the factors associated with this theme is 'internal problems', which was cited by two of the respondents, and reflects a negative situation within their savings group with consequences throughout the different themes explored (decreased savings, decreased borrowing, stop using group bank account, etc.). This case is further explored in section 4.3.

Table 4: Changes by theme – Individual Questionnaires

Savings	**Borrowing**
- Increased individual savings - Save at savings group - Decreased individual savings - Easier to save - Increased trust in savings group	- Increased (individual) borrowing - Borrow from savings group - Decreased (individual) borrowing - Easy borrowing procedures - Change purpose of loans - Repayment difficulties
Us of FSPs' products/services	**HH Budget related outcomes**
- Training on personal financial management - Improved attitudes/perceptions of FSPs - Saving at individual account - Increased use of mobile wallet - Awareness of bank products - Use of mobile banking - Increased payments through bank - Plan to save/borrow from bank in future - Saving at group bank account - Stop using group bank account - Training on business development	- Planning spending - Increased income - Start/expand business - Decreased income - Increased spending in food and education - Disruption/decrease business - Decreased spending in personal/luxury items - Investment in land/house - Increased household assets
Group dynamics	
- Closer relation within group - Change in group rules - Change in requirements to borrow - Internal problems (group)	

Looking at differences between respondents based on their location (Morogoro/Songea and rural/peri-urban), respondents in the rural area associated with the YY Songea branch reported a different experience over the past two years compared to the other three locations which have more in common. Notes from the field researchers suggest that respondents from XX supported groups, located in Morogoro (geographically closer to Dar es Salaam and economically more developed) were, in general, better-off than respondents from YY groups.

The YY rural respondents are located in the Namtumbo district, more than 100km away from the nearest bank branch in Songea; they mainly run agro-businesses; and they belong to the savings group which has experienced internal problems. They are also comparatively younger (all are aged 35 or below); they have the lowest average of years of schooling (6.8 years); and none of them had a smartphone at the time of the interview (unlike the respondents in the other three locations).

The co-existence of positive and negative changes is common to all groups (rural/urban; Morogoro/ Songea). 7 respondents from the 4 groups participating in the individual questionnaires and one of the groups in the focus group discussions report both increase and decrease of income, which reflects the change in the economic environment towards the end of 2019, aggravated in the rural areas by floods which have destroyed the crops of those dependent on farming activities.

Table 5: Changes by theme – Focus Group Discussions

Savings	**Borrowing**
- Increased group savings - Save at group bank account - Increased individual savings - Decreased individual savings - Easier to save	- Increased borrowing - Improved loan repayment - Easy borrowing procedures
Us of FSPs' products/services	**Group dynamics**
- Training on personal financial management - Awareness of bank products - Improved attitudes/perceptions of FSPs - Training on business development - Failure to access individual loans - Individual loans from bank - Failure to open individual accounts - Plan to save/borrow from bank in future - Saving at individual account - Stop using group bank account - Use of mobile banking	- Changes in group rules - Closer relations within group - Changes in requirements to borrow - Start/expand (group) business - Increased self-confidence **HH Budget related outcomes** - Increased income - Informal businesses/low income - Decreased income - Disruption/decrease business - Investment in land/house - Increased household assets

The focus group discussions were conducted with different groups to those interviewed for the IQs. These all reported overall positive changes over the period. Only one group mentioned the recent change in the economic environment and its negative consequences (disrupt/decrease business, decreased income and decreased individual savings).

There is, however, an interesting difference between the groups promoted by YY in Songea and the groups supported by XX Bank in Morogoro. Three out of four groups from Morogoro have reported initiating one or more economic activities as a group in order to grow the group's savings and earnings. None of the groups in Songea developed group businesses, even if this has been suggested by the group trainers. This situation reveals different degrees of trust among group members, which most likely is due (at least partially) to differences in how long the groups have been running. Saving groups participating in the YY project were created with the project (2018 or later), while those involved in the XX Bank project were mainly pre-existing groups (two of the members participating in the IQs were members of the group for ten years). Building close relationships and trust requires time, hence this difference in time running signals that groups are at different stages of development, one of the factors to be considered when analysing their willingness and readiness to adopt new financial instruments.

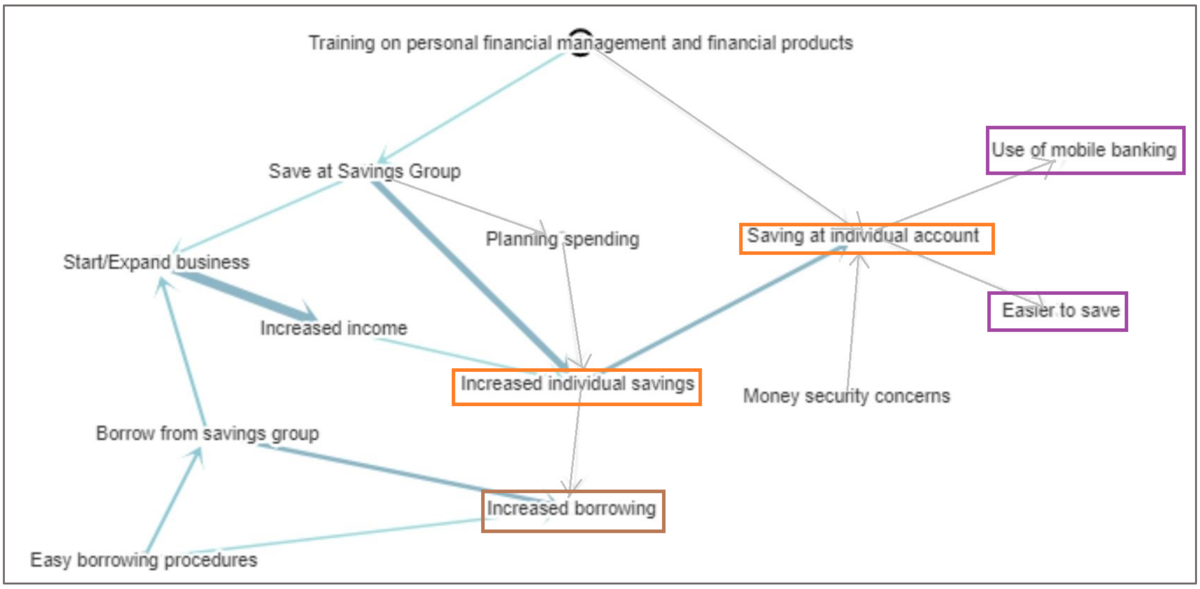
3.3 Attribution of change

This section of the report summarises to whom or what changes are attributed, looking very broadly across themes. Every causal chain coded in the text is given an attribution code, depending on what was cited by the respondent as the core driver of change, and the extent to which that change relates to the project being assessed. This code also tells us whether the statement was positive or negative.

Please note that there are likely to be a high number of implicit references due to the blindfolded approach used. In the forthcoming causal diagrams, the size of the arrows corresponds to the number of respondents reporting that outcome in relation to the preceding influence factor.

In this analysis, savings and borrowing are analysed jointly given the intrinsic links between the two themes within savings groups. Figure 5 shows the positive changes and respective drivers of change associated explicitly or implicitly with the project by individual respondents.

Figure 5: Positive changes associated with Savings and Borrowing by individual respondents



Participation in the project, and therefore, in the savings group led to the expected outcomes in terms of increased individual savings, which are attributed by the participants to their participation in the group and to an increase of income resulting from starting or growing their individual businesses, in many cases with funds gathered through saving and borrowing from the group. These are the strongest links portrayed in the figure above.

SRF-60: *"Currently I save with the saving group which I joined last year 2019. I save 8,000 per week while previously when I was out of the group I was not saving."*

SUF-74: *"Generally, my income changed when I joined the saving group in 2018... I was attracted because I found them making handbags for selling. Now my income has increased because I started to make the bags and selling, and slowly my income began to increase. I was not involved in any income activities before."*

Also depicted, but on a smaller scale in terms of citations is the increase in borrowing. This outcome is associated with (starting) borrowing from the savings group and increased individual savings, given that the amount of borrowing is dependent on the amount of savings in most groups.

SUF-70: "*Before I joined the group I was not borrowing, but since I joined the group I started borrowing. I borrow in case I am sick for the medical treatment. I borrow for buying fertilizer and solving serious family problems.*"

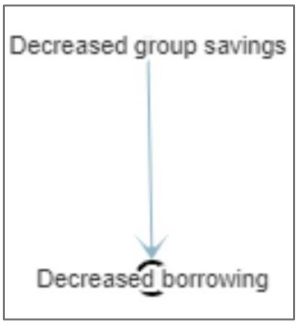
MRF-35: "*I used to borrow small amounts of around 500,000 now I borrow up to 1,000,000, and the reason is that I have increased the share I save… These changes are good because the loan we are taking is helping me to grow my business and also it encourages me to grow my share invested.*"

Importantly to the project, the right side of the figure shows that increased individual savings and money safety concerns led some of the respondents to start saving in an individual account, and in a few cases to use mobile banking. This is an outcome mainly from the XX project, with most individual participants (10 out of 12) referring to saving in an individual account. Conversely, only two YY clients mention having an individual account. This is a finding that is corroborated in the FGDs, since there were only participants with individual bank accounts in one YY group, while in the case of XX supported groups, in three of the groups the majority of the clients had individual bank accounts. This difference between the two projects is further explored in section 4.2.

Figure 5 above includes also training and planning spending as drivers of change. These are further explored below within the theme 'Use of FSPs' products".

Despite changes attributed to the project being mostly positive, two of the participants in the IQs of the YY rural group identified negative changes as displayed in Figure 6.

Figure 6: Negative changes associated with savings and borrowings by individual respondents



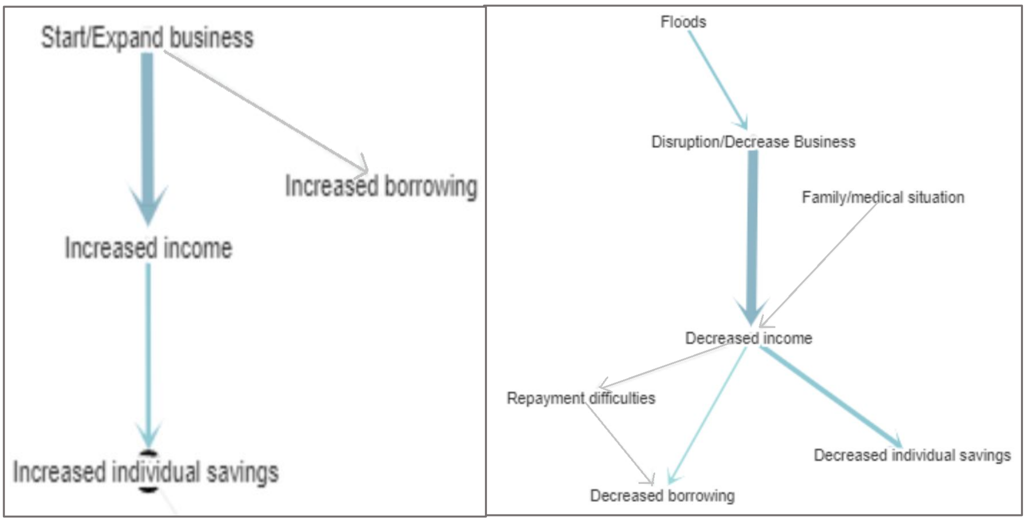
This negative change resulted from problems at group level, which led to a decrease in the number of members and in group savings, diminishing the capacity of the group to lend to its members.

SRM-63: "*this year the borrowing has reduced because the amount of saving in the group has decreased and we only depend on what we collect weekly*"

This is, however, an isolated case in the study as participants from other YY groups and XX supported groups reported increased group savings over the period.

The two previous figures show positive and negative changes in savings and borrowing explicitly and implicitly linked to the projects implemented. There are, however, external factors also contributing to these changes, as illustrated in Figure 7. As the thickness of the arrows shows, the key driver of change is business performance. For many of the participants in the project, the development of individual businesses is a main source of income, with fluctuations of income (increasing or decreasing) impacting savings most strongly, but also reflected in the levels of borrowing.

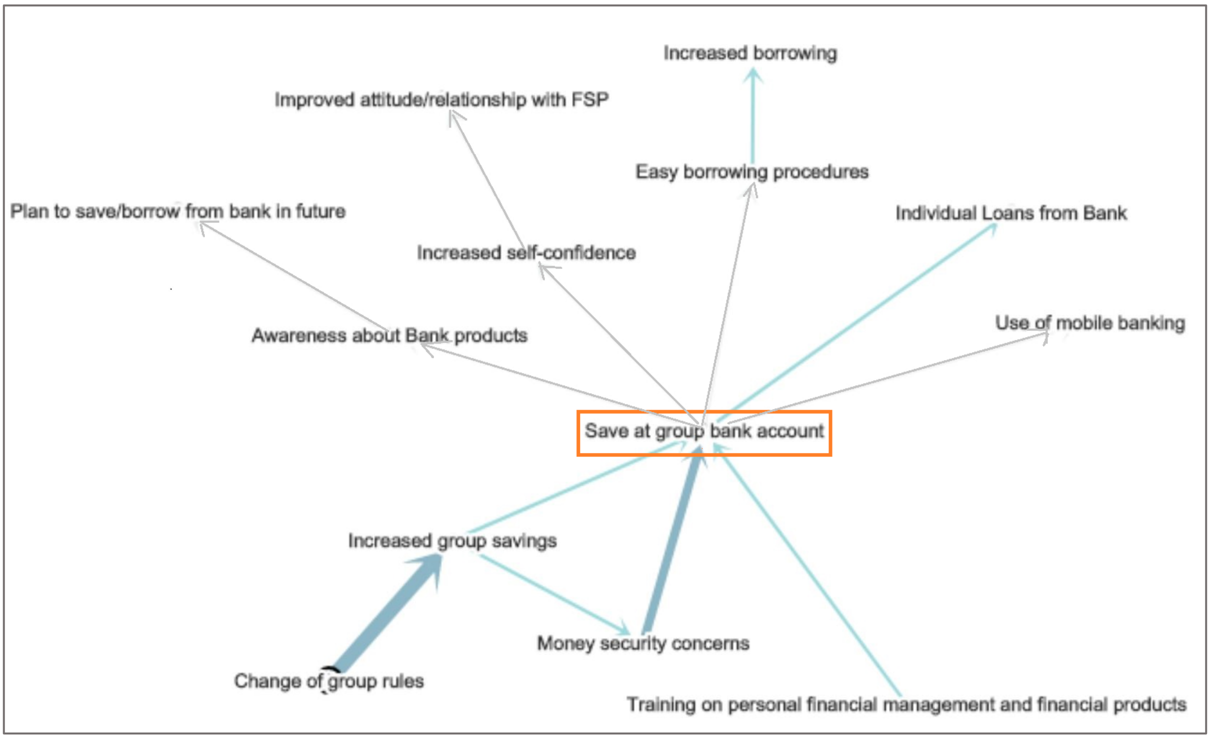
Figure 7 – Positive (left) and negative (right) changes in savings and borrowing associated with external factors by individual respondents



The theme 'use of FSP' products/services' covers many different project mechanisms (and causal factors in the dashboard), resulting in a complex causal map which is difficult to analyse. For this reason, the changes associated with the theme are broken down and presented by the main factors (e.g. save at the group bank account).

One of the core mechanisms of the SF project is the linkage of the savings groups with the banks through group saving accounts. Figure 8 displays the drivers and outcomes related to the opening of group savings accounts as discussed during the FGDs. These are all classified as positive changes (there were no negative changes associated with this factor).

Figure 8: Positive changes associated with 'Save at group bank account' by FGD participants



The lower part of the figure identifies the main factors leading to groups opening group bank accounts. Concerns about money security, particularly in a context of increased group savings, were a main driver in this decision, which was reinforced by the initial training provided by the group trainers. This initial training and follow-ups during the period of the project were also important in the introduction by all groups participating in the FGDs of changes in group rules to increase the unit value or/and the amount of group shares acquired in the weekly meetings with the objective of increasing group savings and the earnings distributed at the end of the year.

In turn, the upper part of the figure presents the outcomes reported by FGDs participants from using the group bank account. These include outcomes related to the use of FSPs' products/services, namely easier procedures to borrow (e.g. possibility of giving cheques to the group members instead of cash to disburse the loans) leading to increased borrowing from the group and increased earnings via the interest charged; access to individual loans at the Bank (reported by two XX groups) and use of mobile banking. It includes also outcomes associated with perceptions and behaviours. The citations below illustrate how saving at the group bank account has led to increased self-confidence and an improved relationship with the FSPs, and how an increased awareness of the group members regarding the FSPs products/services has raised expectations of future access to these products.

MUX-51: "*saving in the Bank has created confidence in us to use banking services even when the amounts are small."*

MUX-52: *"previously we were only borrowing within the group, but since 2018, after we have opened the group account at the Bank, individuals are allowed to borrow, sponsored by group members because we are officially recognized. We have not yet started taking individual loans from the bank directly."*

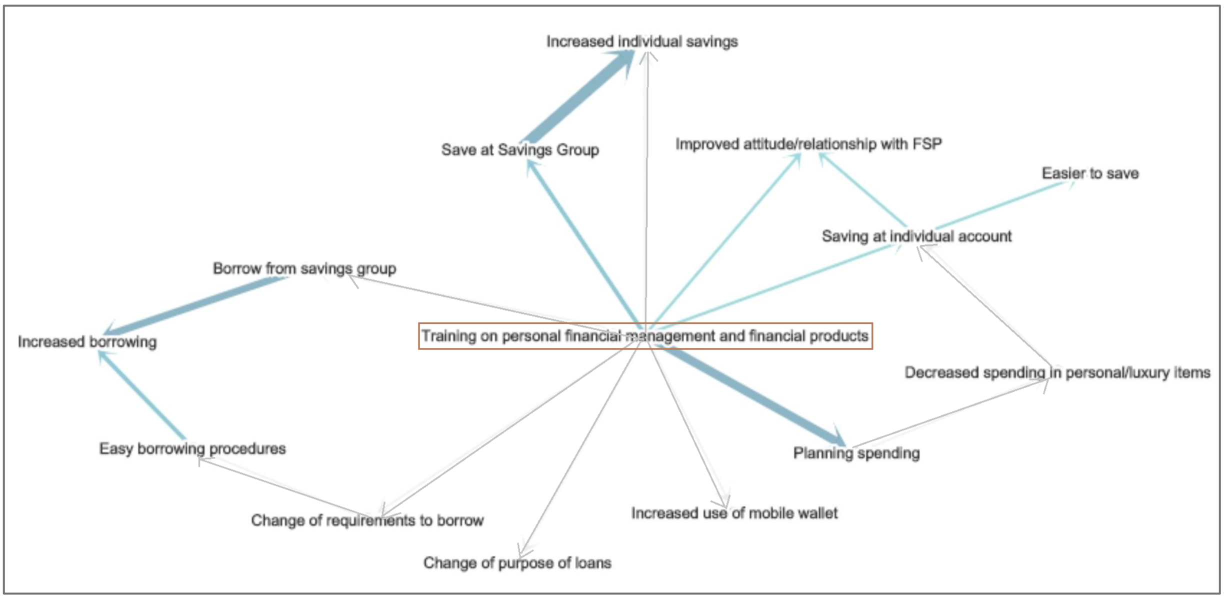
This expectation of accessing individual loans from the banks was not only mentioned in the FGDs; respondents from both FSPs in the IQs also conveyed their willingness to borrow in the future.

MRF-33: *"also there are loan opportunities of money and items such as bajaji, pikipiki loans which I have not started using. I will do in the near future.*

SRM-64: *"We are expecting in the future to start taking loans from the bank."*

Training is other core mechanism in the projects of XX and YY and the following figures display the causal chains identified when focusing on the training given by the group trainers regarding group constitution and functioning as well as personal financial management and financial products. Figure 9 presents the changes identified by the individual respondents, while Figure 10 displays the findings of the FGDs.

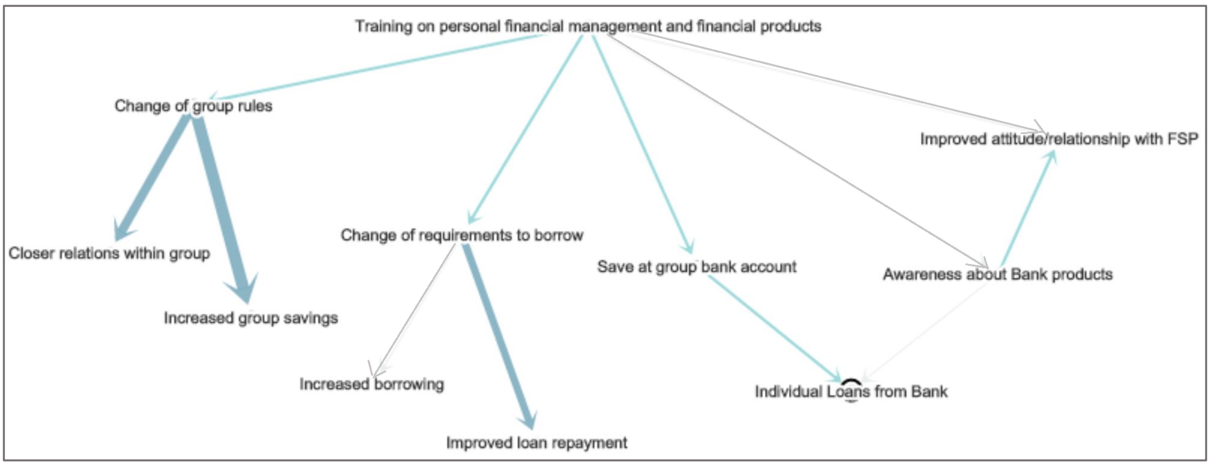
Figure 9: *Positive changes associated with 'Training on personal financial management and financial products" by individual respondents*



Participants in the IQs refer to changes at the practice level, contributing to increased savings and borrowing as well as to saving in an individual account, and on a smaller scale, to an increased use of the mobile wallet. They refer also to changes in attitudes and behaviours, with training having a positive impact on the relationship with the FSPs and, most significantly, changing behaviours regarding budgeting, with respondents acknowledging the benefits of planning and how they have increasingly prioritised basic spending and savings over spending on personality/luxury items. The change of attitudes reflects also in the borrowing patterns, particularly in the growing focus on business loans.

SUF-75: *"The first time I took a loan I used it to buy personal luxuries such as nice shoes or clothes, then I changed. Now I borrow for buying materials for producing soap and other business plans. At the beginning I had no right education in loan taking, then I got training on finance and loan management. I was trained by the municipality in collaboration with banks such as Postal bank, NMB that we should take loans for a productive purpose."*

Figure 10: Positive changes associated with 'Training on personal financial management and financial products" by participants in the FGDs



Some of the links presented in Figure 10 were already explored above, but the figure reinforces the role of training in changing group rules, which led not only to increased group savings, but also closer relations within the group. In the case of the four YY groups, the introduction of a 'gossiping fine' seems to have impacted strongly the relations among members and the cohesion of the group.

SRF-80: "Our relationship has improved because we set rules; things inside the group are not allowed to be gossiped about outside. Once said outside, the person is being charged or fined. We talk about our misunderstandings in the group and resolve problems internally."

Furthermore, particularly relevant for the participants in the FGDs were the changes in the requirements to borrow, linking the amounts borrowed to the amount of savings and considering repayment capacities (unlike before). This has led to improved loan repayment by group members, hence a better financial performance which allowed groups to overall increase borrowing to its members.

MUX-52: "*The amount of borrowing has changed as we reduced the amounts one could access as loan. We changed this due to past experience where people took loans and failed to repay, which affected others. Also, we were advised by our teachers to change the amount so as to ensure people are returning all the borrowed money."*

SRF-81: *"Nowadays we observe (monitor) the individual attendance and how much she has in her saving. So, we start giving loans to those who have reached 20,000 in savings and they can borrow 3 times their share. Before we were giving loans without looking at if the person would afford to pay the loan... We changed this because many people failed to repay because they took large amounts, so we had losses of our money."*

Also influencing the uptake of FSPs' products at individual level is the informality of the businesses run by the SILC members, and the low incomes generated by these businesses. These were the reasons put forward by participants in the FGDs from two YY groups for not opening an individual account or failing to access individual loans.

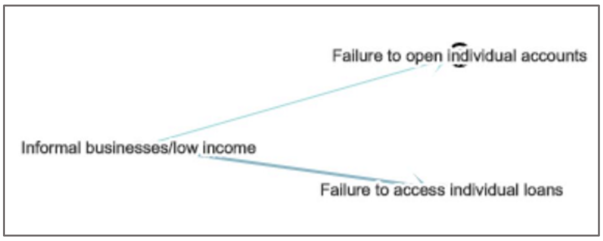


Figure 11: Low income as driver of failure to take up FSPs' products

SRF-80: "*They check our sales book, but they said we need a formal business to access loans, therefore we failed to get loans because our business is small."*

SRF-81: "*They come to educate us on opening group and personal saving account, but we still have not opened personal accounts because we do not have that money."*

The causal relationship between decreased income and negative effects on the linkage between SILCs and FSPs and the uptake of FSPs products is present throughout both IQs and FGDs, and it is further explored in story of change 3 in Section 4.

4. Stories of change

As previously mentioned, in the forthcoming causal diagrams, the size of the arrows corresponds to the number of respondents reporting that outcome in relation to the driver/previous outcome.

4.1 STORY 1: Linkage works [as expected]; impact of growth of SILCs on entrepreneurship, household income and household assets

Reading through the interviews and focus group discussions transcripts, the first conclusion to take is that the linkage of the savings groups with the two FSPs worked as expected for the majority of the respondents in terms of increasing amounts saved and borrowed, and of making these operations easier for the participants. This is illustrated in Figures 12 and 13 which show the positive changes (explicit and implicit) associated with saving and borrowing in the savings group.

Figure 12: Positive changes associated with 'Save at the savings group' by individual respondents

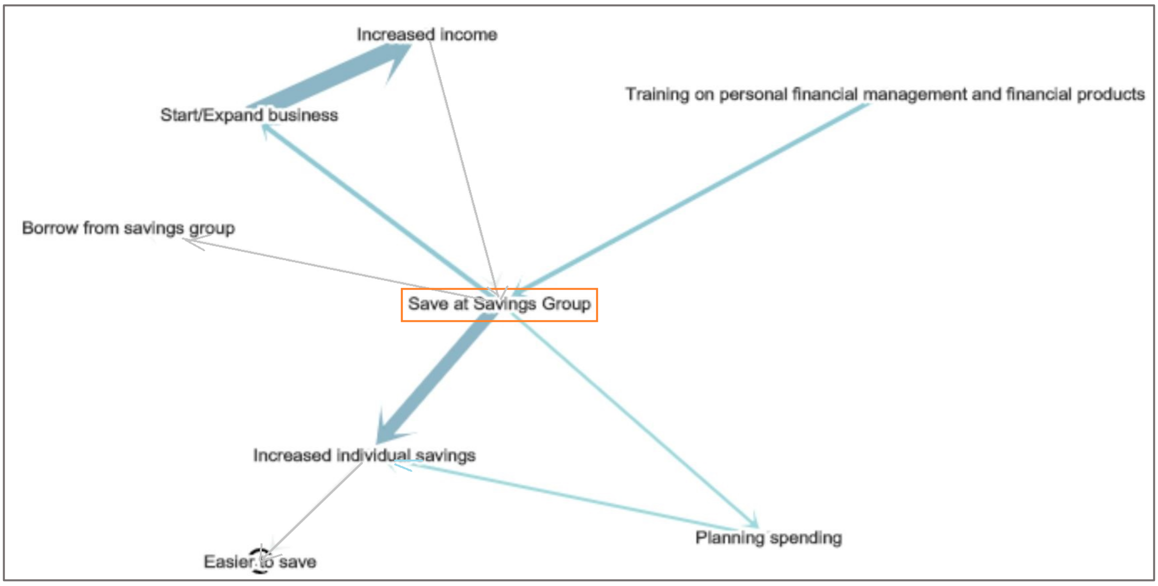
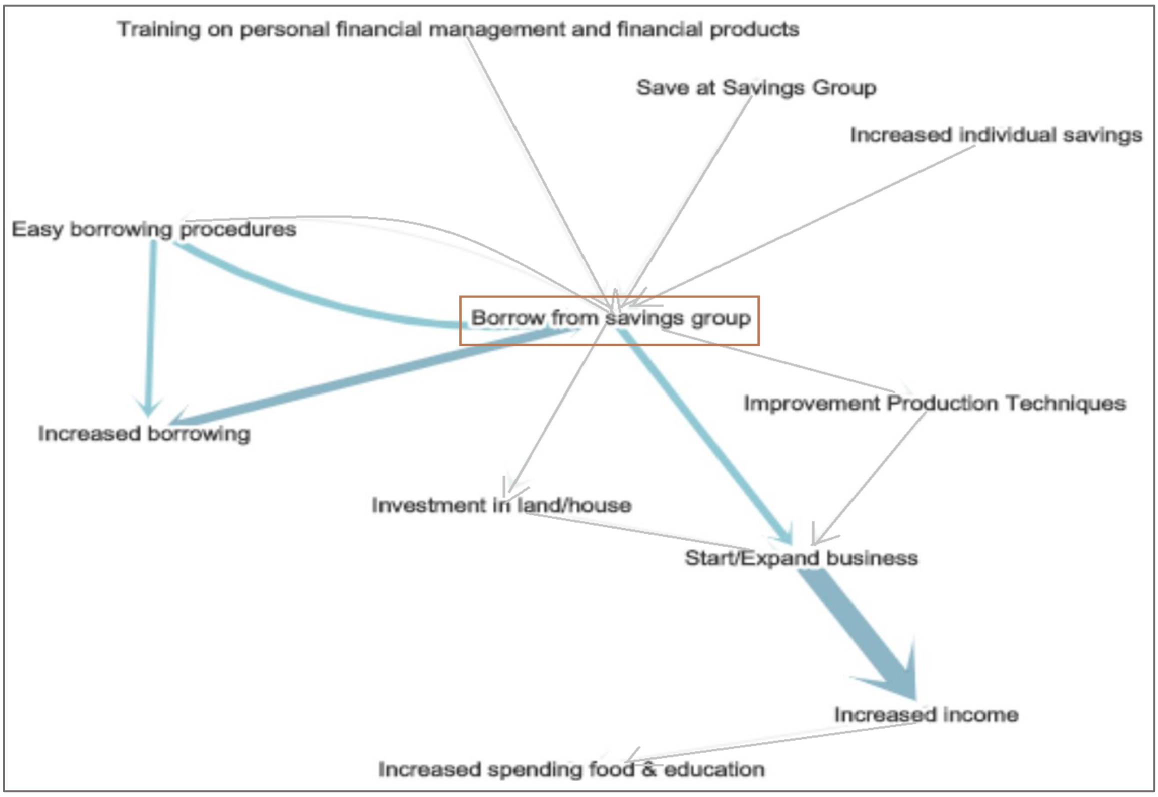


Figure 13: Positive changes associated with 'Borrow from savings group' by individual respondents



The advantages of saving and borrowing from the savings groups identified in the figures are diverse and dependent on the individual circumstances as the following citations show:

SRF-60: *"Currently I save with the saving group which I joined last year, 2019. I save 8,000 per week while previously when I was out of the group I was not saving… Before I joined the group, I had no saving behaviour… These are good changes because saving in the group helps to have saving discipline. I was not able to save at home. Also, it simplifies the saving process for me as I do not have a personal savings account."*

MUF-41: *"Before joining the group, I had nowhere to borrow."*

MUF-43: "*Previously I was taking many small loans many times because of the small amount of money I invested. Now I borrow only once but a large amount of money that will fulfil my needs."*

SRF-61: *"There are changes in my income. This increase is because of my association with the group I joined. In previous years, before I joined in the group, I was conducting farming activities independently (alone), but since I joined the group I have seen changes when I started borrowing and accessing agricultural inputs, especially fertilizer for my crops, and my harvest has increased."*

SRF-65: "*I borrow three times a year from the group, I have stopped borrowing from relatives because I was not getting the loan on time... These changes of borrowing in the group helps me to get the loan in the time of need."*

Although these quotes refer to the participation in the savings groups and not the linkage in itself, it is clear from the analysis presented in Section 3.3 that two important aspects in the growth of savings and borrowings were guaranteeing safety of money and having timely access to loans, particularly to apply to businesses. Both these objectives have been attained through the SF project, namely with the group saving accounts and the change in rules facilitated by the group trainers (see Figures 8 and 9 above).

Participation in the project has strongly contributed to groups being able to grow in a safe environment and to participants gaining trust in the savings groups as the relationship between members improve. They have access to funds to grow their individual businesses, and they see positive results at the end of the year when earnings are distributed. This growth leads to an increase in the use of group bank accounts and gives the groups flexibility to lend to the members more than the money collected weekly, being able to meet the lending requests of the members. This improved access to borrowing within the group is complemented by an increased awareness of the financial products and services provided by the FSPs opening doors to access larger loans as well as other financial services directly from the bank.

MRX-50: "*They also provide loans of which in our group we have not started borrowing but we see they provide loans in terms of money and items like bajaji to other SILC groups*."

In the context of growth of the savings groups, linkage works as a motivational factor for group members to improve their financial and economic situation. The positive picture presented does not come without risks and challenges, and it is not the experience of all participants (as described below in Story 4).

Most groups experiencing growth are focused on growing through their internal resources by increasing group savings and linking borrowing to the amounts of savings, but they have been slower to engage with borrowing directly as a group from the FSPs. In the same way, transactions between the groups and their members remain based on cash and bank cheques, and not mobile solutions. This focus on internal resources can have unanticipated results. As an example, one of the YY groups participating in the FGDs had decided to temporarily suspend the use of the group account to be able to use all the money collected in the weekly meetings to lend and increase its earnings from interest.

Although groups are restraining the amount borrowed by the members to within their repayment capacity, this eagerness to lend has a potential danger of being over-extended. Having this in mind, the introduction by another YY group of a compulsory business loan as reported in the citation below is a development that should be monitored by the group trainer to make sure it fits in with the needs of all the group members.

SUF-82: "*We have initiated a business loan, it is compulsory for each member to take a business loan every month. The amount is of 10,000 thousand and the interest is 2,000. If you do not borrow, you will have to pay the profit of 2,000 thousand that you repay for the period of one month."*

In this context, it will be important to ensure that changes in group rules to raise the level of savings and borrowing and privilege loans for productive use, which seem encouraging to many of the respondents, do not have the opposite effect for poorer participants who may not be able to save the minimum required every week or will have more difficulties accessing loans for other purposes (e.g. basic consumption or school fees).

4.2 STORY 2: Cash still prevails but gradual adoption of FSPs' products and services; SILCs as safe learning places

In Section 3.3, the role of training and group trainers in the running of the groups and the adoption of FSPs' products was highlighted. Group training/facilitation is an important driver of the groups as safe learning places where group members can see other members using the products (e.g. applying for an individual loan at the bank) and they can get support from trainers and bank officers to understand the requirements, advantages and disadvantages associated with the different financial products and services offered by the bank.

There is an increased awareness of the offer provided by the FSPs, but a slower uptake of many of the products, particularly those associated with mobile solutions - one third (8) of the individual respondents report using a mobile wallet to make payments or save, and four mention using mobile banking, with three other reporting the payment of school fees or utilities through the bank. The majority of these clients belong to XX supported groups. In the FGDs, only one XX group refers to mobile banking. Transactions between the group and group members remain based on cash in all groups participating in the study.

Data collected suggests that there are different 'speeds' of adoption of the products, which are dependent on a number of factors, including the provider. An example of this is the opening of individual bank accounts (as described in Section 3.3). The differences between XX and YY encountered in the individual questionnaires result in part of the internal problems reported by YY rural respondents. As a consequence, the group stopped using their group bank account and none of the members opened an individual account. However, this argument is not sufficient to explain why the majority of their urban clients interviewed, both in the IQs and FGDs, did not open an individual account.

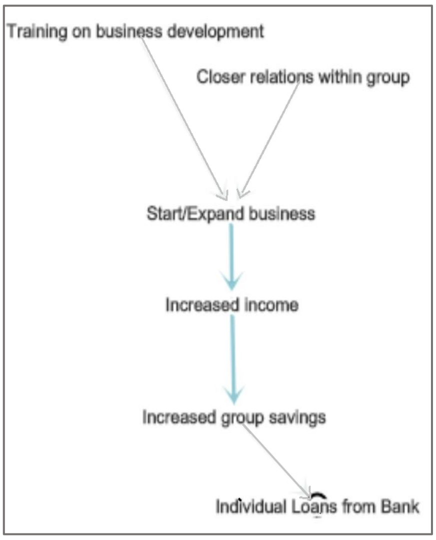
One of the explanatory factors seems to be the running time of the groups as suggested in Section 3.2. Savings groups which have been running for more time have had more opportunities to build closer relations between members and to have learned from past experiences. Another relevant factor in this analysis is the composition of the groups. As previously mentioned, respondents from YY groups were, on average, younger and poorer than those from XX supported groups. They also had less access to technology with a significantly lower number of respondents owning a smartphone. Despite it being possible to use mobile solutions with a basic mobile phone, the range of products and services is more limited, making it more difficult to understand the advantages of mobile banking. In these circumstances, opening an individual bank account becomes comparatively less attractive. Finally, location and proximity to bank branches is essential. Proximity increases familiarity with the bank and its staff, making it easier to gain trust in the institution and its usefulness in satisfying the respondents' financial needs. YY respondents live in a province economically less developed (Ruvuma), and those in the rural areas are more than 100km away from the nearest bank branch.

The conjugation of these factors results in the model followed by YY requiring more time to achieve its product uptake goals, but it seems to be reaching and including more vulnerable communities in Tanzania.

The example of others is particularly important for the more vulnerable populations as an encouraging factor, starting with the decision to join the savings group as described by SRF-61.

SRF-61*: "I was motivated and inspired after seeing my fellow neighbours who joined this saving group were producing crops well. I wanted to join and change my life."*

The importance of trust within the savings group, and of savings groups as a safe place for trying out new strategies and tools is demonstrated in the previously mentioned experience of three groups linked to XX implementing group income-generating activities, which have led to increased group savings. These are deposited at the group bank account, helping to strengthen their relationship with the FSP and opening doors for the members to access individual loans (Figure 14).

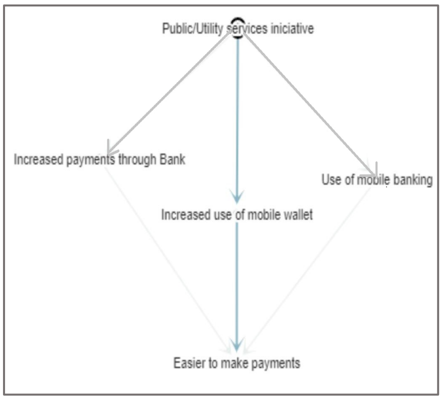


MUX-51: "*In the beginning (2018) we had no projects but now we have learnt how to initiate short time businesses. For example in each week we choose the product to sell amongst ourselves like soap and sugar, which increases the earnings and the group saving at the end of the year" (…) "We decided to save in the bank… It has created a chance for the members to be trusted by the bank and we are now also given individual loans by the bank through the savings group".*

Figure 14: Group activities as driver of uptake of FSPs' products (FGDs)

In this learning process, it is important to point out that there are also external factors potentially encouraging the uptake of FSPs' products, including mobile-enabled solutions. Three individual respondents referred to changes in their payment practices induced by schools and utility companies as displayed in Figure 15.

Figure 15: External incentives as drivers of mobile payments (IQs)



SUF-72: *"While before we were going to buy electricity at the Tanesco shop, now we use the mobile wallet, and this saves us time. These are good changes."*

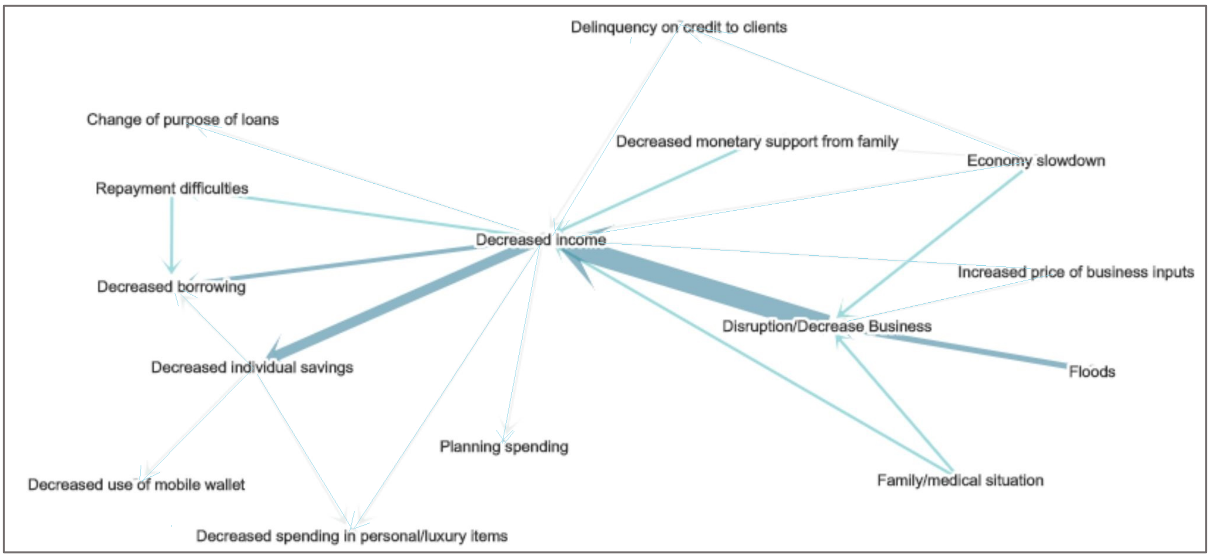
MUF-42: "*I pay school fees through the bank. Previously we were paying fees through cash to the school bursary and we were given receipts. I think money security is the reason for the change. These changes are good because by paying through the bank I feel secure. Even if I lose the bank slips, when I take a bank statement I can prove the payment."*

4.3 STORY 3: Narratives are impacted by external factors [as expected]; the role of training and financial products in building resilience

Story 3 focuses on the causal relationship between decreased income and negative effects on the linkage between SILCs and FSPs, with consequences in the uptake of FSPs' products. The relevance of this story derives from the changes in the economic and environmental context during the period of implementation of the study. Albeit external to the project, the economic slowdown and floods registered in 2019-2020 have impacted strongly some of the respondents leading to decreased income, savings and/or borrowings overall, even when these were growing during the first year of the project.

Figure 16 explores both the drivers of change and the outcomes associated with the factor 'Decreased income' by the participants in the IQs.

Figure 16: Changes associated with "decreased income" by individual respondents



On the right side of the map are the drivers of change, all of them external to the project. The consequence factors are on the left side, showing the impact of a decrease of income on consumption, savings and borrowings referred to by the respondents. The decrease of income reported by many of the participants, both from XX and YY, led to negative impacts on savings and borrowing, affecting not only the amounts borrowed but also repayment capacity and purpose of the loans.

MRF-30: "*Life has become difficult and business is slow, earnings have also decreased and are not sufficient. Previously I was taking loans to buy a land plot, building a house and installing electrical wiring in the house. Nowadays I take loans for paying the school fees of my child and for boosting/increasing the business capital.*"

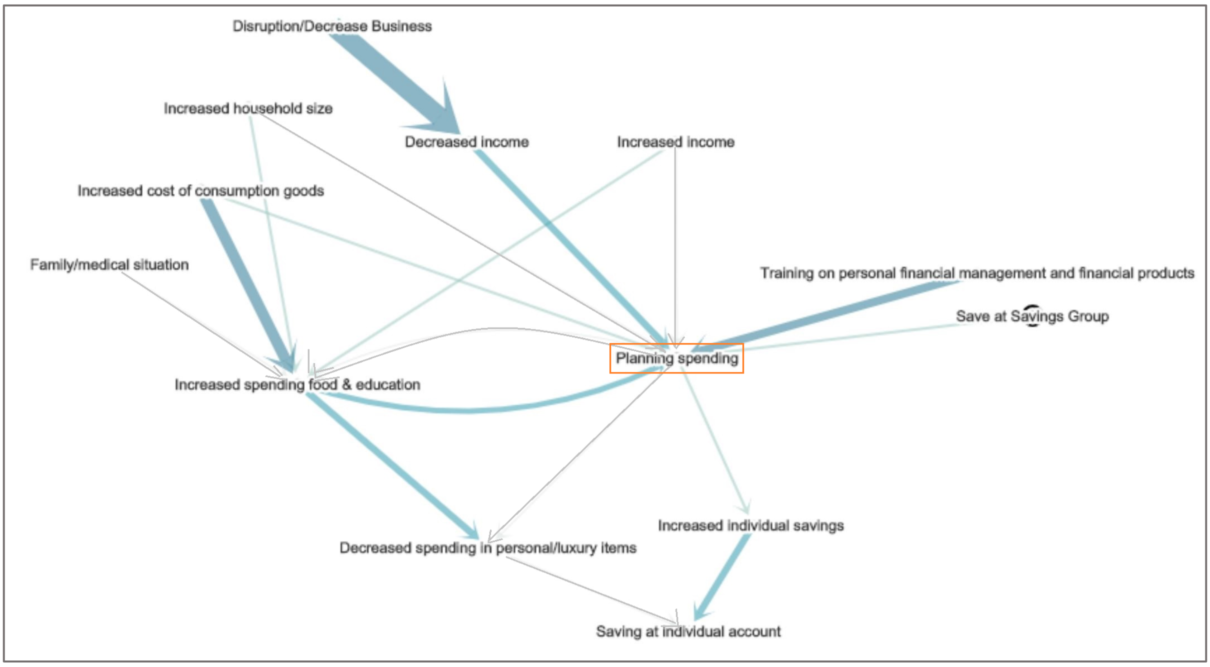
The same respondent indicates that the impact on savings does not only reflect on the amounts saved, but also on the mechanisms used.

MRF-30: "*Previously I was saving the money on mobile wallet, and nowadays I save at home because the amount I earn is very small and the mobile transfer charges are high, so I have opted to save at home to get the same.*"

Periods of economic downturn and natural disasters which are increasingly frequent, or even pandemics (as the present Covid-19), have negative impacts on the economic and social well-being of individuals and their households, and introduce additional challenges to the FSPs. Overcoming these challenges requires the FSPs to be 'patient' and flexible as the attainment of the project goals in terms of uptake of financial products and services may take longer than desired, and it will probably be associated with different timings for different groups.

However, the data collected through the IQs shows that the effects of decreased income were not all negative. To some of the participants, the situation helped them recognise the need for planning spending (budgeting), as illustrated in Figure 17, contributing to build resilience and be more prepared to face future events.

Figure 17: Changes associated with "Planning spending" by individual respondents



Budgeting is a topic covered by the training received from the group trainers, which is explicitly recognised by a part of the participants as illustrated in the figure, while others associate the increase in planning primarily with changes in income or household composition.

Depending on the driver of change emphasised by the respondent, the change is considered as positive (most cases), negative or neutral.

MRM-31: "*Nowadays I do expenditure budgeting because I received money budgeting education from XX Bank.*"

SRF-62: "*Now, because we have increased the earnings, I sit and plan before starting spending, for example how much I spend buying goods and how much I save for emergency in the family. Therefore, my planning has increased. These are good changes.*"

MUF-40: "*Previously I had no tendency to budget, I was buying things without plans. The reasons for the need to plan is the increase in the size of the family and the responsibility to meet basic needs of the family.*"

MUF-42: *"I didn't have the tendency of planning money but now I have increased the use of budgeting before using money. I allocate money for important needs. This I do because the income I earn is not sufficient."*

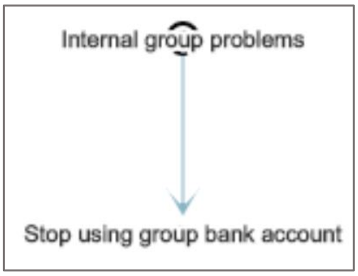
In the figure above, most factors are drivers of budgeting, but there are also two outcomes resulting from the increase of planning – the decrease in spending on personal/luxury items, and the increase of individual savings leading some of the respondents to save at individual bank accounts.

4.4 STORY 4: The failure (so far) and the opportunities to reverse the story

This is a story of one group from YY, but a story that can easily be repeated independently of the FSP. The group is based on a rural area in the Namtumbo district, more than 100km from the closest YY branch in Songea. As with other groups, it received the initial training from the group trainer(s) and opened a group account at YY, trusting the money each week to the trainer who did the deposit.

At some point there were internal problems within the group and the group leaders were expelled. At this moment the group stopped using the group bank account (Figure 18), although it is not clear from the interviews the exact reason for this.

Figure 18: Internal group problems (IQs)



One of the respondents stated that they had no signatories, and therefore could not access the account:

SRM-63: *"We used to save in the bank but since the leaders exited the group, we have no signatory to send to the bank."*

Others mention that they did not want to continue giving the money to just one person to make the deposit. They had lost trust in the process.

SRM-62: "*Then we had an issue whereby our group leaders including chairperson, secretary and bursar were expelled from the group, so we were afraid to continue trusting one person (the teacher) to handle all our money. We then agreed to continue saving it in the iron box and selected new group leaders."*

It was probably a combination of these reasons which reduced the number of members in the group. A smaller number of members translated into lower group savings and lower capacity to borrow decreasing the amount of money remaining to be deposited at the bank.

SRM-62: *"These changes are bad changes because apart from saving from the bank we expected to start getting loans from the bank, but nothing has happened. It is a disadvantage to us."*

The story so far seems a failure in terms of linkage of the group with the FSP. However, this does not have to be the case. The group members seem aware of the advantages of being linked to the bank and despite the difficulties, the group managed to re-organise, they changed the rules on how they save and borrow, and respondents perceived the changes introduced as strengthening the relations within the group.

SRM-63: "*Some people were not faithful in returning the loan so we decide to change the amount of borrowing that you could do. We look at the amount you have saved, and you can borrow three times of your share."*

SRM-64: *"We have a good relationship, we are expecting in the future to start taking loan from the bank".*

There seems to be a willingness to reverse the situation in order to start growing savings and earnings. This will, however, take time as the number of group members has decreased. In addition, it is important to consider that in the answer to question F1 (ranking of financial service providers), none of the members of the group identifies YY as FSP, and throughout the interviews all references to the trainer seem to indicate that they do not associate him with the bank, despite being YY staff. This helps explain why all the interviewed group members have mentioned to the field researchers that they were not visited by bank officers since the group was established in 2018. Exemplifying this is SRM-64 who only mentions the savings group as FSP, but that in his answer says that *"since we opened the group account at YY we have never seen bank staff visiting us"* and questions "*why bank people are not coming to visit us?"*

Proximity appears to be fundamental in this case as respondents from the savings group located in the urban area of Songea report a different experience [SUF-70: "*they come to visit frequently to evaluate how we are*]. Therefore, it could be expected that if the group was located closer to the bank branch, issues with the change of signatories of the bank account would have been more easily solved, and the situation of the group would have been closely monitored.

Keeping in mind that the story is presented from the group members' perspective, not considering potential arguments from the FSP, it does signal a situation that might occur in other groups and locations, and that will require the bank to make a decision. Reversing the situation will require flexibility from the FSP regarding its objectives, and most probably additional support, which given the location of the group means either increased costs with visits, or the need to find creative solutions to provide this support (using e.g. customised communication through mobile phones).

Stories of change in the words of respondents

Having in mind, the co-existence of different speeds in the linkage process and the uptake by the savings group members of the different products and mechanisms introduced by the banks with the SF project, this first story is about a front-runner. Not surprisingly, the respondent is young, literate and, important detail, owns a smartphone. She values low transaction costs and feels welcomed and trusted by the bank.

MRF-32, a young married female trader [redacted] ***owner of a smartphone***

B1: Has your income changed in the past two years?

My income has changed for the better – increased. The reason is the weekly saving in the group which has made me work harder every day to make sure I do not miss to save a little. The main source of income is my 'machinga' business. I buy items such as clothes and other goods and sell them. These I either buy in cash or get on credit. At the beginning I was employed in a stationary office and I was also doing the business of selling liquid soap on credit, but my capital was small. I receive remittances when I am cash strapped, my family supports me. This amount has decreased because of the decline of the economy.

C1: Has your spending changes in the past two years?

You know the amount you earn also determines the spending you can do. Previously I was just spending extravagantly and I had no budgeting skills. I was buying anything at any time I wanted. But now I have reduced my spending, because my family size has increased, (I know have two children). My spending has increased more on food purchasing. I have reduced the rent I pay as I shifted from a three to a two bedroom house. I am planning to buy a motorcycle ('boda-boda') with my husband to do transportation business. The decline of the economy and the increase of family size are the main reasons for changes in my spending patterns. Previously I was paying by cash and sometimes I use mobile payment and banking transfer especially when I order goods from Dar es Salaam. Fear of money theft also influenced changes in my cash spending behaviours. I changed from carrying large amounts of money in the bag. These changes are good because they secure our money. I have started planning and budgeting the money to meet the needs so the increase of responsibility encourages me to allocate the use of money wisely.

D1: Have your savings changed in the past two years?

I now save in the saving group and also in my bank account. The amount I save has increased a little bit, which I send to the bank too. Sometimes the saving is very helpful to boost the business during times of crisis, or when debtors have not paid on time and I need money to buy other goods. In this sort of cases I use the money I've saved. Also my business capital has increased, which increases the profit. I decided to shift from KCB bank to XX bank account because account operational cost and transaction cost is lower and affordable. I can withdraw even the last cent. There is no specific time I have set for saving but I save after I have collected the debts so it depends, and I started saving in the bank because my income increased, and I save to fulfil the goals we set with my husband. I save in cash with the group and either through sim-banking transfer to my account or cash deposit to the bank or to the bank agencies because the agent office is not far from where I stay. These changes are really good because they save us money and time and are convenient.

E1: How has your borrowing/taking of loans changes in the past two years?

My borrowing has increased in terms of amount because of the increase in my business transactions. So I borrow to increase the capital. The reasons for borrowing have not changed, I still borrow for the business, but the amounts have increased. Previously, I was borrowing once a year while nowadays I borrow three times to four per year, and I was taking 100,000-300,000, while now I borrow from 600,000 to 800,000 because the business has grown. I was borrowing from the group and still do, also I borrowed once from the bank to start a salon shop. I wanted to expand my business. I use cheques to draw the money from the bank and in the bank they send money directly into my account. Previously we were only borrowing in cash because most of us were borrowing small amounts which were available. After increasing the amounts, we now borrow the group savings, saved in the XX Bank. Nowadays I repay the interest and the loan on time so that I can get the next loan. Before it was difficult, I was delaying repayments. Now even within 3 months (as required) I am able to repay and this is because the income has increased. These changes are good because they have expanded my ability to invest and conduct business more profitably.

The majority of the stories are not quite like this. MRF-32 was the only respondent having successfully applied for an individual loan at the bank, but she was not the only one experiencing increased savings and borrowing, saving at her individual account or using mobile banking. The second story is set at a lower 'speed', and shows how the linkage in itself can represent a positive transformative change in the lives of the savings group members and be a preliminary step to a more broad utilization of the FSP's products and services.

SRF-61, a young female farmer from [redacted] (Songea), with 7 years of schooling and owner of a basic mobile phone.

B1: Has your income changed in the past two years?

Yes, there are changes in my income. This increase is because of my association with the group I joined. In previous years, before I joined in the group, I was conducting farming activities independently, but since I joined the group I have seen changes when I started borrowing and accessing agricultural inputs, especially fertilizer for my crops, and my harvest has increased. I was motivated and inspired after seeing that my fellow neighbours who joined this saving group were producing crops well. I wanted to join and change my life. Now I witness my harvest increasing compared to when I hadn't applied chemical fertilizer. I cultivate rice for business and the amount of money I earn has increased. My main source of income is farming and I also decided to add another source of income which is selling fish (dagaa). The group motivated me to establish this other source of income.

C1: Has your spending changes in the past two years?

My spending amount has increased due to the increase of income, and because I have started buying a property (plot of land) and blocks for building our house; most of the money I spend is directed to the house construction. Previously, I was just spending the money for buying food for family consumption. The group has helped me because I save and we borrow for different reasons. I pay through cash in hand as I used to pay for other things I was buying. These changes are good because I get more profits, I have changed my live for the better and my living standard. I budget my spending better compared to previously. Then I was earning small amounts, but since I joined the group I have been taught how *to manage my money better. They taught us how to use money careful and how to use purposely the loan we take. The amount of budgeting I do has increased because nowadays I earn large amounts which I am able to distribute into different spending needs.*

D1: Have your savings changed in the past two years?

My saving has changed within the last two years. I am now able to save something because I earn and I can save. For example, I save in the group 10,000 thousand per week and 40,000 per month. Previously I was not saving at all, so nowadays when I get 4,000 or 6,000 or 8,000, I buy shares and save there. These changes are due to joining in the group where I have learned about saving. Now I save for personal development; when we divide the profit at the end of the year I get money for buying fertilizer, paying labours for cultivating. Before I had no purpose for saving, I changed when I joined the group. I have personal saving at home in the wooden box (kibubu) and in the group. Before, I was not saving because all my earnings were being used in buying food. Now my earnings have increased. After I started earning more money, I am able to save for the future and for use in agriculture. I send my saving in cash. These are the good changes I have experienced. I am now focused in achieving the goals I set and implement all goals without failing.

E1: How has your borrowing/taking of loans changes in the past two years?

My borrowing has changed, because previously I was borrowing 50,000Tsh during the December cultivation period for inputs from individuals and I repaid in June or July with 100kg of rice during the harvest period which is sold at 130,000. But since I joined the group, I stopped and started borrowing the money in the group where I discovered that it easy because for example when I borrow 100,000, I repay 115,000 for three months. I also saw changes in living standards from my fellow villagers who joined the group since 2018. That motivated me to join so as to access low interest loans. Currently, I borrow for operating the agriculture activity and the business while previously I was borrowing for agriculture actives only. Then, the loan was not sufficient to finish my needs because I borrowed small amounts. In the group, I borrow three times while previously I was borrowing just once, I have increased the frequency of borrowing because I have increased my earnings and I repay the loans on time within months, and get the opportunity to borrow again. Now I only borrow in the group because I have seen the advantage of being in the group, I see my financial life changing. I borrow in the group by taking the money in cash. The difference is I get the money on the same day I applied for the loan while previously I was waiting for 2 days for the person to get me the personal loan money. My repayment has changed as I repay within three months while previously I was supposed to wait and harvest (six month) to repay 100kg of rice on the date we agreed. These are good changes because since I began borrowing in the group I have seen achievements.

5. Links with financial service providers

Towards the end of the questionnaire interviewees were asked to list and rank - without prompting - the most important links they had with financial service providers. Table 6 below shows how frequently FSPs were cited and how they were ranked. The list includes all type of providers, including informal savings groups.

Table 6: Ranking of financial services providers by individual household interviewees

Ranked	1st	2nd	3rd	Total
[redacted]	1	6	1	8
[redacted]	4	1		5
[redacted]	5			5
[redacted]	5			5
[redacted]	2			2
[redacted]	2			2
[redacted]	1			1
[redacted]		1		1
[redacted]		1		1
[redacted]			1	1

The table shows different perceptions depending on FSP/location. XX Bank is mentioned by 8 out of 12 respondents, but in almost all cases it comes second to the savings group, with the situation being similar for the rural and peri-urban groups. For YY, there is a clear distinction between the members of the two groups. The rural respondents did not refer to the bank at all and just two of them identified the savings group as FSP, with the remaining four choosing not to rank any organisation. This situation is certainly linked to the decision of stop using the group bank account and the absence of contacts with bank officers (according to the respondents) as described in section 4.3. Conversely, 5 out of 6 respondents in the peri-urban area of Songea referred to YY, in most cases ranking them first, which cannot be dissociated from the proximity to the bank branch and the continuity of contact with bank officers.

In the FGDs, the two banks were identified as main FSPs working with the groups, but remembering that these sessions were not blindfolded.

6. Interviews with Key Informants

In addition to the individual questionnaires and focus group discussions, field researchers interviewed an XX agent in Morogoro and two YY trainers in Songea. In the three interviews, respondents positively evaluate the projects, both in terms of the banks and their personal goals. They also recognise that the start of the projects was difficult and there are still challenges ahead.

The agent has been working for around 3 years at a market in the town center, where his job is "*to receive bank customers, open bank accounts for them and make deposits on their behalf when necessary".* The first part of the interview was about his business and the relationship with XX. He refers to increasing customers and transactions over time, which had led him to start making a profit from commissions. He stresses the good relationship he has with the bank, highlighting the frequent visits from bank officers and their responsiveness to solve any issues arising, including equipment assistance. The major limitation for him is the limited range of services – *"I only provide banking-in services",* which means clients need to go to the branch for withdrawals and they might do all the operations there. He suggests that the bank could facilitate resources for the agents to be able to provide more services, including "*credit arrangements for agents*" in order to increase their financial capacity.

The second part of the interview focused on the agent relationship with the savings groups. He refers to an improved relationship with groups as their members become aware of the services he can provide. This has been enhanced by the participation in 3 training workshops together in the previous year. For him, the major hindrance in their relation is the impossibility of doing withdrawals as mentioned before. In his experience, most group members have individual accounts, and they can access loans from the bank - "*some individuals tell me they do very well through the small loans scheme. This I think should not just be maintained but expanded".* The agent added "*The bank is very keen in fostering group relationships by doing training and visiting them, this should continue as it strengthens the relationship and the business*".

The interviews with trainers followed a similar structure. YY trainers' role includes: "*To organize people to be in savings groups. After mobilization in forming groups I facilitate these groups by giving them the required knowledge on how to save money and manage group operations. In addition, I assist the groups on how to open their bank accounts and personal accounts; I train the groups on safe ways/methods of saving money; I make follow ups to make sure the groups are following all the procedures we teach them and I also teach them entrepreneurship skills."*

Like the agent, both trainers report successes in the mobilisation of groups and in increasing their personal incomes over the period of the study. One mentions the creation and management of 66 savings groups, with all of them opening group bank accounts and 12 obtaining loans from the bank (which was not the case of the groups participating in the study). This is a trainer working in rural areas, and thus one of the major challenges at start was "*the need to cover a lot of ground*" and develop a large database of contacts to make it easier to mobilise the groups. He reports that the branch has now a much more organised outreach strategy; there is increased awareness levels about the bank and an improved savings culture. Nonetheless, he identifies two challenges in his work: the procedures/requirements to obtain loans from the bank are not easily understood and/or attainable by all groups, making group members "*feel disappointed and demoralized*"; and the lack of YY branches close to many villages in the rural areas.

The second trainer has an experience similar in many aspects. He also reports that groups opened group bank accounts, rather than saving at home and in boxes; and that some of the members "*have seen the opportunity of dealing with formal institutions and many have stopped getting loans from informal local sources".* He refers to the difficulties of some groups to understand loan procedures and "*so they keep on claiming the accounts we open for them have little benefits when they fail to get loan facilities"*. He considers that to guarantee the sustainability of the relationship between the groups and the bank, "*the bank policies and procedures must match the very sought-after loans. Procedures should be flexible enough for groups to access the finances while protecting the interest of the bank."*

In his interview, in reply to how the branch activities have changed in the last year, he reports "*generally, we have mobilised the formation of various savings groups and we then let them evolve independently only giving advice when need be… About two years ago we used to visit people in the villages, but now people are aware of the bank services, so the village visits are not very frequent."* This reference is in line with the experience of the YY rural respondents in IQs (as described in Story 4), but what seems not aligned is the perception of support needed.

Overall the two trainers identify the same benefits (for group members) of opening group and individual accounts as in the IQs and FGDs – safety and convenience of the processes ("*it is easier for the groups to keep records because of bank statements"; "members can transfer cash from one account to another account without holding cash*"), access to individual loans at the bank; and financial education provided by the bank.

7. Discussion and conclusion

Overall, the results from this study are positive and encouraging for the partners, although the adoption of mobile services by the group members over the period has been less accomplished.

The majority of the respondents reported increased savings and borrowing, both at individual and group levels, as well as improved access and use of formal financial services, particularly the group bank accounts. In general, they reported that it was easier to save and borrow, they were aware of the financial products and services offered, and they expressed positive opinions regarding the banks. There were, however, differences between respondents on the adoption of services beyond the group bank accounts. Individual bank accounts were common among XX clients, but not as much for YY clients. Individual loans from banks and mobile payments and banking were less frequent for clients of both banks. Transactions between the group and group members remained mostly based in cash. In the case of YY, it is important to remember that the groups involved in the study opened traditional group savings accounts and not the new mobile accounts (M-KOBA), since these were implemented later.

At group level, changes in functioning rules and requirements to save and borrow, helped improve relationships between group members, and improved the transparency and efficiency of the groups. These changes were attributed, in large part, explicitly to the training and support received from the trainers and bank officers. This on-going learning process was also important in changing attitudes regarding the use of money. All group members participating in the individual interviews reported increased planning in relation to spending and investment decisions, as well as being more disciplined in how they used their financial resources, being more prepared to face future external shocks.

Although ease of access and, especially safety of money were well-valued benefits of the group bank account and a key driver of change associated with the projects, it was not the accounts *per se* that produced the positive outcomes described in the report. The initial training and follow-ups by the group trainers (as described above) as well as proximity to trainers, agents and/or bank officers were also crucial factors. The three mechanisms (training, proximity and financial offer) need to be considered together, as the failure of one of them can hinder the results of the others. This was clearly illustrated in Story 4, where the distance from the bank branch and the alleged absence of contact from bank officers led to a break in relations with the bank, despite training and monitoring in place and the group bank account remaining open.

The two projects evaluated are based on this combination of mechanisms. From the interviews conducted, it seems that while training and access to bank accounts were in general consistent across groups independent of location, proximity is a more complex issue. Considering the existing branch and road networks, some regions are disadvantaged from the start. Frequent visits from bank officers or contacts at the branch were repeatedly praised by respondents from the urban groups in Morogoro and Songea. However, if these are not feasible or entail excessive costs, using the mobile network for customised communication with the groups and their members in the periods between visits can be an alternative to help maintaining the relationship and convey to the group members that they are valued clients for the bank.

Beyond distance, the experience of the groups participating in the study shows that composition of the groups in terms of the characteristics of the members and their businesses are fundamental in the results achieved. Levels of poverty, literacy, size and type of business, and access to technology are among the factors conditioning the readiness of the group members to access and use the different financial products and services offered by the FSPs. Opening the group bank account with the support of the trainers or bank officers is an easy first step, but while for some groups opening individual accounts, making mobile payments, applying for loans at the banks and even using mobile banking seem natural developments, for others these are challenging steps. Groups with poorer members, with lower levels of literacy and access to technology, and developing smaller and less profitable businesses have more difficulties in grasping and meeting the requirements of access to loans at the banks. This, as reported by group members and trainers. can lead to demotivation regarding the linkage with the FSPs. They are also more likely to be adversely affected by external events such as economic crisis and natural disasters.

In this context, the perception of the savings groups as a safe environment where there is the opportunity to see others experiment with financial products (or business techniques), and to have support in the application and use of these financial products and services, can help overcome or minimise these difficulties. Time is important for this to happen, as it allows the members to become closer to each other, to build trust and to learn from experience. Looking at the groups participating in the study, XX's approach to working mainly with pre-existing groups appears to be more effective in enhancing the utilisation of different financial products in the short-term, compared with the choice of YY of creating new groups and working with more vulnerable segments of the population. A purely commercial approach to the projects would leave behind some of these groups, but if financial inclusion is a goal for the institutions, they must be open to these different speeds of adoption of their products and be patient with those groups just starting their journey. In this process, partnerships such as the ones developed by XX with the NGO and YY with the municipality of Songea, i.e. partnerships with institutions with experience and local knowledge, can be important to minimise the effort required by the FSPs and enhance results.

8. Appendices

Appendix 1 Individual Household and Focus Group Discussion Questionnaires

Question ID HH	Question
A1	Respondent code
A2	Location of interview
A3	Name of the interviewer
A4	Date of interview
A5a	Start time of interview (hh:mm)
A5b	End time of interview (hh:mm)
A5c	Duration of interview (in minutes)
A6	Sex of respondent
A7	Age range
A8	Head of household (HH)?
A9	Years of schooling completed
A10	Mobile phone ownership
A11	Number in HH 16 and under
A12	Number in HH 17-35
A13	Number in HH over 35
A14	Number of household members who are member of a VSLA
A15	Sex of the head of the household
B1	Has your income changed in the past 2 years?
B2	Overall, has the amount you earn...
C1	Has your spending changed in the past two years?
C2	Overall, has the amount you spend...
C3	Is this: a good change / a bad change?
D1	Have your savings changed in the past 2 years?
D2	Overall, has the amount you save...
D3	Overall, has saving become...
E1	How has your borrowing / taking of loans changed in the past 2 years?
E2	Overall, has the amount you borrow / take out loans for...
E3	Overall, has borrowing become...
F1	Please list and rank any agencies (e.g. banks, mobile network operator) the group use for managing money – i.e. saving, borrowing, making payments, receiving money, etc.?
F1a	Name of FSP & relationship
F1b	Name of FSP & relationship
F1c	Name of FSP & relationship
F1d	Name of FSP & relationship
F1e	Name of FSP & relationship
F1i	Important links to organizations, rank
F1j	Important links to organizations, rank
F1k	Important links to organizations, rank
F1l	Important links to organizations, rank
F1m	Important links to organizations, rank
G1	Questions asked by respondents
G2	Other observations

Question ID FGD	Question
A1	Focus Group Code
A2	Location of meeting
A3	Name of facilitator
A4	Date of meeting
A5a	Start time
A5b	End time
A5c	Duration of interview (in minutes)
A6	
A6a	Male participants
A6b	Female participants
A6c	Total participants
A6d	Number 35 and under
A6e	Number over 35
A6f	% with no phone
A6g	% with basic phone
A6h	% with smartphone
A6i	% with individual bank account
A6k	% with no individual bank account
A6l	Chairperson
A6m	Treasurer
A6n	Secretary
A6o	Other group official
B1	How have the group saving activities changed in the past 2 years?
C1	How have the group procedures for borrowing changed in the past 2 years?
D1	How have the relationships among members changed in the past 2 years?
F1	Please list and rank any agencies (e.g. banks, mobile network operator) the group use for managing money – i.e. saving, borrowing, making payments, receiving money, etc.?
F1a	Name of FSP & relationship
F1b	Name of FSP & relationship
F1c	Name of FSP & relationship
F1d	Name of FSP & relationship
F1e	Name of FSP & relationship
F1i	Important links to organisations, rank
F1j	Important links to organisations, rank
F1k	Important links to organisations, rank
F1l	Important links to organisations, rank
F1m	Important links to organisations, rank
G1	Questions asked by respondents
G2	Other observations

Appendix 2 Individual Household Respondent Summary

Respondent ID	Location of interview	Mobile phone ownership	Age range	Years of schooling completed	Head of household?	Sex of the head of the household	No of HH members who are member of a VSLA
MRF-30	Mgaza, Mindu, Morogoro Municipal	Basic mobile phone	35 and under	12	No	Male	1
MRF-32	Mgaza, Mindu, Morogoro Municipal	Smartphone	35 and under	9	No	Male	1
MRF-33	Mgaza, Mindu , Morogoro Municipal	Smartphone	35 and under	9	No	Male	2
MRF-34	Kasanga, Mindu, Morgoro Municipal	None	Over 35	7	No	Male	2
MRF-35	Kasanga, Mindu, Morogoro Municipal	Basic mobile phone	Over 35	7	No	Female	2
MRM-31	Mgaza, Mindu, Morogoro Municipal	Smartphone	Over 35	12	Yes	Male	2
MUF-40	Mgaza, Mindu, Morogoro Municipal	Basic mobile phone	Over 35	7	No	Male	1
MUF-41	Kasanga, Mindu, Morogoro Municipal	Basic mobile phone	Over 35	12	Yes	Female	1
MUF-42	Mgaza, Mindu, Morogoro Municipal	Smartphone	35 and under	7	No	Male	2
MUF-43	Mgaza, Mindu, Morogoro Municipal	Basic mobile phone	35 and under	12	No	Male	1
MUF-44	Kasanga, Mindu, Morogoro Municipal	Basic mobile phone	Over 35	No data	Yes	Female	2
MUF-45	Kasanga , Mindu, Morogoro Municipal	Smartphone	Over 35	7	No	Male	1
SRF-60	Ligera, Namtumbo District, Ruvuma	None	Over 35	7	No	Male	1
SRF-61	Ligera, Namtumbo District, Ruvuma	Basic mobile phone	35 and under	7	No	Male	1
SRF-62	Ligera, Namtumbo District, Ruvuma	Basic mobile phone	Over 35	7	No	Male	2
SRF-65	Namahoka, Namtumbo District, Ruvuma	Basic mobile phone	Over 35	6	No	Male	2
SRM-63	Ligera, Namtumbo District, Ruvuma	Basic mobile phone	Over 35	7	Yes	Male	2
SRM-64	Namahoka, Namtumbo District, Ruvuma	Basic mobile phone	Over 35	7	Yes	Female	2
SUF-70	Msamala, Songea District, Ruvuma	Smartphone	Over 35	7	Yes	Female	1
SUF-71	Msamala, Songea District, Ruvuma	Basic mobile phone	Over 35	11	Yes	Female	1
SUF-72	Msamala, Songea District, Ruvuma	Basic mobile phone	Over 35	7	Yes	Female	1
SUF-73	Msamala, Songea District, Ruvuma	Basic mobile phone	Over 35	4	Yes	Female	1
SUF-74	Msamala, Songea District, Ruvuma	Basic mobile phone	Over 35	No data	Yes	Female	1
SUF-75	Msamala, Songea District, Ruvuma	Basic mobile phone	Over 35	7	Yes	Female	3

Appendix 3: Closed Question Summary

Positive change	+	**Negative change**	-	**No change**	=
Increased	>	**Decreased**	<	**No change**	=

Respondent ID	B2. AMOUNT EARNED	C2. SPENDING	C3. POS OR NEG CHANGE	D2. AMOUNT SAVED	D3. EASE OF SAVING	E2. AMOUNT BORROWED	E3. EASE OF BORROWING
MRF-30	<	>	-	<	+	<	-
MRF-32	>	<	+	>	+	>	+
MRF-33	=	>	-	>	+	>	+
MRF-34	<	<	-	<	+	<	-
MRF-35	>	>	+	>	+	>	+
MRM-31	>	<	-	>	+	>	+
MUF-40	<	>	+	<	+	<	+
MUF-41	<	<	-	<	-	=	+
MUF-42	<	>	+	>	+	<	=
MUF-43	>	>	-	>	-	>	=
MUF-44	>	>	+	>	+	>	+
MUF-45	=	=	+	>	+	>	+
SRF-60	>	>	+	>	+	=	+
SRF-61	>	>	+	>	+	>	+
SRF-62	>	>	+	>	+	>	+
SRF-65	<	>	+	>	+	>	+
SRM-63	>	>	+	>	-	<	-
SRM-64	>	<	-	<	-	<	+
SUF-70	<	>	-	=	+	=	+
SUF-71	<	>	-	<	+	<	+
SUF-72	>	>	+	>	+	>	+
SUF-73	>	>	+	>	+	>	+
SUF-74	<	<	+	>	+	=	+
SUF-75	>	<	+	>	-	<	+