

Digital initiatives by Shakti Foundation for Disadvantaged Women

Perspectives of the clients

Ravi Kant, Atulya Mishra, and Shobhit Mishra

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 **MetLife**Foundation



MSC
MicroSave Consulting

Digital initiatives by Shakti: the client-side story

Savings, especially for low-income people, have been the Achilles heel of financial inclusion. The key challenge for Shakti, a microfinance institution in Bangladesh, was to offer savings products sustainably and at scale. This case study charts the journey of Shakti's women clients towards the adoption of voluntary savings products that ride on digital channels. This project was funded by the MetLife Foundation.

The digital initiatives of Shakti Foundation

“



I receive an SMS after every transaction. I trust Shakti with my money.

Noora Bano, a voluntary saver

Automated transaction alert SMSs sent to the voluntary savers

“



I was searching for an option through which I can invest small amounts of less than BDT 2,000 per month and receive a large sum at maturity.

Jahanara, a voluntary saver

Small installments that turn into a big lump-sum amount at maturity

“



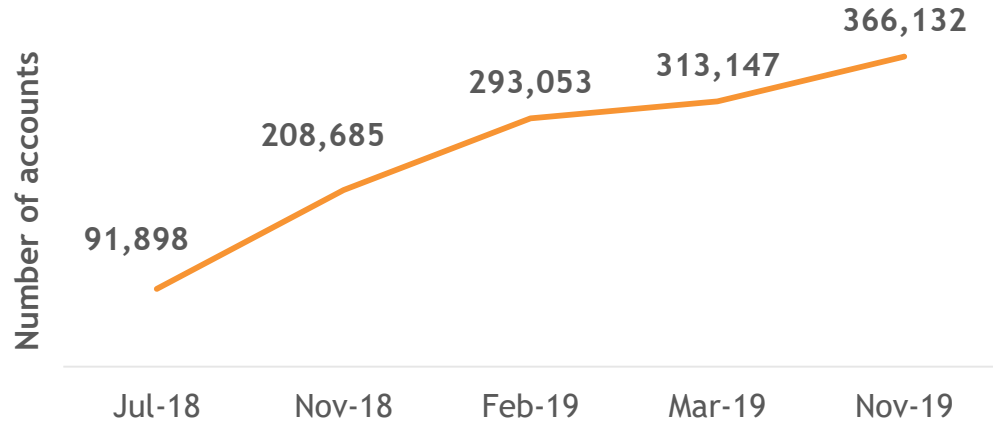
I could save without hassle, any amount at any time, and withdraw as per my needs.

Nurjahan, a voluntary saver

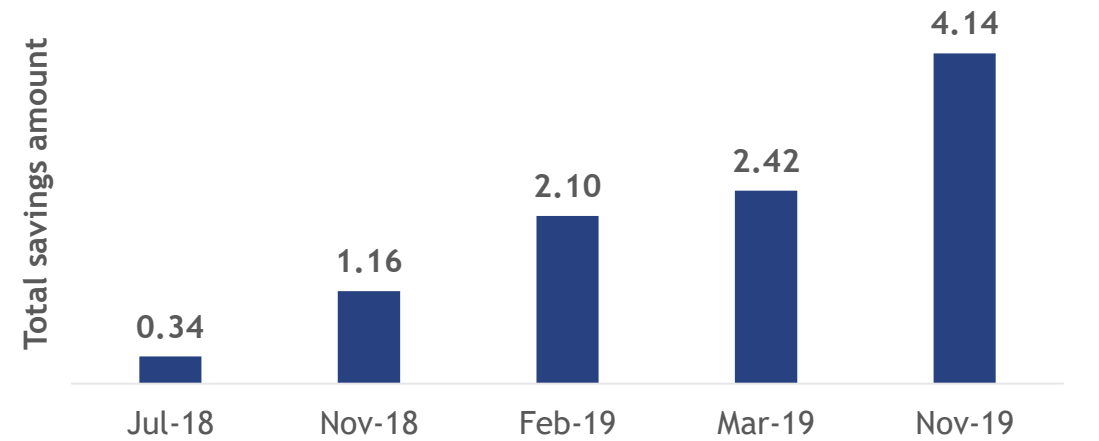
Voluntary savings products to meet emergency needs

Impact and outcomes

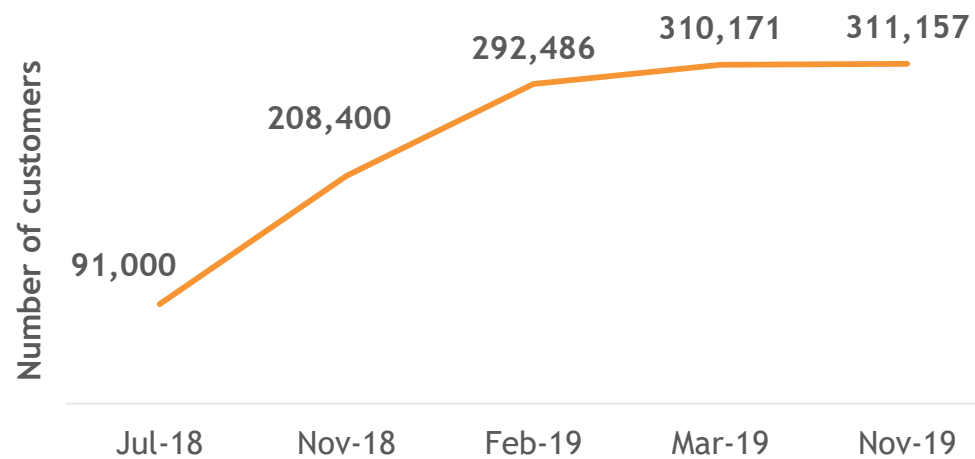
Growth in the number of family savings accounts



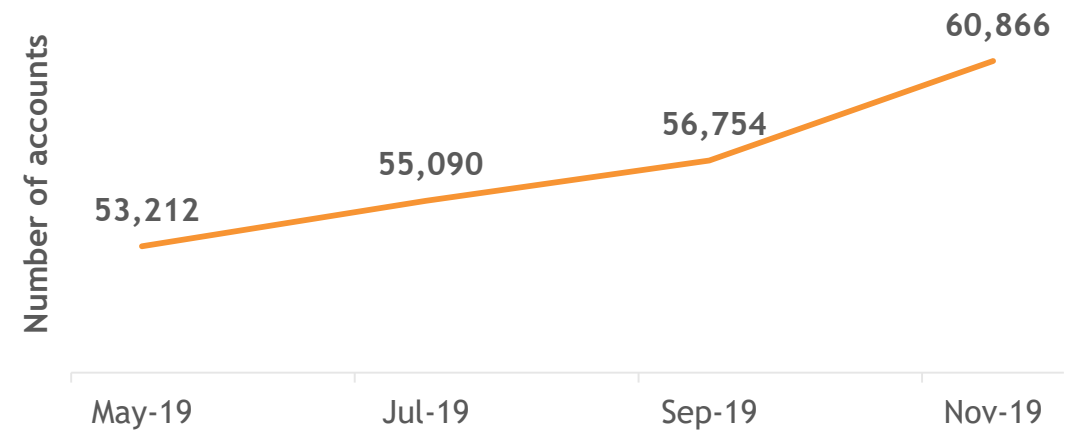
Growth in the amount mobilized through family savings accounts (in USD million)



Transactional SMSs to clients



Number of clients under the Lakhpati savings scheme



Note: All data is as of November, 2019

Transaction alert SMSs to increase trust—Noora Bano



Noora Bano
39 years
Pallabi, Dhaka

“Last month, I withdrew BDT 5,000 from my family savings account and immediately received an SMS about the deduction and the remaining account balance. I trust Shakti with my money.”

Noora Bano runs a small eatery outside her house in the Pallabi area of Dhaka. She has a primary school education and lives with her two children and husband, who drives an old taxi. Both Noora and her husband have daily cash inflows and to manage these, she uses the credit and savings products offered by Shakti.

Aspirations

- A safe and secure place to park her surplus funds
- Clear, transparent processes and policies that establish trust

Needs

- Timely and accurate information
- Up-to-date information helps Noora plan her savings and expenses

“Through the transaction alert SMSs, I know my current balance and can plan deposits and make withdrawals accordingly”

Influencers and biases

The influencers:

- Self
- Other members of the group

Behavioral bias:

- Aversion to loss: Losses loom larger than the gains

“I will never save in an institution or through an instrument I don't trust”

The way to win Noora's trust

Having recognized the needs and biases at play, Shakti sends automated transactional SMS to its clients. This savings product is guided by the following design principles:



A product with transparent processes and systems



The product communicates necessary information to the client without much effort

Savings for future emergencies—Nurjahan



Nurjahan
35 years
Mirpur, Dhaka

Half of my worries went away after I enrolled in the family savings scheme. I am willing to save more in the scheme since I am still left with BDT 10,000 each week.

Nurjahan runs a sewing business and earns around BDT 20,000 per week. Due to some health issues, she had to undergo an emergency surgical operation in the past. Thanks to her savings with Shakti, Nurjahan was able to withdraw enough money to meet this unexpected expense. This has reinforced her belief in this product.

Aspirations

- Save small amounts regularly to meet multiple needs
- A trusted financial service provider that can understand and fulfill her urgent needs

Needs

- An avenue to save small amounts regularly, with the flexibility to deposit and withdraw anytime
- Short-term flexible savings that can be used during an emergency

“I was worried about my health and unsure about my ability to cope with an emergency”

Influencers and biases

The influencers:

- Self
- Maternal aunt

Behavioral bias:

- Priming: an implicit memory effect in which exposure to one stimulus influences the response to another stimulus

“I want to live a life where I don’t have to worry about the expenses related to my health or the future education of my kids.”

Savings to fulfill the emergency needs of Nurjahan

Having recognized the needs and biases at play, Shakti helped Nurjahan open a family savings account, which is an ongoing and flexible account that can cater to her needs. This savings product is guided by the following design principles:



Savings that are highly flexible and can be withdrawn at any time, with no obligation of compulsory deposits. A product targeted to mop up the family surplus and generate a lump sum.

Savings to secure the future—Jahanara



Jahanara
52 years
Jatrabari, Dhaka

“We are poor but we want our daughter to lead a respectful and independent life. I hope my granddaughter will not face the problems that I faced in life, especially in setting up my business.”

Jahanara lives with her son, daughter-in-law, and grand-daughter. She runs a clothing business that acts as a second source of income for the family, in addition to her son’s job. Jahanara wants a secure and independent life for her granddaughter. To realize this dream, she uses a credit and savings product offered by Shakti. Jahanara earns a small amount every day and sets aside a weekly installment of BDT 340.

Aspirations

- ▶ A large sum of money to support the future needs of her granddaughter—education, business, or marriage

Needs

- ▶ A long-term savings plan with small installments and multiple maturity options
- ▶ A flexible product with a fixed amount of BDT 100,000 at maturity

“I do not want my 10-year-old granddaughter to face difficulties in living an independent life. A substantial amount like BDT 100,000 would help her in the difficult times”

Influencers and biases

The influencers:

- ▶ Self

Behavioral bias:

- ▶ The motivating-uncertainty effect: Uncertainty is more powerful than certainty in boosting motivation towards a goal

“I am old and worried about the future of my granddaughter. I want to leave something behind for her.”

Savings to support the future of Jahanara’s granddaughter

Having recognized the needs and biases at play, Shakti helped Jahanara open a “Lakhpati” savings account, which is a long-term recurring savings account. This savings product is guided by the following design principles:



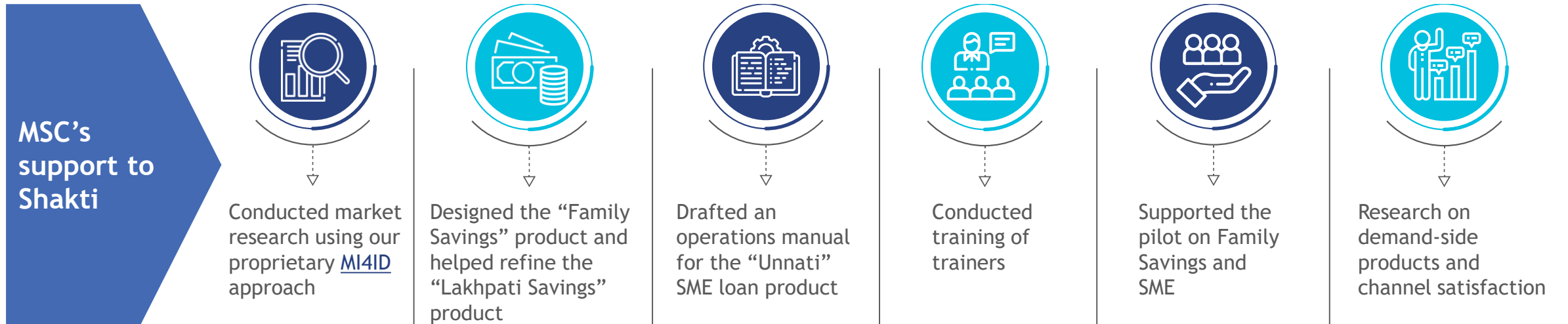
A product with long-term maturity and deposit amounts as low as BDT 130 (USD 1.5) per week.



A return of BDT 100,000 at maturity that can be used for any purpose by her granddaughter—education, business, or marriage.

About the project

MetLife Foundation and MSC conceptualized the Digital Microfinance Project with the belief that Digital Financial Services (DFS) will enable financial service providers to offer customer-centric products at scale. The project supports select microfinance institutions in Bangladesh to provide digital financial services, especially for savings, to their customers.



Since 1976, [MetLife Foundation](#) has partnered with organizations around the world to create financial health solutions and build stronger communities. With a focus on deepening financial inclusion, MetLife aims to improve financial health and ensure the inclusion of low-income individuals across the globe. MetLife aspires to achieve this goal through access to financial products and services that are high-quality, safe, convenient, and affordable.



[Shakti Foundation for Disadvantaged Women \(SFDW\)](#) is a large deposit-taking microfinance institution (MFI) in Bangladesh. It offers a wide range of credit and savings products. Shakti Foundation has widened its range of development services to include basic healthcare, education, agri-business, solar power, skills training, and advocacy. As of now, Shakti has a portfolio outstanding of more than USD 115 million and a savings balance of more than USD 40 million. It employs over 3,800 staff and serves more than 520,000 poor households through its 416 branches across 54 districts.

MSC is recognized as the world's local expert in economic, social and financial inclusion



International financial, social & economic inclusion consulting firm with **20+** years of experience



180+ staff in **11** offices around the world



Projects in **~65** developing countries

Our impact so far

550+
clients

>850
publications

Assisted development of digital G2P services used by **875 million+** people

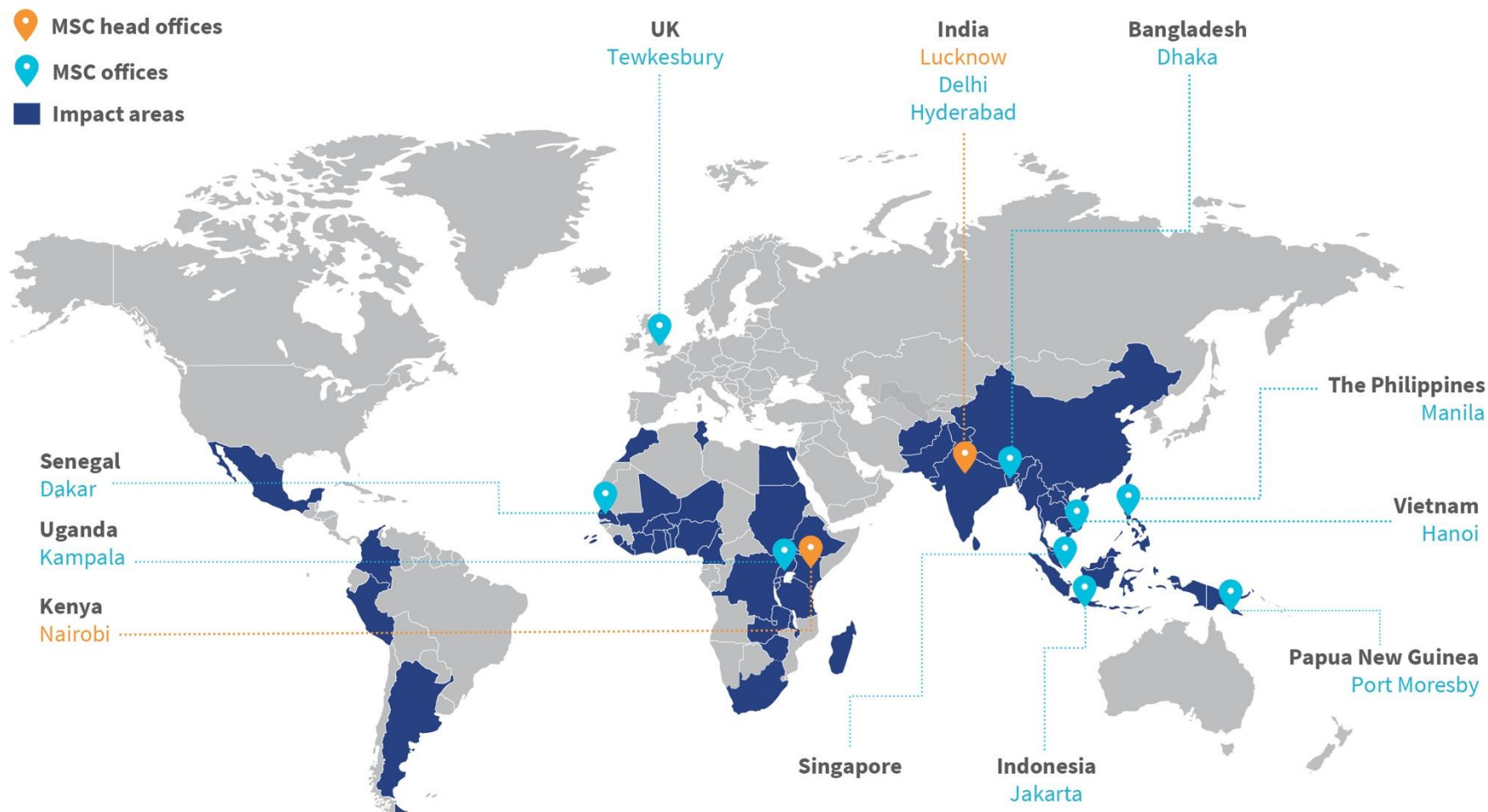
Implemented **>850 DFS projects**

Developed **275+ FI products** and channels now used by **55 million+** people

Trained **9,000+** leading FI specialists globally

Some of our partners and clients





[MSC corporate brochure](#)

Contact us at info@microsave.net

Asia head office

28/35, Ground Floor, Princeton Business Park,
16 Ashok Marg, Lucknow, Uttar Pradesh, India 226001

Tel: +91-522-228-8783 | Fax: +91-522-406-3773 | Email: manoj@microsave.net

Africa head office

Shelter Afrique House, Mamlaka Road,
P.O. Box 76436, Yaya 00508, Nairobi, Kenya

Tel: +25-420-272-4801 | Fax: +25-420-272-0133 | Email: anup@microsave.net

