



Sinapi Aba's Conversion

From MFI to Savings and Loans

A Story of Change and Continuity

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Acronyms

BoG	Bank of Ghana	POS	Point of Sale
CJM	Client Journey Mapping	REGMIFA	Regional MSME Investment Fund for Sub-Saharan Africa
FGD	Focus Group Discussion	SAT	Sinapi Aba Trust
GHAMFIN	Ghana Microfinance Institution Network	Sinapi	Both SAT and SASL, when behaving as one entity
GHS	Ghana Cedis	SASL	Sinapi Aba Savings and Loans Company
IDP	Irene D. Pritzker Foundation	S&L	Savings and Loans Company
MFI	Microfinance Institution	SME	Small and Medium Enterprise
MIS	Management Information System	SMS	Short Message Service (or a Text Message)
MIX	Microfinance Information Exchange	SOLAS	Sinapi Online Loan Application System
MNO	Mobile Network Operator	SPM	Social Performance Management
MSME	Micro, Small, and Medium Enterprise	UNCDF	United Nations Capital Development Fund
NGO	Non-Governmental Organization	YAP	Youth Apprenticeship Programme

Executive Summary

In 2011, Ghana's largest and arguably most successful microfinance institution (MFI) – Sinapi Aba Trust (SAT) – resolved to transform its financial service operations into a government regulated Savings and Loans Company (S&L) – Sinapi Aba Savings and Loans (SASL),¹ with controlling ownership remaining in the hands of SAT, a poverty-focused, non-government organization (NGO). Just prior to the conversion in 2013, SAT served nearly 150,000 clients through 48 branches in all ten of Ghana's regions. During this same period, SAT successfully balanced serving the poor with financial sustainability: portfolio at risk over 30 days was just 2.8%, average outstanding loan size was \$803 (USD), and the vast majority of clients (85%) were women. With such strong performance, what drove Sinapi to undertake such a dramatic transformation?

Sinapi Aba Trust (SAT) and Sinapi Aba Savings and Loans (SASL) (Jointly referred to as "Sinapi")

Mission: to serve as the "Mustard Seed" (Sinapi Aba) through which opportunities for enterprise development and income generation are provided to the economically disadvantaged to transform their lives.

SASL Ownership: 85% is owned by Sinapi Aba Trust, with 15% owned by 4 individual investors, historic SAT leaders and current board members.

As is the case for most MFI conversions,² there were three critical drivers for SAT's transformation to a regulated financial institution:

1. Provide better service to clients by offering savings and by expanding financial services
2. Achieve compliance with government regulations, which SAT supported³
3. Secure access to lower cost and more predictable sources of capital in the form of client savings in order to improve sustainability and expansion

Sinapi S&L Performance at a Glance (End 2015)

- S&L License obtained in April 2013
- Largest microfinance lender in Ghana: 143,000 borrowers, \$22 million portfolio (PAR 4.3%)
- Depositors: 201,739, \$17.28 million, 84% voluntary
- Savings client outreach: 51% previously unbanked; 85% women; 74% rural
- Savings as a portion of capital sources: 52%
- Operational sustainability: 96%, and
- Customer satisfaction: 3.8 out of 5

To reach these objectives, Sinapi undertook major change initiatives across the entire organization. This case study compiles the experiences and lessons of Sinapi from this journey – documenting the transformation of an NGO-MFI into a commercial entity while maintaining the original mission of SAT: transforming the lives of economically disadvantaged people. The case highlights key issues in base-of-the-pyramid savings mobilization, including:

- Building trust through marketing and customer service;
- Developing effective savings services and delivery channels;
- Investing in human resources and preserving strong organizational culture;
- Leveraging technology for regulatory compliance and new delivery channels;
- Financing the transformation - conversion expenses and sufficient paid-up capital; and
- Upholding a focus on the mission.

The case is particularly relevant for MFIs converting to regulated savings institutions as "late-comers" in the market, but is also pertinent for other financial institutions seeking to extend savings to under-served populations using alternative delivery channels.

¹ Sinapi Aba Savings and Loans, Ltd., a Tier 1 financial institution under Nonbank Financial Institutions Act, 2008 (Act 774) and the Banking Act, 2004 (Act 673) as amended by Act 738.

² CGAP. "NGO MFI Transformations: Ownership Issues." CGAP Brief, 2008. <https://www.cgap.org/sites/default/files/CGAP-Brief-NGO-MFI-Transformations-Ownership-Issues-Nov-2008.pdf>. Leonard,

Matt. "Institutional Culture and Transformation: From NGOs to Market-led MFIs." Microsave India Focus Note 20, 2009. http://www.microsave.net/files/pdf/IFN_20_Instit_Culture_Transformation.pdf

³ At the time, leading MFIs advocated for regulation to protect clients from exploitative practices, to facilitate access to capital, and increase services to enhance financial inclusion.

Overview

Why Did Sinapi Aba Trust Convert And Was It Successful?

This section reviews Sinapi's performance to date in realizing these three objectives. Sinapi has made significant progress in achieving all of these objectives, but according to senior leaders, "... [they are] still at the start of realizing Sinapi's full potential as a Savings and Loans company." Subsequent chapters delve into the experience and specific lessons from major initiatives that Sinapi leaders undertook to achieve these results.

As with most MFI conversions, Sinapi Aba Trust (SAT) had three core goals for transforming its NGO-managed microfinance operations into a regulated financial institution with the ability to mobilize and lend out deposits:

1. **Customer service and enhanced impact on the poor:** Giving low-income clients access to deposit services for enhanced financial security.
2. **Better source of capital:** Mobilizing savings as a more reliable and lower cost source of capital.
3. **Regulatory compliance:** Complying with new regulations for the financial service sector.



43% OF SAVERS ARE
SUSU CLIENTS WHO
SAVE A LITTLE ON A
REGULAR BASIS



24% MADE UP BY SUSU
SAVINGS



29% OF THE SAVINGS
PORTFOLIO ARE
PREMIUM AND FIXED
DEPOSIT ACCOUNTS



Evidence of Success - Client Photo

Savings To Enhance Client Services And Mission/Impact

A key reason for Sinapi's conversion was to better serve their target population by offering deposit services. SAT clients had been requesting savings services, having seen other financial institutions provide them. SAT leadership also recognized strong demand for savings among potential clients.

Now, as a regulated S&L, Sinapi provides seven savings products to 201,739 customers through 344,440 accounts, where customers have deposited 65.5 million GHS (\$17.28 million). Another account targeted to lower-income individuals is Flexi Savings, which has a low opening balance requirement and free withdrawals. These accounts are more geared to middle and upper income savers, due to their higher balance requirements, and correspondingly higher interest rates and transaction fees. This distribution seems unusual: in the Latin American experience, for example, the majority of savings for newly converted S&L institutions came initially from the middle class.⁴ Sinapi views savings as a way for low-income clients to become more financially secure, prepare for their children's future, provide their own working capital, or build up collateral for an individual investment loan. A client survey conducted in late 2015 revealed that customers are very satisfied with how easy it is to open a deposit account and reasonably satisfied with their access to accounts.⁵

⁴ Ledgerwood, Joanna and Victoria White. "Transforming Microfinance Institutions: Providing Full Financial Services to the Poor." World Bank Group International Finance Corporation, 2006. <http://www.ifc.org/wps/wcm/connect/932e5a004ac365d-397c1b72e0921df6a/Transforming+Microfinance+Institutions.pdf?MOD=AJPERES1> Portocarerro, Felipe. "MFI Transformations: The LAC Ex-

perience" CGAP Microfinance Gateway. Presented at the Global Microcredit Summit in Valladolid, Spain. 14-17 Nov 2011. <https://www.microfinancegateway.org/library/mfi-transformations-lac-experience> Hishigsuren, Gaamaa. "Transformation of Micro-finance Operations from NGO to Regulated MFI." CGAP Microfinance Gateway, 2006 <http://www.arabic>.

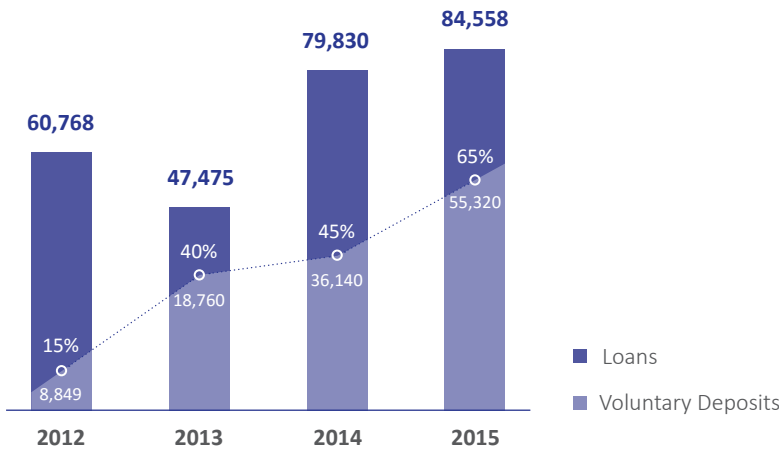
microfinancegateway.org/sites/default/files/mfi-en-paper-transformation-of-micro-finance-operations-from-ngo-to-regulated-mfi-2006_0.pdf Ziu, Elvis. "Financial Crisis & MFI Transformation." KEP Trust. Presented at the European Fund for Southeast Europe Annual Conference in Novi Sad, Serbia. May 2009. [\[microfinancegateway.org/sites/default/files/mfi-en-paper-transformation-of-micro-finance-operations-from-ngo-to-regulated-mfi-2006_0.pdf\]\(http://microfinancegateway.org/sites/default/files/mfi-en-paper-transformation-of-micro-finance-operations-from-ngo-to-regulated-mfi-2006_0.pdf\) Leonard, 2009; Note that Sinapi has yet to conduct a rigorous economic profile of users, so this observation is based more on an assumed alignment between product and intended customer, preliminary social performance management data, as well as staff observation.](http://www.efse.lu/fileadmin/user_upload/File_Attach-</p>
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⁵ Satisfaction with ease of opening a deposit account was 4.2 out of 5, with 5 being the highest. Satisfaction with ease of accessing accounts was 3.8 out of 5.

Savings As A Source Of Affordable Capital

Prior to conversion, SAT (as an NGO-MFI) found itself reliant on increasingly scarce and expensive capital. Grant funders and patient capital investors moved on from their NGO-MFI partners to invest in less-established development strategies.⁶ Social investors, while important, were also expensive. In 2015, after converting, Sinapi borrowed from three commercial and 10 social purpose lenders at interest rates pegged to the Ghana Government Treasury Bills. In 2015, Sinapi's average annual interest rate on its debt was 42%, up from 25% in 2014 (with inflation averaging around 15% during the period). By mid-2015, interest expenses reached 43% of total operational expenses, although the figure went down to 30% by the end of the year. Due to this high cost of capital, Sinapi has been very motivated to mobilize lower-cost savings.

Figure i:
Ratio of Voluntary Deposit to Loan Portfolio Value, 2012 – 2015 (average, '000 GHS, nominal)



Savings mobilization has allowed the financial management team to curtail external borrowing while the loan portfolio expanded. As of year-end 2015, the ratio of voluntary deposit to loan portfolio reached 65%, up from 45% in 2014 (See Figure i). Voluntary savings represented 50% of Sinapi's total liabilities by year-end 2015, an increase over 37% and 27% in 2013 and 2014, respectively. As a global comparison, 70%-80% of MFIs that converted to deposit-taking institutions were able to rely more on deposits than external borrowing several years after conversion.⁷ Sinapi is well on its way to sustainability only 2.5 years after receiving its license to mobilize savings and convert to an S&L (April 2013).

While the finance team is still calculating the cost of savings mobilization compared to external borrowing, leadership remains committed to savings as a key source of capital. Their confidence is based, in part, on international experience that deposit mobilization is, in the long term, the most stable and lowest cost source of capital for microfinance.⁸

⁶ Glisovic, Jasmina and Senayit Mesifn. "Microfinance Investment in Sub-Saharan Africa: Turning Opportunities into Reality." CGAP. 2012. <https://www.cgap.org/sites/default/files/CGAP-Brief-Microfinance-Investment-in-Sub-Saharan-Africa-Turning-Opportunities-into-Reality-Jun-2012.pdf> Portocarerro, 2011; Ziu, 2009

⁷ Portocarerro, 2011.

⁸ Ledgerwood, et al, 2006; Portocarerro, 2011

Meeting Regulatory Requirements

In July 2011, the Bank of Ghana (BoG) issued the directive Operating Rules and Guidelines for Microfinance Institutions in pursuance of the provisions of the Nonbank Financial Institutions Act, 2008 (Act 774) and the Banking Act, 2004 (Act 673) – as amended by Act 738. The directive required all microfinance institutions to become regulated as one of four types of institutions. As a leader in the MFI industry in Ghana and an active member of the Ghana Microfinance Institution Network (GHAMFIN), SAT proactively supported the regulation of microfinance in Ghana. Along with other leaders, they contributed to the development and adoption of appropriate regulations to be enforced by the BoG.

There were several drivers behind regulation. These included client protection against unclear lending practices in light of over-indebtedness and highly publicized fraud cases, improving savings options for low-income clients, and instilling greater confidence in MFIs for investors.⁹ SAT was required to change its regulatory status in 2011, at which time SAT and BoG together determined that a Tier 1¹⁰ registration as a Savings and Loans Company was the most appropriate institution type due to SAT’s large client and capital base and SAT’s desire to begin voluntary savings mobilization. To ensure Sinapi’s compliance with Tier 1 requirements, BoG regularly assessed Sinapi’s progress in its transformation plan between 2011 and 2013.

Sinapi is in good standing with the BoG and is working toward full compliance for Tier 1 status. The BoG requires institutions to meet certain standards prior to being issued a license to operate and accepts that others will be met over time, according to submitted business plans. In addition, as regulations change, the BoG gives institutions time to meet new, more stringent requirements. Research on successful MFI transformations show that when central banks have a strong regulatory capacity, transformation is more likely to enhance operational self-sufficiency.¹¹ Sinapi leaders credit BoG officials with supporting their transformation through clear guidance and acceptance of Sinapi’s transformation plans and timelines. Table I provides a list of the most significant regulatory requirements for Tier 1 MFIs and Sinapi’s status in meeting them as of Q4 2015.

⁹ CGAP. “NGO MFI Transformations: Ownership Issues.” CGAP, 2008. <https://www.cgap.org/sites/default/files/CGAP-Brief-NGO-MFI-Transformations-Ownership-Issues-Nov-2008.pdf> Ndambu, Jules. “Does Regulation Increase Microfinance Performance in Sub-Saharan Africa?” Frankfurt School of Business and Management Technical Note, Mar 2011. <https://www.microfinancegateway.org/library/does-regulation-increase-microfinance-performance-sub-saharan-africa> Leonard, 2009

¹⁰ Tier 1 is the most strictly regulated S&L type and enables a financial institution to offer all banking services except foreign exchange. The other tiers have lower capital requirements and are prohibited from offering the same range of voluntary savings accounts in as many locations around the country.

¹¹ Ndambu, 2011.

Table i:
BoG Regulatory Requirements for Tier 1 MFIs and Sinapi's Status (as of year-end 2015)

Requirement	Status	Details	Notes
Stated Capital: GHS 7 million (\$1.86 million) ¹²	✓ Compliant	15 million GHS as of Dec. 2013; increased to 21.5 million GHS at end of 2015.	85% SAT, 15% from four individual investors on the SAT board
Reserve Ratio: 11%	✓ Compliant		
Capital Adequacy Ratio 10%	✓ Compliant	13.40%	
Return on Equity: positive	Not Compliant	-8.51%	Trending positively
Cost Income Ratio 70%	Not Compliant	102%	Trending positively
Gearing Ratio: 8 times	✓ Compliant	11:1	
Physical and technological infrastructure in branches	✓ Compliant	Progress: 22 of 47 branches converted	In line with plan agreed with BoG: Converted branches to act as "anchors" to non-converted satellite branches

Conclusion: Was Sinapi's Conversion Successful?

For the most part, SAT's objectives for converting to a regulated S&L have been realized or are well on their way:

- 1. Customer service and enhanced impact on the poor:** 201,739 customers have taken advantage of Sinapi's six new savings products. A significant portion (roughly one third) were existing customers, demonstrating that Sinapi has accomplished its goal of offering its traditional working poor client base a new and valuable service. Sinapi is in the process of implementing Social Performance Management (SPM), which includes poverty measurements. At this point, given the popularity of the Susu Savings product targeted to the working poor, it is reasonable to infer that Sinapi has succeeded in reaching out to new customers at the base of the pyramid, rather than moving up-market.
- 2. Better source of capital:** Given the scarcity and high cost of external capital and Sinapi's success at mobilizing savings, Sinapi increasingly relies on domestic deposits as a source of capital, even though the relative cost and predictability of deposits as a source of capital are not yet certain.
- 3. Regulatory compliance:** Sinapi has transitioned to the new regulations and is in good standing with the BoG (See Table i).

¹² All exchange rates are as of the date when the GHS figure is cited; so, exchange rate used for this table are as of Q1 2015.

Road Map to Regulation

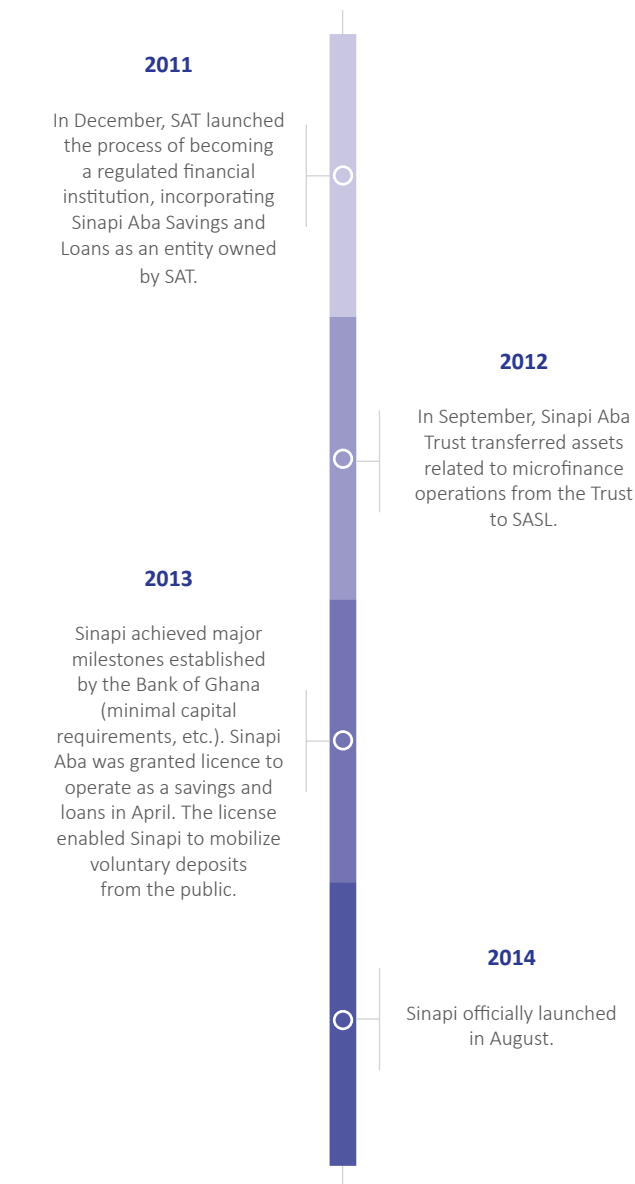
Legal, Governance, And Structural Change

On one hand, Sinapi's transformation story is about the determination and hard work it takes to meet more stringent regulatory standards. On the other hand, it is a story of leaders committed to realizing Sinapi's mission. How was Sinapi able to develop a regulated financial service company while maintaining focus on the social mission? Key elements of success include its governance, ownership, and organizational structure. Sinapi's mission-focused leadership maintained ownership and control, thus avoiding potential mission drift often associated with the MFI conversion process. At the same time, studying global experience, hiring in required technical expertise, and leveraging BoG guidance allowed Sinapi to develop the skillset needed to manage a regulated financial institution. This section journals Sinapi's legal, governance, and structural transformation process between December 2011 and December 2015.

Timeline

The legal transformation process took over a year. In late 2011, SAT formalized its decision to register as a Tier 1 microfinance institution by incorporating Sinapi Aba Savings & Loans (SASL). In September 2012, SAT transferred its microfinance-related assets to SASL. SASL was granted its Savings and Loans license in April 2013 and launched operations officially in August 2013 (See Figure ii). As a Tier 1 financial institution, Sinapi is able to conduct all banking activities except foreign exchange transactions.

Figure ii:
Sinapi Transformation Timeline



The Hard Work: Upgrading to Meet Regulations

In 2011, with technical assistance from the Frankfurt School of Business and financed by the Regional MSME¹³ Investment Fund for Sub-Saharan Africa (REGMIFA), SAT developed a roadmap for meeting licensing requirements. At this time, a Transformation Committee was established with some 15 staff serving on eight sub-committees. This involved seven critical milestones:

1. Changing accounting and financial reporting systems,
2. Adopting technology systems,
3. Relocating and/or renovating physical branch offices – a problem that involved complex leasing agreements in every case,
4. Updating no fewer than 16 internal policies and manuals,
5. Structural reorganization,
6. Staff job reassignments and training,
7. Raising sufficient paid-up capital (equity).

It took Sinapi longer than anticipated – 15 months between registration and licensing – but in April 2013, Sinapi received its license from the BoG to operate as a Savings and Loans company in Ghana. Obtaining this registration status opened the door for UNCDF MicroLead funding and technical partnership, which became the only grant funding Sinapi accessed to support its conversion process.

¹³ MSME: micro, small, and medium enterprise

Ownership, Governance, And Organization Structure

Committed to preserving its core values, development vision, and organizational culture as a “Christian family,”¹⁴ the SAT board was determined to maintain ownership and control of the new financial institution while retaining, developing, and using experienced staff and executive leadership. SAT is governed by Ghanaian, Christian founding members and others invited into the family who have demonstrated their commitment to the mission and strategy through leadership, fundraising, and personal financial contributions.

The following institutional elements were put in place by the SAT board in order to implement its vision for conversion to a mission-driven, regulated financial institution:

- **Institutional structure:** SAT created a new institution, Sinapi Aba Savings and Loans (SASL), but maintained SAT as an NGO. SASL absorbed the staff of SAT, and then restructured to add on savings services and rationalize operations (See Figure ii). (Note that in this case study, “Sinapi” refers to the mission, activities and institutions of SAT and SASL combined.)
- **Ownership:** In 2013, SAT converted its loan portfolio into a controlling ownership (80% or \$6.7 million USD) of SASL. The remainder of shares (20% or \$1.67 million USD) were contributed by four individual investors who are also board members and SAT founding members. With subsequent infusion of two additional SAT investments, as of year-end 2015, the total stated capital value of SASL is now 21.5 million GHS (\$5.7 million USD), with SAT owning 85% and the balance still owned by the four individual board members.
- **Governance:** SASL is governed by a board that is smaller than the SAT board. It consists of the four individual investors, plus additional representatives from the SAT board. There are seven members in total, all of whom are SAT board members.
- **Leadership:** The executive leadership of SAT retained high-level positions in SASL, with some changing roles. They engaged in extensive training and professional development.
- **Strengthening banking expertise:** Sinapi hired bankers into positions below existing leaders to strengthen these departments in terms of systems and staff/leadership skills. In addition, leaders and key staff benefitted from coaching and mentoring by volunteer professionals in the industry and from technical advice from the Frankfurt School of Business, Opportunity International, UNCDF/MicroLead, MicroSave, and others after the conversion.
- **Maintaining a focus on mission and a “Christian family” culture:** New staff with private sector backgrounds were screened to ensure that there was a good cultural fit and that the staff were dedicated to the mission and to working in an organization with a “Christian family” culture. Sinapi leaders also made a commitment to job security for its staff.
- **Strengthening and using existing human resources:** Sinapi focused on staff development and retention both to realize its commitment to the family organizational culture and to leverage the experience and skills of existing staff rather than invest in recruitment and training of new staff. In a competitive microfinance environment, cultivating staff loyalty became an essential tenant of Sinapi’s transformation process.

Thus, at its roots, Sinapi’s conversion to a regulated institution is as much a story of continuity as it is one of change.

¹⁴ Although Sinapi Aba was founded on Christian principles and maintains its strong Christian culture and mission drive, the institution holds a non-discrimination policy and does not show preference to clients based on their religious beliefs.

New Products, Services and Alternative Delivery Channels

Sinapi remains primarily focused on the economically active poor, but offers products and services to also meet the demands of a new, more economically stable cohort of clients. Sinapi has added and adjusted its loan products as part of its transformation, but the main focus has been the implementation of savings services, which have gone hand-in-hand with the provision of alternative delivery channels.

Sinapi conducted customer research in late 2015 that helped gauge client and market response to Sinapi's rebranding and new services and channels.¹⁵

¹⁵ Sinapi conducted a statistically rigorous customer satisfaction survey with supporting focus group discussions, primarily with existing clients but also engaged potential clients; in addition, Sinapi conducted "client journey mapping" FGDs to pinpoint specific challenges and brainstorm specific solutions.

Overall, client perception and satisfaction with Sinapi is positive, with customers giving Sinapi an overall rating of 3.8 on a scale of one to five, with five being the highest.¹⁶ Customers rate Sinapi highest for reliability and trustworthiness, and rate Sinapi strong for a positive brand image, appropriate and life-changing products, staff conduct, and providing sound financial advice. Sinapi received moderate ratings for some aspects of facilities, financial education training, and loan term flexibility. Low ratings were only given for the length of time spent in banking halls (waiting), and for interest rates (too high for loans, too low for savings) (See Table ii). Customers have responded positively overall to Sinapi's rebranding and new product offerings, but Sinapi management view these survey results as only moderate scores and continue to strive for excellence.



**3.8 OVERALL RATING
ON A SCALE OF 1 TO 5**



**3.7 CLIENT SATISFAC-
TION WITH SAVINGS
PRODUCTS**



**3.5 CLIENT SATISFACTION
RURAL AREAS**

Table ii:
Client Perception and Satisfaction

High (4.0-5.0)	Strong (3.6-3.9)	Moderate (3.2-3.5)	Low (2.8-3.1)
Reliability and Assurance Confidentiality, friendliness, and staff patience. Trust between client and staff. Dressing and appearance. Staff Conduct Respect for confidentiality. Making of entries without mistakes. Staff commitment to resolving complaints. Ease of opening accounts.	Brand Image SASL providing more services than SAT. Updating clients on changes. Products Appropriateness of product. Accessibility of accounts. Ability of products to change lives. Flexibility in loan repayment. Staff Conduct Treatment of loan defaulters. Financial Literacy Sound financial advice.	Facilities Disability-friendliness of the bank halls. Financial Literacy Training workshops and training to grow a business. Loan Term Flexibility Borrowing in an emergency.	Interest Rates Interest rates on loans. Interest rates on savings. Time Time spent in banking halls.

Source: Client Survey Report, December 2015.

Average Rating on a Scale of 1 to 5, with 5 = Highest

¹⁶ This score is an average of the ratings of perception and satisfaction on all topics.

Savings

Developing savings products and mobilizing deposits was a primary focus for Sinapi's conversion. Between 2012 and 2015, Sinapi established and grew a significant savings portfolio, actually surpassing its 2018 deposit portfolio goal of 201,316 active savers. As of the end of 2015, Sinapi was serving 201,739 active voluntary depositors and 84% of Sinapi's deposit portfolio value was voluntary.

Table iii:
Sinapi Deposit Portfolio 2012-2015

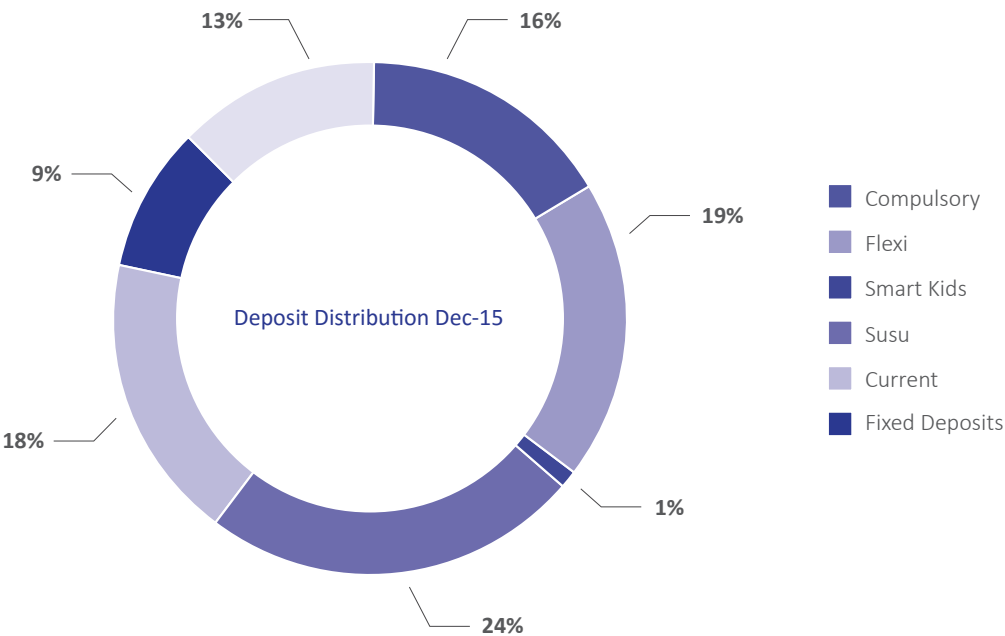
Deposit Growth				
	2012	2013	2014	2015
Number of Active Voluntary Depositors	-	138,513	165,611	201,739
% Previously Unbanked	-	10%	33%	51%
% Female	-	91%	88%	85%
% Rural	-	69%	65%	74%
Value of Deposits - Millions				
GHS - Nominal	19.58	25.62	47.61	65.50
GHS - Real 2010 value	15.70	18.44	29.92	(not available)
USD average exchange rate	10.88	13.14	15.87	17.28
Percent Voluntary	-	73%	76%	84%

Sinapi developed six new savings products to achieve these impressive results. The most popular product has been Susu Savings (profiled in detail below) due to its convenience and familiarity to urban informal entrepreneurs and both informal and formal sector workers. To open accounts and collect and distribute savings, Sinapi contracted "Mobile Banking" staff to circulate daily to the customer's doorstep, market stall, or workplace. Also targeted to Sinapi's traditional customer base, the "Flexi" account requires low opening balance and fees. More appropriate to middle-class and upper income customers, the Premium and Fixed deposit accounts attract a higher interest rate (20-25%). The premium account requires a minimum balance, while the fixed account requires that a stated balance be maintained for an agreed period. Sinapi's vision is that serving this clientele will offer financial returns to support Sinapi's overall focus on the economically active poor, and that middle and upper income customers will also benefit from being part of Sinapi's social mission. The Smart Kids account focuses on parents investing in their children's education. Sinapi also requires some borrowers to deposit savings as loan security, known as "compulsory savings," which existed prior to transformation and has been maintained throughout. Excluding Compulsory savings, Susu, Flexi, and Premium savings accounts comprise the bulk of the deposit portfolio (See Figure iii).

¹⁶ Leonard, Matt. "Institutional Culture and Transformation: From NGOs to Market-led MFIs." Microsave India Focus Note 20, 2009.

Sinapi leaders report that most clients are vocally appreciative of savings services – particularly the Susu Savings service – which has provided easy and convenient banking at clients’ doorsteps. According to a client survey conducted late 2015, customers are very satisfied with how easy it is to open a deposit account (4.2 on a scale of one to five, with five being the highest) and moderately satisfied with their access to the accounts (3.8).

Figure iii:
Deposit Distribution by Account-Type (Value \$17.2 Million)



1. **Flexi (Nkosuo) Savings Account:** This savings account has the most affordable opening balance and is the only Sinapi savings product which allows clients to withdraw at zero cost. This product is designed for individuals, groups, and corporate institutions and is accessible nationwide at any SASL branch through Sinapi's networked system. Client's accounts are monitored jointly by both the client and SASL staff.
2. **Premium (Sie Sika) Investment Account:** This savings account has the most competitive interest rates based on the current market and flexible withdrawal terms. This product is designed so that investors, individuals, and well-constituted bodies can invest their earnings profitably. The account is open to both Ghanaians and non-Ghanaians who operate/own businesses, including micro-entrepreneurs.
4. **Current Account:** This is a demand deposit account for individuals, entrepreneurs, and businesses to save and withdraw cash anytime without notice. The account is designed for customers who need to frequently deposit or withdraw from their account.
5. **Sinapi Susu Account:** This convenient account provides "savings at your doorstep." Mobile Bankers typically come directly to the client at either their home or business so that they can save any amount on a daily, weekly or bi-weekly basis. This product is meant to be a safe, easy, and convenient way of banking.
6. **Fixed Deposit Account:** A competitive, interest-yielding, fixed deposit account for 91 days, 180 days, and 1 year.
7. **Sinapi Business Bundles:** A combination of products and services that seek to transform the businesses of Sinapi clients. Services include negotiable interest rates based on the client's volume of business.
8. **Smart Kids:** An account aimed at helping parents/guardians secure the future of their children. The account is held in a trust for minors (1 day old-17 years old) and automatically reverts to the minor at the age of 18 years.

<http://www.sinapiaba.com/index.php/2013-08-15-06-55-41/sasl-savings-products>

Sinapi Savings Accounts



Alternative Delivery Channels - POS device

Susu Savings And Mobile Bankers

Sinapi's most successful new product to date as an S&L is the Susu Savings product serviced by Mobile Bankers, who are contract employees. Mobile Bankers circulate in and around busy markets, near larger manufacturing plants, and at other locations where the economically active poor work. They recruit customers, open bank accounts, collect deposits, distribute withdrawals, and market Sinapi's loan products.

The transactions are efficient, with a combination of human and technology-based delivery. All depositors receive a paper receipt, printed from a point of sale (POS) device or hand written (see photo). In addition, customers receive an SMS/text message confirmation for all transactions. Customers can request a withdrawal from a Mobile Banker and receive cash the following day after a review process that includes a supervisor contacting the customer to confirm the withdrawal request as an additional layer of security to protect the customer. Customers also confirm receipt of funds via SMS and/or phone call.

¹⁷ This product is not tracked separately, and Sinapi generally counts 7 savings products: the voluntary products listed here, plus the compulsory savings that serves as collateral for microloans.

¹⁸ Michaels, Loretta. "Delivering Technology Solutions to Susu Collectors." CGAP, 2008. <http://www.cgap.org/blog/delivering-technology-solutions-susu-collectors> CGAP estimates that there are 3,000-5,000 Susu collectors in Ghana serving over half a million customers, with a monthly deposit base of at least US\$50 million; IFAD, 2000.

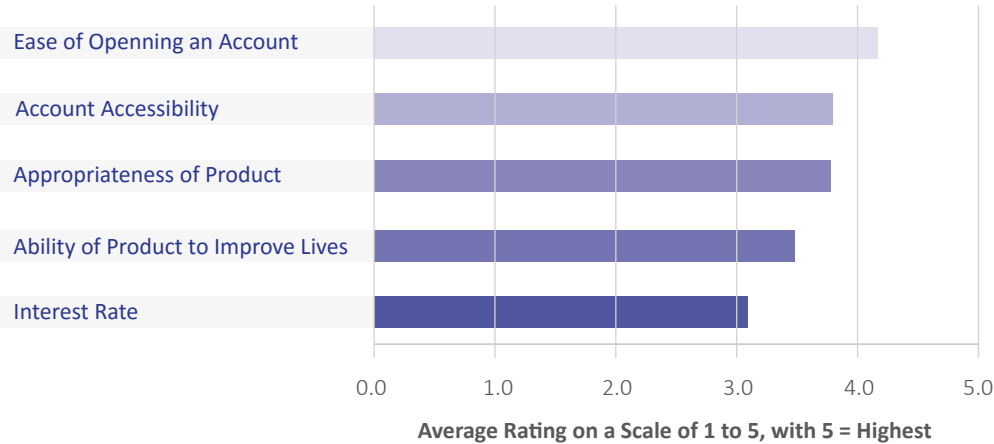
Although Susu customers do not earn interest on their savings, they are attracted by the convenience. Susu is a familiar method for many customers because it is commonly used in Ghana and several competitors have similar products. Informal Susu collectors charge a fee to save (Sinapi’s Susu accounts carry a charge of one cedi per withdrawal), and are also engaged in lending.¹⁸ Many Sinapi Susu customers deposit and then quickly transfer their deposit to repay their loans, or quickly withdraw/transfer their Susu Savings into a “compulsory” account to use as security for a loan. Despite these frequent transfer activities, the average balance maintained in Sinapi Susu accounts is growing.

As of Q1 2015, Sinapi held a balance of some GHS 16 million in Susu Savings accounts, mobilized by a cadre of 640 Mobile Bankers.¹⁹ Although Sinapi is still analyzing the precise cost of savings mobilization via its Mobile Bankers, leadership sees Susu Savings as their most significant source of low-cost capital. In addition, leaders report that Susu Savings helps Sinapi fulfill its mission of serving the economically active poor. Sinapi is midway through implementing an institution-wide social performance measurement system that will help leaders better estimate the poverty level of its clients.

Client Response To Savings Services

Sinapi management is well aware that the Susu Savings account is the most popular, but the 2015 customer research helped to elaborate why and how to further improve deposit services overall. Most clients were vocally appreciative, especially of the mobile banking services offered by SASL. Overall, in the survey, savings services were rated 3.8 (out of five – See Figure iv). Customers are very satisfied with how easy it is to open a deposit account (4.2) and moderately satisfied with their access to the accounts (3.8), although some customers reported that Mobile Bankers sometimes come at an inconvenient time. Only 42% of group customers are saving, potentially because more groups are located at a distance from a physical branch and because savings has been less promoted to groups – especially rural groups. Clients certainly requested a better interest rate on savings, as some competitors were offering interest on Susu Savings accounts, though Sinapi does not.

Figure iv:
Customer Satisfaction with Deposit Services



¹⁹ Latest data available for this figure.

In early 2016, Sinapi also conducted in-depth focus group discussions (FGDs) with clients regarding the start-to-finish process for learning about, accessing, and using Sinapi services. The method – “client journey mapping” (CJM) – is a participatory engagement process that identifies specific “headaches” clients may be experiencing. For example, some clients were unclear about savings charges and fees and SMS charges. From the 12 CJM focus groups, Sinapi learned that the major “headaches” customers encountered were the result of:

- **Confusion or lack of information about savings products and services.** Half of the groups reported challenges including unclear interest policies, previous misinformation about financial services, ineffective communication regarding changes to products and services, and lack of knowledge concerning Sinapi’s recent conversion to an S&L.
- **Dissatisfaction with interest rates.** Two groups shared that they wanted to receive interest on Susu Savings.
- **Inconsistency among mobile bankers and with the POS network.** Four groups reported mobile bankers coming at inconvenient or inconsistent times. Four groups reported instances of mobile bankers not being able to transact because the network for their POS device was down, and one group said that their mobile banker does not always come with the POS device.
- **Confusion or dislike of SMS alerts.** Overall, four groups reported an issue with SMS alerts. Two groups commented that they disliked the cost of SMS messaging (perhaps from their mobile service provider, not necessarily Sinapi). Two groups reported issues with SMS alerts (including not receiving deposit alerts), and two groups said that they could not read the SMS messages, and therefore didn’t want to receive them. Female members in some of the groups also reported that they dislike receiving SMS messages because their husbands are then able to see information about their financial transactions.
- **Challenges at branch locations.** Half of the discussion groups reported challenges related to Sinapi branches. Three groups reported that branches were too far away. Three groups commented that the lines were long. One group said they wished that savings services were open longer, since they close at 4pm.

Some of this feedback came from long-term clients who were used to less stringent repayment practices when Sinapi operated as SAT, an NGO, or who had to submit new identification documentation because of Sinapi's new regulatory requirements as an S&L. Others were common challenges facing the industry in Ghana, for example the physical distance of branches, dissatisfaction with interest rates, and confusing SMS messages in English. Nevertheless, Sinapi identified several areas for potential improvements, which it has implemented in the months following the CJM research –

- **Mobile Banker In-Service Training Headache:** *inconsistency of Mobile Banking services, confusion around savings and loans services, and SMS alerts.* Sinapi conducted a significant in-service training for mobile bankers. One key topic was savings collection and documentation process to ensure that client passbooks are being updated correctly and that clients are being well informed about the savings deposit and withdrawal process and fees. A second, critical topic was a review and update about diverse Sinapi products and features, the process for accessing them, and the costs and benefits of each.
- **Free SMS alerts Headache:** *fees for SMS alerts.* Banking Operations and IT have collaborated to offer Sinapi clients free SMS alerts on account transactions. This has been implemented to ensure transparency and client satisfaction.
- **Online Loan Application Headache:** *long, confusing loan application process.* Sinapi's Credit and Management Information System (MIS) departments implemented the Sinapi Online Loan Application System (SOLAS), a back-end loan application system to shorten the loan approval process for clients.
- **International Transfers Headache:** *especially for SME clients.* As recommended by Banking Operations department, Sinapi now provides international transfers to any country and banker's drafts in collaboration with partner banks to address the business needs of many SME clients, in particular.

1. **Convenience:** savings collected at customer's location.
2. **Price:** lower cost than familiar, informal service.
3. **Security:** transactions have a receipt, Mobile Bankers are branded and carry an ID, and there is a customer service process in case of an issue.
4. **Staffing:** the combination of Mobile Bankers being low-cost (working on contract with a focus on commissions), and being actual staff- not agents - (Mobile Bankers are trained, welcomed into the family, and "branded") combines low cost with high loyalty.
5. **Incentive system:** combines new customer accounts, total deposits, average account balance, and referrals of loan clients.
6. **Technology:** Paper-receipt POS device plus SMS/Text receipts.
7. **Management and supervision:** Sinapi has a "Robust Cascading Supervisor Structure" in which one full-time staff monitor is responsible for five Mobile Bankers. Deposit officers then supervise four monitors each. The structure provides ongoing training, motivates bankers to drive client accounts and savings, closely monitors account reconciliations, and supports strong customer service in case of an issue with a Mobile Banker.

Susu Savings Critical Success Factors

To reduce the risk of theft, Mobile Bankers have cash limits. Customers can only deposit up to GHS 1,500 a day; if they wish to deposit more, they must do so at a physical location. There is also a limit to the cash a Mobile Banker can hold. When that amount is surpassed, the Mobile Banker is required to deposit the money at the host branch.

Security and Risk of Mobile Bankers

Credit Services

When Sinapi launched the S&L, a key focus was deposit mobilization, yet changes were also being made to Sinapi's credit services. Prior to conversion, SAT offered four loan products: group, individual, agricultural, and small and medium enterprise (SME) loans. Three key things have changed:

- Regulations required changes to some loan procedures – specifically with know your client (KYC) rules – clients have to better identify themselves and staff must verify their business and/or residential location.
- Sinapi has diversified its loan offerings up to 11 products, with a more significant focus on individual and SME loans (See Text Box).
- Credit is delivered by leveraging upgraded back-end and customer facing technology.

SASL has in stock a number of varying credit and deposit products specially designed to meet each minute need of her cherished clients:

- **Sinapi Group Loan**, a convenient, simple, and reliable loan product that gives low income entrepreneurs access to working capital funds and financial support in groups of 4-10 members.
- **Micro Enterprise Loan**, a straight-forward, flexible, and dependable working capital loan for individual and micro entrepreneurs who are capable of obtaining the loan independently.
- **Sinapi Festive Loan**, an additional loans during festive seasons. It helps clients who might have exhausted their loans during the festive season to receive more funds to purchase additional goods to sell during peak times.
- **Small and Medium Enterprise Loan**, a special product for small entrepreneurs who are steadily growing their businesses and need substantial financial support to further expand their businesses.
- **Sinapi Business Asset Loan**, a reliable and flexible loan product that gives small and micro entrepreneurs the opportunity to acquire business assets to promote the efficiency of their business operations and enhance clients' productivity.
- **Sinapi Agricultural Loan**, a simple and reliable tailor-made loan product for agricultural actors, especially those within the value chain. This special agricultural loan facility is to help agribusiness clients gain easy access to loans in support of their farming activities.
- **Micro-school Loan**, supports micro and less developed schools to increase enrollment and also provide quality learning and teaching environment for pupils.
- **Sinapi Education Loan**, a stress free life and peace of mind in settling children's school fees obligation and other educational costs. It is simple and reliable loan product with flexible repayment terms that helps clients support their children's education.
- **Micro-housing Loan**, an opportunity to improve, refurbish, and complete homes. This product is simple, flexible, convenient, and accessible for home improvement needs.
- **Sinapi Business Bundles**, a combination of products and services that seek to help transform the businesses of clients totally. Bundle clients enjoy an array of services that include negotiable interest rates based on the client's volume of business.
- **Church Loan**, a facility available to churches. This facility may be used for various purposes such as church buildings, musical instruments, and church buses.

Adapted from: <http://www.sinapiaba.com/index.php/2013-08-15-06-55-41/sasl-loans-products>

Sinapi Loan Products

All Sinapi loan products are coupled with two additional services: loan insurance (the Client Welfare Scheme) and financial education. Sinapi provides all borrowers with mandatory credit insurance (Client Welfare Scheme), which pays off outstanding loan principal and interest in case of death, accident, chronic illness, robbery, or fire. In addition, borrowers are covered by a mandatory life insurance scheme (called Funeral Insurance) which pays out a modest amount of cash upon the death of the client, a spouse, or a child. Premiums are collected from all borrowers along with their loan payments (2% of the loan amount²⁰). Voluntary life insurance (Funeral Insurance) coverage is also offered, with clients choosing their amount of coverage and the associated level of premiums. All three insurance schemes have been administered internally by SASL, without involvement of any independent insurer.

Sinapi also delivers financial education in two forms: client trainings and marketing. In conjunction with its group lending, Sinapi field staff provide basic training and advice to prospective borrowers, primarily on the following topics:

- Entrepreneurial skills
- Credit acquisition and wise use of credit
- Basic accounting principles and savings
- Business record keeping

In addition, financial education is part of Sinapi's marketing. Sinapi raises awareness on key financial management issues, while promoting Sinapi's services through a range of venues such as community and market gatherings, and school and church meetings. Sinapi also developed a radio drama and TV advertisements in several languages. These are aired nation-wide with more already planned. Public awareness campaigns of this sort help protect people from scams, stimulate better financial behavior, and promote Sinapi. Sinapi's marketing initiatives are further discussed on page 28.



Advertisement for Sinapi SMS alerts

Loan Portfolio Performance

The loan portfolio performance during the transformation was only partly related to new credit services, as performance was heavily influenced by inflation and by management focus on regulatory compliance, rebranding, and launching of deposit services. Four main trends in the loan portfolio emerged during the transformation: an initial dip in the number of borrowers, an increase in average loan size (nominal and real terms), a moderate increase in risk, and portfolio size remained the same (in real terms).

Two trends in the loan portfolio appear to reflect changes in Sinapi credit offerings. The number of active borrowers dipped early on in the conversion process, from 148,266 in 2012 to around 125,000 in 2013, potentially reflecting dropout due to increased KYC requirements. The number of borrowers has since recovered up to 143,000 by year-end 2015. This trend correlated with an increase in the average loan size, from GHS 1,441 (\$803) in 2012 to GHS 4,290 (\$1,114) in 2015,²¹ which was to be expected due to the increased credit offerings to individuals and SMEs, as well as the addition of home loans.

²⁰ 2014-2018 SASL Business Plan.

²¹ USD amounts have been calculated using the exchange rate as of the date of the data presented.

Two trends in the loan portfolio reflect influence by a combination of inflation and a lack of management focus. In terms of risk, Sinapi's portfolio at risk over 30 days (PAR > 30) increased from 2.8% in 2012 to 4.3% in 2015. Although this higher rate is still within global industry standards, Sinapi views the figure with concern. This risk level is driving Sinapi leadership to refocus attention on credit services. From 2012-2015, Sinapi's outstanding portfolio value was largely maintained, rather than actively grown, which was in part due to inflation and the devaluation of the GHS. In nominal terms, the end-of-year outstanding portfolio grew from GHS 60.77 million in 2012 to GHS 84.56 million in 2015. In USD terms, the value of the portfolio decreased during this same period (\$33.83 million to \$21.96 million), illustrating the declining value of the GHS. In "real" 2010 terms, the portfolio value declined, but was well on its way to recovery by 2014 – when the most recent consumer price index (CPI) data was available. Due to a competitive market and Sinapi's desire to keep interest rates reasonable, the stagnant value of the portfolio is directly reflected in stagnant yields, negatively affecting the bottom-line (See Table iv: Loan Portfolio Performance 2012-2015).

Table iv:
Loan Portfolio Performance (2012-2015)

	2012	2013	2014	2015
Number of Active Borrowers (Year End)	148,266	124,532	137,487	142,701
Percent Female	85%	92%	89%	89%
Percent Rural	62%	55%	65%	65%
Outstanding Portfolio (Year End) GHS - Million	60.77	49.63	70.96	84.56
Outstanding Portfolio (Year End) GHS - Millions (Real, 2010 value)	48.73	35.71	44.60	CPI not available
Outstanding Portfolio (Year End) USD - Millions (average)	33.83	25.40	23.97	21.96
Average Loan Size Issued GHS, Nominal	1,441	1,772	2,860	4,290
Average Loan Size Issued, GHS, Real 2010 Value	1,214	1,338	1,869	CPI not available
Average Loan Size Issued, USD (avg. exchange rate)	803	907	966	1114
Par > 30 Days	2.80%	4.83%	4.29%	4.30%
Write-Off Ratio	0.00%	0.00%	0.00%	0.00%

Client Satisfaction With Credit Services Since Conversion

In the December 2015 client survey, clients rated their overall satisfaction with credit services as 3.5 (out of five, See Figure v). Customers rated the appropriateness of services and their ability to change lives as strong (3.8). Sinapi's flexibility with loan repayments, and their ability to provide emergency finance received a moderate rating (3.6 and 3.5) and interest received a low rating (2.8). Sinapi's Client Journey Mapping research, described in section 3.3, identified several more specific "headaches" including the following:

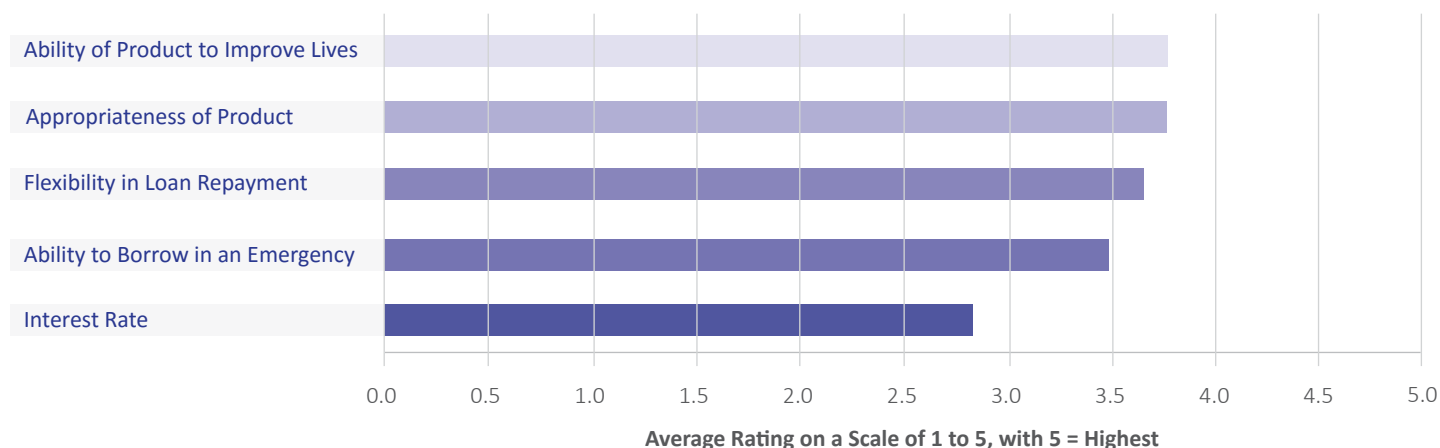
- Seven groups expressed **dislike for certain loan policies**. Example: Collateral requirements (both compulsory savings and a guarantor, in some cases), interest rates, loan fees, length of loan cycle, and too little time between loan disbursement and start of repayment.
- Seven groups reported a long and sometimes confusing loan process. Example: Long application process, training sessions, delay before disbursements, poor communication on procedural changes, and assessment for follow-on loans.
- Five groups reported a **lack of reward(s) for loyal clients**. Example: Waived fees, discounts, gifts, and parties).
- Three groups commented on the **long distance to SASL branches**.

Sinapi leadership identified several potential improvements for both new and known issues, including the following:

- **Loan security requirements:** Client education explaining that loan security requirements are standard regulatory requirements for a regulated S&L;
- **Clarification of loan approval procedures:** Display loan fees and charges on visible notice boards at branches. Have relationship officers explain loan fees and processes to clients more thoroughly. Simplify application forms;
- **Use technology to shorten the loan approval process:** Use an online approval system to quicken this process;
- **Provide reward(s) for loyal clients:** Distribute SASL-branded souvenirs (such as t-shirts, aprons, and pens), open eligibility for promotional events to all clients (old and new), have management personally visit loyal customers, occasional calls to loyal customers (such as on their birthday), send information on new products and services to all customers;
- **Reduce transaction costs:** Use SMS banking and other e-products to improve services to meet the demands of Sinapi's clients in terms of proximity and accessibility.

Another challenge facing the industry is the level of interest in, and future of, group lending, along with the training that often accompanies it. Some clients value training and group support and solidarity, while others demand less and less training or find the requirement of peer guarantors a significant barrier to credit access. In increasingly competitive markets where technology provides increasingly greater and faster access, group lending is being challenged. With Sinapi's customer feedback, management will be considering both how to adjust and better target group loans and how to serve individuals in efficient and low-risk ways.

Figure v:
Customer satisfaction with credit services



Alternative Technology-Based Delivery Channels

Sinapi's conversion required significant technology investment (See page 28), which Sinapi leveraged to introduce alternative delivery channels, keeping up with the global trend.²² Sinapi also leveraged the marketing effort associated with savings mobilization to announce alternative delivery channels. With 47 physical locations in all 10 regions of Ghana, plus active off-site group-lending, SAT provided Sinapi with a strong physical presence from which to launch alternative delivery channels. These include:

1. **Network or "satellite" branches:** These are physical locations whose buildings are not yet compliant with "branch" requirements, but where staff are able to conduct real time banking transactions using netbook solutions, a secure wide area network, and Temenos 24 (T24) software.
2. **Mobile Bankers (or Susu collectors):** These are contracted staff that circulate in markets and primarily urban communities opening accounts, collecting deposits, distributing withdrawals, and marketing loan services. Some Mobile Bankers use POS devices, while others use paper. The Mobile Bankers are backed by SMS/text message confirmation, and branch-based WAN and T24 systems. POS devices were found to be too expensive for Mobile Bankers, so Sinapi is testing mobile phone-based applications to support Mobile Banking staff that are not yet using POS devices.
3. **Cell phone (SMS) banking:** All account holders can access their bank account information via their mobile phone, whether they use simple or smartphone technology. Introduced in early 2015, functionality is somewhat limited (see Text Box), but plans are underway to expand services.

²² Sengupta, Urmi and Diana Dezso. "Keeping an Edge: What will It Take in the Current Microfinance Context?" SEEP, 2013. <http://www.seepnetwork.org/keeping-an-edge-what-will-it-take-in-the-current-microfinance-context-resources-1207.php> McKay, Claudia. "Ghana: Aiming for Interoperability in Branchless Banking." CGAP, 2011. <http://www.cgap.org/blog/ghana-aiming-interoperability-branchless-banking> Portocarrero, 2011; Ledgerwood, et al, 2006; Glisovic, et al, 2012; Ziu, 2009

Via cellphone, account holders can:

- Receive email alerts and statements
- Receive SMS alerts
- Receive mini statements via SMS
- Check account balances
- Transfer funds to another Sinapi account, whether held by the person or another person
- Receive confirmation of a cash deposit (for savings or loan payment)
- Make a cash deposit from a mobile money wallet with another company to a Sinapi account

Sinapi's Cellphone Banking Service

Sinapi is still assessing clients' response to SMS banking in more detail, as it is a relatively new service. Clients were satisfied that Sinapi provides regular updates (3.8 out of 5). A few issues that have been identified include the following:

- Clients do not consistently receive an SMS to confirm a deposit.
- Clients perceive that there is a charge for each SMS alert received. (Clients are potentially misinterpreting the charge to withdraw savings as a charge for each SMS notification, as opposed to just the monthly service fee for SMS alerts.)
- Non-clients fear that the SMS will reduce confidentiality because they share a phone, expressed by some women who wanted transactions to be confidential from husbands, for example.
- Clients are annoyed by SMS alerts because they cannot read them.

In response to these issues identified by clients, Sinapi management has recommended the following:

- Encourage clients to contact Service Quality through the helpline or the customer relations complaint portal to formally lodge specific complaints for proper redress.
- Advise clients on how they can password protect their phones or delete read messages and clarify client confusion surrounding deposit fees.
- Adopt an Interactive Voice Recording (IVR) system in the future, which could transmit messages in the local dialect for clients who cannot read or write.

Other identified "headaches" and Sinapi's recommended solutions can be found on page 17.

What's Next: Agency Banking, Mobile Network Partnership, Group-Bank Linkages

Sinapi leaders are pleased with the transformation thus far, but see it as a work in progress. Several significant endeavors are underway to help Sinapi address current customer challenges and better serve more rural clients. These include agency banking and group-bank linkages, both of which would involve third-party partnerships.

Sinapi is attracted to agency banking as a lower cost method for delivering Susu Savings (and potentially other) services and for reaching ever more clients – especially in rural areas (see photo). In many ways, Susu savings mobilization is a precursor to Sinapi adopting an “agency banking” model. As with Mobile Bankers (described on page 16), Sinapi is devising ways to leverage the efficiency and convenience of agency banking, while preserving the strong customer service and brand identification of the Sinapi “family.” Sinapi is in the process of preparing for the launch of their agency banking programme through a series of staff trainings and conversations with the BoG and potential partners to engage third party agents.



Mobile Banker with rural client

To better serve rural areas, Sinapi is devising a savings group linkage initiative to link independent informal savings groups with formal financial services in partnership with CARE Ghana. Through this partnership, Sinapi will extend financial services to savings groups in focused geographic areas where Sinapi’s trust groups are also active. Services will be adapted and offered by Mobile Bankers. The hope is to replicate the success of Susu Savings with Mobile Bankers by targeting groups through strong marketing and education campaigns, making service adjustments, and focusing on geographic areas where groups are concentrated. It is likely that having agents in nearby towns will also facilitate cash flow for Mobile Bankers, although this and many other elements of the rural expansion remain to be determined and tested.

In addition, Sinapi plans to better serve rural areas by incorporating new methods for working with its existing trust groups. These trust groups were formed primarily for members to obtain access to loans. To introduce savings, Sinapi plans to build on the Mobile Banker model to link more groups to savings services using SMS banking or (potentially) through an MNO. As it stands, the volume of groups, clients, and savings activities in rural areas does not merit advancement of Susu Savings through Mobile Bankers. In comparison to urban areas, rural groups tend to meet and save less regularly and are located relatively far away from one another. Cellphone banking will provide these groups with a more cost-effective means of saving with Sinapi.

Specialized Services And Programmes

The Sinapi conversion story is one of continuity and change, and one consistent element of Sinapi's strategy is to leverage donor funding either to test innovative services that might be later mainstreamed into banking operations or to channel resources to a financially excluded population with the ultimate goal of client transformation. Grant agreements are generally made between SAT and the funder – with the SAT board providing particular guidance on grant-funded programmes and SASL implementing the programmes. Examples of significant programme-funded initiatives include the following:

- **Agricultural Finance Programme:** Originally piloted in 2007, the Agricultural Programme provides training for farmers to improve their agricultural practices, coupled with agriculture lending products, and mostly operates in the Northern and Volta regions of Ghana. Between 2012 and 2015, the programme disbursed a total of GHS 21,005,042 and served 14,181 clients.²³
- **Education Finance Programme:** Launched in 2008, when customer satisfaction research revealed high defaults among school owners when school was not in session, indicating that school proprietors needed a specialized loan product. In 2009, Sinapi launched the IDP Rising Schools Programme, and in 2012, rolled out a full programme including education loans and savings accounts for parents/guardians. To date, Sinapi's Education Finance initiative has served 635 unique micro schools with a total of 1,036 of loans disbursed (valued at GHS 16,647,621) and impacted the lives of 228,845 students.²⁴
- **Youth Apprenticeship Programme (YAP):** A small pilot programme, YAP enables vulnerable youth to obtain occupational skills training, apprenticeships, and finance primarily in the Ashanti Region, but also at various times in six other regions. As of October 2015, the programme has served 1,723 apprentices (1,249 female, 474 male). Of this number, 1,298 had completed the programme and 499 were still in training. Some 20 YAP graduates obtained loans for business startup totaling GHS 20,000.²⁵

The grant programmes (and innovations they fund), facilitated by the institutional relationship between SAT and SASL help position Sinapi globally as a leader in the industry, thus attracting global investment capital, and support Sinapi to contribute to its social mission.

²³ Funded by the European Cooperative for Rural Development (EUCORD), Opportunity-Deutschland, Danida, USAID, John Deere, and others.

²⁴ Conducted in partnership with Opportunity International, the Irene D. Pritzger Foundation and others.

²⁵ Funded by NCDF, conducted in partnership with the National Board for Small Scale Industries (NBSSI).

Marketing

Effective marketing has been a critical success factor for Sinapi in launching operations as an S&L. As a leading MFI, SAT did not engage in much marketing; rather, clients came to SAT. SAT even had “hidden branches,” located on the upper floors of buildings, with nothing but a signboard for the offices. (See Photo) Yet, SAT was the largest MFI in Ghana. Such was the high, unmet demand for borrowing in the late 1990s and early 2000s.

In contrast, by 2013 – the year of conversion – the market was much more competitive and effective marketing had become a critical success factor for Sinapi in both saving and loan services. In general, savers can only be recruited by gaining their trust in both the new savings services provided and the institutions that may hold their precious savings. Sinapi has had to differentiate itself in an active and varied financial services market.

Key landmarks in marketing to support the launch of SASL included the following:

1. Market positioning
2. Rebranding, including the name change to SASL with emphasis on the nick-name “Sinapi”
3. Savings product development and rollout

In late 2015, Sinapi conducted a client survey that helped to assess customer response to Sinapi’s new branding and marketing campaign. Customers reported a very positive perception of Sinapi, rating Sinapi four (on a scale of one to five) although there are some contrary images of Sinapi among the public, as elaborated below.

Market Positioning

Overall, the unbanked population in Ghana is significant, but (as in most of Sub-Saharan Africa) a plethora of financial institutions competes for the most viable markets.²⁶ In order to position itself well in a highly competitive and uncertain environment, Sinapi conducted market research, including a strong competitive analysis as part of its business planning. A key element contributing to the competitive environment was the weak economy: inflation eroded income and left customers with less to save, and less confidence in the cedi.²⁷ A second element was the relatively high market penetration of financial services in Ghana.²⁸ When Sinapi was founded in the mid-1990s, the portion of the population accessing formal financial services was (and remains) among the highest in sub-Saharan Africa (56%); yet half of this group also used informal financial services, highlighting shortcomings of the formal financial service sector. In addition, the main gap in formal financial services was (and remains) in the rural areas.²⁹ Thus, the hardest to serve customer base offered the most open market opportunity for Sinapi.³⁰

²⁶ Abban, Kukku. “Fidelity Bank launches ‘Save for Gold’ Promotion.” Joy Online, 2015. <http://www.myjoyonline.com/business/2015/August-12th/fidelity-bank-launches-save-for-gold-promotion.php> Access Bank. “Access Launches High Interest Bearing Account As It Rolls Out Savings Campaign.” Access, 2015. https://www.ghana.accessbankplc.com/sites/default/files/MAY%2011%202015_ACCESS%20LAUNCHES%20HIGH%20INTEREST%20BEARING%20ACCOUNT%20AS%20IT%20ROLLS%20OUT%20SAVINGS%20CAMPAIN.pdf Alhassan, Rabiu. “Union Savings and Loans Launches Omni Saving bonus campaign.” Citifmonline, 2015. Karlan, Dean, Edward Kutsoati, Margaret

McConnell, Margaret Mcmillan, and Christopher Udry. “Savings Account Labeling for Susu Customers in Ghana.” IPA, 2010. <http://www.poverty-action.org/printpdf/6431> Kunateh, Masauhdu Ankiilu. “Stanbic Bank Wages War on Low Savings Culture Among Ghanaians.” The Chronicle: Business News, 2012. <http://thechronicle.com.gh/stanbic-bank-wages-war-on-low-savings-culture-among-ghanaians/> Mensah, Mercy Muriel. “The Role and Challenges of Savings and Loans Companies in Ghana.” School of Graduate Studies, Kwame Nkrumah University of Science and Technology, 2009. <http://ir.knust.edu.gh/bitstream/123456789/686/1/Mercy%20Muriel%20Mensah.pdf>

²⁷ IMF. “World Economic Outlook, July 2015: Ghana.” World Economic Outlook. IMF, 2015. World Bank “Ghana: Country Overview” World Bank. 2016. <http://www.worldbank.org/en/country/ghana/overview>

²⁸ McKay, 2011; Karlan et al, 2010.

²⁹ IFAD. “Ghana – Informal Financial Services for Rural Women in the Northern Region.” IFAD Rural Financial Services Project, 2000. https://www.ifad.org/topic/tools/tags/gender/rural_finance/case_study/3752447

³⁰ Sinapi Aba Savings and Loan, Business Plan 2014-2018.

The other significant characteristic of the Ghanaian financial service market was instability. When SASL was established, Sinapi faced an MFI market three years into regulation, with many institutions recently converted and others, like Sinapi, still in process. Sinapi's biggest competitors were, and remain, Opportunity International Savings and Loans (OISL), First Allied Savings and Loans (with approximately 20 locations and 160,000 borrowers each), and rural S&L companies, which are smaller, but have a strong community-level presence. Competition from the informal sector is mainly from traditional Susu collectors and traditional or more recently mobilized rural savings and loans groups. In 2012, there were some 135 community and rural banks, 19 licensed S&L companies, 253 credit unions, and 50 NGO-MFIs. It was hard for many consumers to know the difference among these kinds of institutions.³¹ These formal institutions operated alongside informal institutions like Susu collectors, which are traditional agents who collect savings, disburse loans, and collect repayment on a daily basis in the marketplace. Some rural markets were served by traditional S&L groups, or more recently, groups organized by NGOs. In addition, criminals took advantage of the consumer confusion to launch scams, offering customers high incentives – including material gifts – to deposit savings, only to close down after a short while and disappear with the victims' savings. Thus, while there remained significant opportunity in underserved markets, Sinapi would have to compete strongly to serve this population.

Sinapi conducted a SWOT (strengths, weaknesses, opportunities and threats) analysis to develop a strong market position in this challenging environment (See Table v). Where consumers were underserved or unaware, Sinapi could capitalize on its history and experience to serve the economically active poor in rural locations. To do so profitably, Sinapi needed to leverage technology to increase efficiency and provide convenient, strong customer service. Operationally, this meant striving to keep rural locations open despite regulatory pressure to convert all branches to very expensive infrastructure – a challenge that pressures many MFIs to focus more on higher-volume, urban locations. Thus, Sinapi developed the following competitive market position:

- **Convenience:** 47 branches, maintaining open doors at all rural locations, doorstep savings collection at client locations (for groups in rural areas and for individual clients in more urban locations), clear customer communications, and easy-to-use technology.
- **Reliability:** 19 years in operation, high level of professionalism, Christian mission, and BoG license.
- **Customer Service:** excellent customer service provided by loyal, mission-driven staff; transparency with established policies and complaints processes; financial education training to ensure clients are aware of options, prices, and policies; serving all levels of customers, with a wide product range, socially comfortable environment, and high quality service.

With this strategy, Sinapi's 2018 objective is to become a leading S&L – reaching 170,700 active borrowers and 201,300 active savers, with the majority being “base of the pyramid” customers.

²⁶ McClintock, Makai. “Bank of Ghana Grants Licenses to 171 Financial Institutions as 116 Fraud Cases Involving Unlicensed Institutions are Pending.” MicroCapital Brief, 2013. <http://www.microcapital.org/microcapital-brief-bank-of-ghana-grants-licenses-to-171-financial-institutions-as-116-fraud->

[cases-involving-unlicensed-institutions-are-pending/ Joy Online. “BoG bars Micro Finance Companies from Name Changes.” Joy Online, 2014. http://www.myjoyonline.com/business/2014/August-19th/bog-bar-mfis-from-name-change.php](http://www.myjoyonline.com/business/2014/August-19th/bog-bar-mfis-from-name-change.php)

Table v:
SWOT Analysis: Sinapi, 2014-2018 Business Plan

SWOT Analysis	
Strengths	<ul style="list-style-type: none"> • Governance • Market position (among working poor) and brand name as “Sinapi” or “Sinapi Aba” • Physical presence (47 locations in all 10 regions) • Experience serving the economically active poor, with group lending, in financial services, achieving growth, low PAR, and high operational sustainability • Visionary, committed, competent people: board, management, and staff • Visionary and committed financial backers: SAT, individual investors, institutional private and social purpose lenders, and two significant grants to support transformation • Sound financial base: loan portfolio and capital from SAT and individual investors, and institutional lenders • Strong, versatile IT/MIS system and staff: Temenos e-Merge software delivers security and speed across all branches
Weaknesses	<ul style="list-style-type: none"> • Skill limitations: in savings mobilization and management, liquidity management, and regulatory compliance • Physical branch structures not meeting BoG standards for Savings and Loans
Opportunities	<ul style="list-style-type: none"> • Un-met demand in rural areas, among economically active poor, and for some services – savings • Technology developments to advance efficiency, customer service, and security • New sources of funding available to Sinapi as a Savings and Loans, including savings, lending, and investment funds • Relative political stability in Ghana
Threats	<ul style="list-style-type: none"> • Competition for customers • Competition for trained, experienced staff • Crime • Economic environment: inflation, exchange rate fluctuations reducing investor confidence in Ghana, declining consumer income and ability to save • No formalized address system in Ghana, and low level of customer identification, creating challenges for meeting the “know your customer” requirements among the rural population operating in the informal sector

While some institutions move upmarket as they transform from MFI to commercial status (and Sinapi certainly aimed to attract a more diverse client base), Sinapi's core market remains the economically active poor. Sinapi developed specific marketing strategies for the following target populations:

1. Rural traders and micro-entrepreneurs,
2. Smallholder farmers,
3. Urban and peri-urban micro-entrepreneurs,
4. Urban and peri-urban entrepreneurs running small, formal enterprises,
5. Formal and public sector employees,
6. Other low-income individuals/households.

The strategy includes branding, products/services, delivery channels, and promotional strategies for each segment. These elements of the marketing strategy are elaborated in the next sections.

Rebranding

Sinapi staff invested significant effort in the rebranding of SAT's financial service operations in line with SASL's defined market position. Although SAT still exists as an institution and separate brand, the focus was on "rebranding Sinapi" – giving a new face to the financial services and client-facing delivery channels. A key component was the new look, which maintained the name "Sinapi Aba" and the symbolic and well-recognized tree, but modernized the colors and shape of the tree. There was much debate over the tag line, which maintained the word "microfinance" – a word some in Ghana associate with being accessible to ordinary people, while others associate it with fraud.

Old Logo:



New Logo:

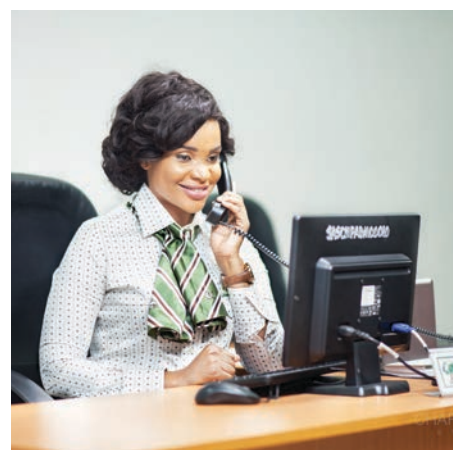


The most monumental marketing effort was to promote Sinapi as an S&L. Sinapi engaged in an internal and external marketing blitz. The key message was that Sinapi was offering saving services and using IT to deliver convenient, modern service. One challenge in the launch was to balance these “new” opportunities with the message that Sinapi is 19 years old – established and reliable. This was particularly important in an era of mistrust of MFIs due to incidents of fraud. Key activities and tools during the transformation marketing effort included the following:

- **Media campaigns:** Sinapi created advertisements for national TV and radio, local radio (in multiple languages), newspapers, and trade/business magazines. Press releases and contacts generated print media articles and interviews of leaders on TV and radio.
- **Branch relocation, interior design, and signage:** Sinapi relocated branches to new, high-traffic locations at the street level. The interiors and signage were standardized and improved to reflect the new logo/brand. Nearby billboards also advertised Sinapi.
- **Free collateral:** Sinapi created and distributed gifts such as calendars, pens, and key chains to clients, partners, and potential customers at rebranding events.
- **Established and new events:** The new brand was promoted in trust groups and at typical community and school meetings, as well as at special events held to celebrate the new brand.
- **Financial Education:** With the uncertainty in the market, financial education was more important than ever for marketing. Sinapi continued to offer financial training to trust groups and at community gatherings, for example parent groups at schools linked to Sinapi. In addition, Sinapi developed a video drama which played on TV and has been shown at community events. Sinapi is also in the process of translating this drama into multiple languages. In the past, Sinapi offered transportation and a meal to attendees who participate in financial training, but lower-cost options are more of a focus now.
- **Staff training and celebrations:** Staff were oriented formally in trainings and staff meetings and the new brand and look were celebrated with in-house events and giveaways. Internally, staff developed catchphrases to encourage each other during the transition.
- **Staff dress code and customer service training:** Sinapi changed its dress code as part of its image shift to a higher level of professionalism in staff look and manner. Staff initially resisted, and a compromised approach was agreed upon. Monday-Tuesdays, staff wear black suits with Sinapi ties/scarfs. Wednesdays, staff wear any formal business attire. Thursdays are “Sinapi Aba” days when staff wear Sinapi-branded short sleeved polo shirts and khaki trousers. On Fridays staff wear traditional Ghanaian wear, sewn with Sinapi-branded print (see photo).
- **Direct staff-to-customer outreach:** Once a month, on a Thursday, staff at all levels engage in “Sinapi Lions Days” when staff “roar” about Sinapi. “Roaring” entails going out into the market or any public place and talking to strangers about Sinapi. At the branch level, every Thursday is Sinapi Day when staff follow up on leads and focus on bringing in new customers.
- **Customer-to-customer marketing:** Existing customers are verbally encouraged to refer their friends, family, and other community members to Sinapi.



Rebranding - New Sinapi Attire



Sinapi attire (option 2)

This marketing blitz occurred in two phases. The first focused on the new brand and the concept of offering savings in general. The second highlighted specific savings products. Now that the brand and new products have been launched, marketing efforts are focused on lower cost activities to support critical financial objectives.

The Sinapi name, colors, and logo were among the most important elements of the rebranding. Several versions were developed and tested among focus groups of diverse clients and staff until the final was defined and documented in branding guidelines. Some elements include:

- **Sinapi Aba and “Sinapi”:** The name retains the original vision and symbolism of SAT: the biblical parable of the tiny mustard seed that grows into a large, strong tree. “Sinapi” is commonly used. This was a common nickname for Sinapi Aba Trust among clients and it is perceived as a catchier, more people-friendly alternative to “SAT” or “SASL.”
- **Tree:** Similarly, the tree has been at the core of the SAT image and embodies the Sinapi strategy of investing in the smallest businesses. Sinapi marketing materials communicate that customer savings and enterprises will grow from a small seed into a large tree, symbolizing the growth of their lives, families, and communities.
- **Shape:** The globe was added to the tree as an element of modernization, confidence, and a symbol of big dreams – potentially going global.
- **Colors:** The green was made more formal and modern to reflect Sinapi’s regulated status, but still symbolizes growth; the white was added and symbolizes purity of intent, so in this case honesty in transactions and intention of doing God’s work on earth by serving the poor. The brown trunk stands for the Sinapi’s strength.
- **Tag Line:** “Transforming lives through Microfinance” was kept as Sinapi’s key tagline because it embodies the mission and maintains the focus on everyday people.

Sinapi communicated branding decisions to staff in training and in writing as part of the marketing guidelines.

Refreshing the Sinapi Aba Brand

Savings Product Development And Rollout

Sinapi engaged in an extensive product development and rollout for its savings products which aligned with its rebranding activities and new brand guidelines. Sinapi developed and released its six new savings products in two batches. The first four – Flexi, Premium, Fixed, and Susu – were released when Sinapi was launched in August 2013. The others followed gradually throughout 2014, with the Smart Kids account undergoing revision and relaunch in early 2015. A product development committee with representatives from marketing, customer services, deposits, credit, HR, and IT developed these savings products. They used a client-centered approach, with a keen eye on the competition.

The product development process involved:

1. **Devising test products:** Products were designed with both long-standing and new clients in mind. The product design was based on the marketing plan and the savings mobilization plan – which reflected market research, Sinapi’s market position, staff knowledge of the customer base, and staff creativity.
2. **Conducting focus group discussions:** Sinapi staff facilitated FGDs with rural and urban clients, including both individual and group borrowers. (Sinapi attempted to engage non-clients, but found it too difficult to get a frank opinion from them).
3. **Pilot testing:** Four branches tested the new products and delivery channels, identifying and working out challenges in communication, marketing and delivery (including IT use in transactions), transaction tracking and record keeping, and consolidated reporting.

4. **Rollout:** The entire senior management team participated in the product rollout by revising marketing materials, product descriptions, policies and procedures, staff training and incentives, and IT and accounting systems. They also established implementation targets for these activities.
5. **Monitoring and management:** Senior managers have monitored performance against target numbers of clients, accounts, account balances, loans and portfolio at risk. They have gathered staff and client feedback (through management channels) and made adjustments when needed.

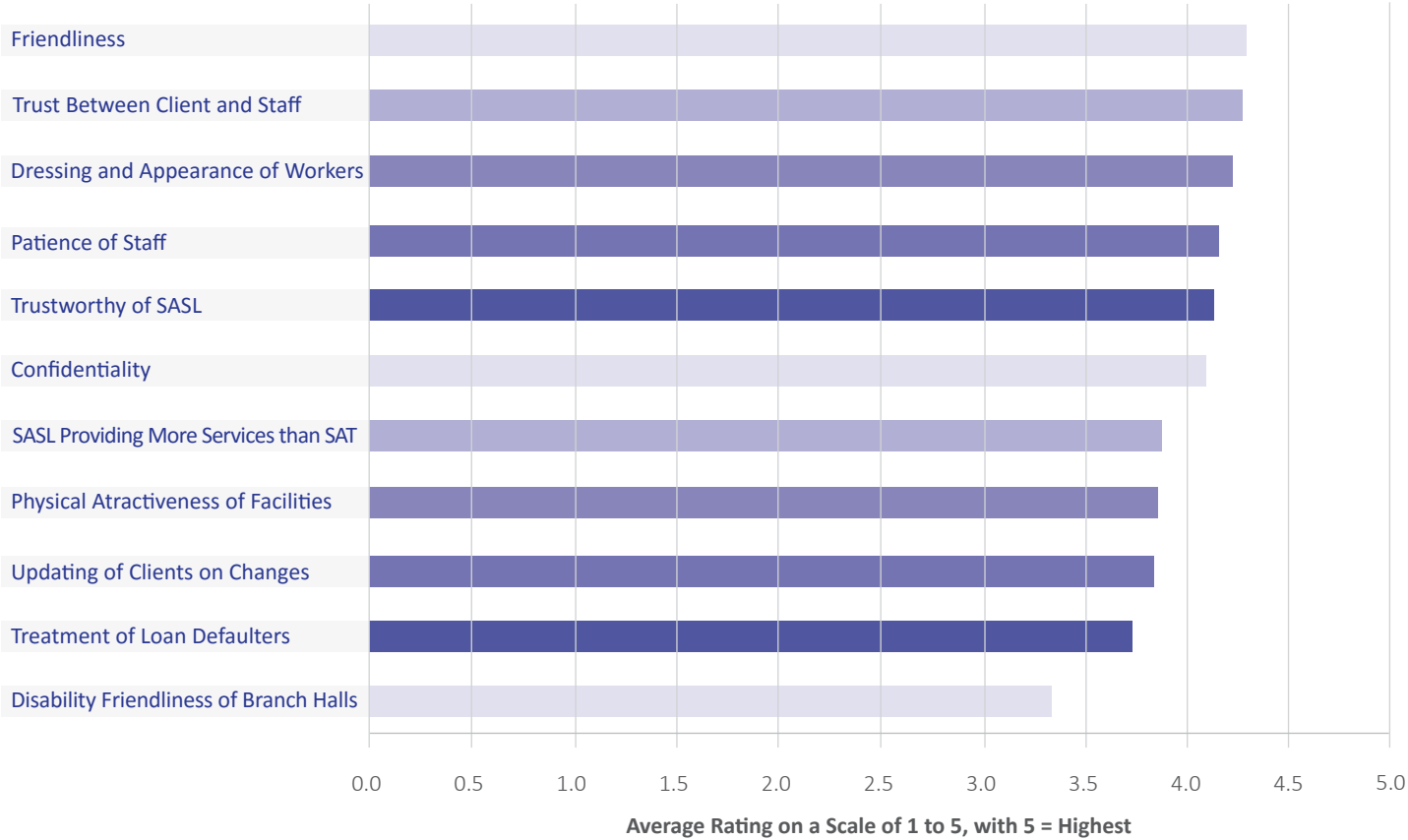
Certain key challenges and adjustments were made during the research and development process. For example, KYC policies require that customers provide proof of identification, including a physical address. Procedures have been adjusted so that customers can open an account immediately (with one witness), while staff are allowed several days to verify the address provided. Some clients have debated whether the “Flexi” account should be named something in a local language, but others maintained that they should use the occasion to learn more English and also enjoyed using the word. So “Flexi” it remained.

Customer reaction, product performance and competitive analysis guided product adjustments even after the S&L launch. For example, the Smart Kids account was slow to pick up. Competitors had an insurance component to their education saving products, so Sinapi added one to theirs. Smart Kids savings accounts are now the fastest growing product. Customer feedback flows to the product development committee primarily through quantitative performance reports and frontline staff who are encouraged to communicate customer reaction through the management system and up to the committee. The Thursday “roar” days also facilitate market feedback that feeds upwards through the management system.

Customer Response To Sinapi Rebranding And Marketing

While the success of Sinapi’s rebranding and savings product launch is evident in the doubling of its client base, the 2015 client survey shed light on the reasons for success and areas where Sinapi could improve (See Table ii). Customers have absorbed the message that Sinapi is reliable and strong due to its long history of dedication to customer service. Customers (and potential customers) reported very positive perceptions of Sinapi’s staff noting their patience, appearance, friendliness, trustworthiness, and ability to keep information confidential. These elements were all rated above four out of five. The overall trustworthiness of Sinapi was also rated highly, at 4.3 out of five, with some citing Sinapi’s longevity of 19 years as an important proof of Sinapi’s reliability (See Figure vi) (see photo).

Figure vi:
Customer (and Potential Customer) Perceptions



In terms of negative feedback, several key items caught Sinapi’s attention. Some customers and non-customers reported that Sinapi’s reputation is tainted by the general lack of faith in MFIs in Ghana, and that confidence would improve if Sinapi were an actual bank. Thus, even the inclusion of the word “microfinance” in Sinapi’s tag line triggered suspicion for some. Other areas for improvement include clarifying that SASL provides more services than SAT, keeping clients updated on changes, improving the treatment of loan defaulters (if possible), and continuing to upgrade branches to modern bank hall levels. This constructive feedback is being integrated into Sinapi’s continuous improvement process.

Non (Potential) Customer Response To Sinapi

Among non-clients, Sinapi has a dual image. On the one hand, some potential customers still see Sinapi as a microfinance institution, rather than a formal S&L worthy of guarding their savings. Because there has been significant malfeasance in the microfinance industry, the trust level and reputation of microfinance is low. Customers look for the word “bank” in the title of the institution, which – as noted earlier – SASL does not have. On the other hand, other potential clients see Sinapi as very trustworthy due to its long history and its Christian values. Potential customers that choose other financial institutions mentioned doing so because of convenience, good interest on deposit accounts, low interest on loans, and – for rural populations – advice on finance and marketing.

Next Steps

Sinapi’s marketing and product development team drove the customer research in order to gauge customer response to rebranding and new services. With significant statistical feedback as well as granular information from FGDs and the Client Journey Mapping research, Sinapi leadership is now making improvements where feasible. Sinapi’s philosophy has traditionally been to operate as a family – inclusive of staff and customers. The business benefits of this strategy – primarily driven by Sinapi’s organizational values – are evident from the survey. The highest rated areas of operation, as Sinapi adjusted to more commercial operations, were staff performance and customer service.

Technology, Systems and Infrastructure

Sinapi significantly advanced its technology, infrastructure, and operating systems to support its transformation. As much as Sinapi leaders planned these shifts carefully, there were surprises, and this aspect of Sinapi's conversion was one of the least predictable. Flexibility from leaders, staff, funders, regulators, and even customers proved essential in managing these unexpected challenges. Though customer-facing technology is highly marketable, improvements to “invisible,” back-end technology and systems have moved faster. This sequence reflects the appropriate prioritization of essential internal systems required for both traditional and customer-facing alternative delivery channels.

Systems

While the success of Sinapi's rebranding and savings product launch is evident in the doubling of its client base, the 2015 client survey shed light on the reasons for success and areas where Sinapi could improve (See Table ii). Customers have absorbed the message that Sinapi is reliable and strong due to its long history of dedication to customer service. Customers (and potential customers) reported very positive perceptions of Sinapi's staff noting their patience, appearance, friendliness, trustworthiness, and ability to keep information confidential. These elements were all rated above four out of five. The overall trustworthiness of Sinapi was also rated highly, at 4.3 out of five, with some citing Sinapi's longevity of 19 years as an important proof of Sinapi's reliability (See Figure vi).

As part of the transition, Sinapi revised or developed no fewer than 16 internal systems that included policies and procedures, manuals, and corresponding staff training. Most of these systems required supporting upgrades to MIS and IT. Some examples of key changes to critical systems include:

- **Finance:** A new financial tracking and reporting system enabling real time recording of transactions, and facilitated reporting using banking, accounting, and reporting standards, rather than NGO accounting standards. For example, senior managers need daily reports on cash-flow and reserve ratios.
- **Savings policies and procedures:** The new savings manual reflects the six new products (plus bundled service packages that include savings and loans), processes for establishing accounts, as well as processes for alternative delivery channels. New systems were developed in MIS to track savings transactions, interest on savings, and fees for transactions for the different savings products. The MIS system was developed to record real time transactions, send automatic SMS/text confirmations, and enable customers to check balances using their mobile/cell phones.
- **Human resources policies:** These were revised to reflect numerous new positions and job descriptions, new salary and incentive structures, and new behavioral policies (including the new dress code). Staff training systems were developed to train staff in all the new policies and procedures.

For a full list of systems developed, see Text Box below.

This list of 16 sets of policies, procedures and/or manuals illustrates the extensive work involved in converting SAT's financial service operations to SASL, with accompanying new services and delivery channels:

1. Transport Policy
2. Savings Manual
3. Finance Policy
4. Treasury Management Policy
5. Operational Policy Manual
6. Credit Policies & Procedures Manual
7. Human Resources Manual / Employee Handbook
8. Accounting Manual
9. Risk Management Manual
10. Internal Audit Manual
11. Administration Manual
12. Marketing Manual
13. SASL Brand Identity Manual
14. IT/MIS Policy And Procedures Manual
15. Procurement and Asset Management
16. Disaster Recovery Manual

Revised or New Policies, Procedures, and Manuals

Physical infrastructure

Sinapi's physical infrastructure underwent significant transformation, which had technological implications. For marketing purposes, Sinapi improved the look and feel of its branch locations, and shifted locations from "hidden" offices on upper floors of buildings, to street-front locations with obvious, well-branded storefronts (see photos). BoG regulations require that bank branches be physically secure and technologically linked so that they process transactions immediately, with transactions being recorded in the central system in real time. The building standards include specifications for a secure safe, sufficient wall width, secure doors to prevent break-ins, secure transaction counters and security personnel on duty. During the transition period, Sinapi has been permitted to establish some locations and satellite (or network) branches with less physical infrastructure. However, both full branches and satellite locations are required to record transactions electronically in real time through a secure network. The satellite locations are also linked to a physical branch. Not only did Sinapi develop technology solutions to meet this regulation, but all branches and satellites also purchased Uninterruptible Power Supply (UPS) equipment and generators to protect the system from electric surges and to provide electricity in case of blackouts, which occur regularly in Ghana. Half of Sinapi's physical branches moved or were physically reconstructed to meet more stringent building codes for a secure bank branch. The other half were upgraded to satellite status. In sum, physical infrastructure was – and remains – a significant project in terms of staff focus, finance, and demands on information technology systems.

Information Technology (It) Systems

The above description highlights the multi-faceted demand Sinapi had for new IT systems, software and hardware, client-facing and back-office systems, and IT systems for smooth interfacing between multiple platforms. Sinapi focused first on back-end systems and secondly on more client-facing, technology-based, alternative delivery channels such as mobile phone (SMS) banking.

Back-End It Systems

Sinapi developed several key IT systems to support new operational, tracking, and reporting requirements. The technology Sinapi uses for back-office operations includes:

- An integrated customer management, financial, HR, payroll, and asset tracking system (See Text Box);
- Hardware at branches, specifically Netbook laptop computers that function as staff and client-facing terminals for recording banking transactions, as well as back-office staff computers;
- Secure local area networks in each location, and secure Wide Area Networks for linking POS devices to branches, and branches to the head office (in real time as much as possible);
- Secure servers and terminals at the head office, and an off-site backup for the servers.

These systems are supported by a five-person IT department, and two external contractors who developed and maintain the system.

Sinapi upgraded its Temenos software which provides Sinapi with:

- A financial reporting suite that is compliant with all prudential requirements;
- An MIS system that serves Sinapi's decentralized system, ensuring real time information processing of data captured at branches and in the field;
- An adaptable platform that supports large scale and significant product diversification, including branchless banking and doorstep technologies;
- An integrated customer management, financial, HR, payroll, and asset tracking system;
- Automatic generation of standard financial statements and payroll reports.

Prior to and after conversion, Sinapi received technical assistance and training from Opportunity International, which uses and recommends the T24 system to its partners.

Globus Temenos 24 (T24) IT System



Mobile Banker with Client - POS Device in use

Client-Facing Technology

Sinapi is still developing client-facing technologies to reach ever-deeper into under-served markets, “taking banking to the customer” and leveraging a range of technologies to improve customer service in terms of location, speed, and accuracy, and to enhance affordability by reducing transaction costs. The following client-facing technologies are improving Sinapi's client experiences and its own efficiency:

- **Netbooks:** Netbook laptop computers and the secure network they access support satellite branches, enable staff to engage clients off-site in trust groups and farmer groups, and provide clients with a view of their account transactions, balances, interest earned, and fees charged. As long as there is mobile phone connectivity, the transactions are recorded in real time. If connectivity fails, Sinapi has a back-up mobile connection through a separate provider. In addition, transactions can be stored and posted later when the netbook manages to connect.
- **Point of sales (POS) devices:** Approximately 100 staff and mobile bankers use POS devices to record client transactions, providing clients with a printed receipt. Clients use their bank card and unique individual identification number to access their account. POS devices connect to Sinapi's secure network in much the same way that the Netbooks connect. POS devices can carry out a wide range of transactions (see text box and photo). On the down side, they are expensive, they can be slow in a fast-paced urban market environment (compared to a quick, written receipt), and connectivity can fail in rural markets. Also, clients report that the printed receipts fade quickly.
- **Xtigi multifunctional cellphones:** Sinapi acquired 90 new cellphones with significant battery power to facilitate cellphone banking. The plan is for Mobile Bankers and staff roaming offsite to use these devices to conduct banking transactions, and to orient customers to use mobile phone banking applications. The devices are significantly lower cost than POS devices, and they ultimately will be able to perform more functions, as Sinapi's mobile phone banking functionality expands. When Sinapi launches agent banking, the agents will likely use these devices. Unlike POS devices, the Xtigi phones do not print receipts, so a combination of hand-written and SMS message receipts are being tested in various locations.

- **Cell phone banking platform:** Sinapi developed a cell phone banking platform that enables customers to access bank account information, receive alerts, and transfer funds among Sinapi account holders. This strategy was necessitated by challenges in forming a mutually beneficial partnership with an MNO, something Sinapi is still striving to negotiate. Recently approved regulations for agent banking should support industry expansion.

While Sinapi advances these high-tech solutions, the majority of new savers are using a low-tech alternative delivery channel: Susu Savings, for instance, is often collected by (new) contracted employees recording transactions using paper, and reinforced by SMS/text transaction confirmation. Sinapi expects that client-facing IT solutions will significantly advance outreach in rural communities, but is always prepared to use manual methods, or methods that combine the two.

The POS software applications ensure banking transactions are reflected in the banking software in real time, and provide customers with proof of transaction. The following are POS devices' operational modules and their functions:

New Customer: provides a screen for registering new clients from the field.

Deposit: Cash received module for capturing deposits either in the form of loan repayments or savings made by the clients.

Transfers:

- **Cash Payment (withdrawal):** a cash withdrawal module for making payments to the clients on field operation.
- **Account-2-Account:** a cash transfer module between two separate Sinapi accounts either for the same client or two separate clients.
- **Other Module:** a cash payment module that may be used in settling utility bills on behalf of the client.

Enquiries:

- **Balance enquiry:** an enquiry module that outputs the total cash balance for a client.
- **Mini statement:** an enquiry module that outputs the first 10 balances in a statement format.

Logs: a repository that stores all the transactions that are captured by the device both successfully and unsuccessfully processed transactions. This is used in monitoring and reconciliation of transactions.

Point of Sales Devices

Human Resources

Senior leadership highlights Sinapi's human resources as its most valued asset, and Sinapi's human resource policy is a critical success factor in Sinapi's conversion and ongoing operations. Sinapi's approach to HR management exemplifies their overall approach to the change process: adjusting to the new, while preserving existing strengths. For Sinapi, these strengths included the talent embodied by staff and the core values of respect, commitment to the poor, integrity, and stewardship. Leaders strive to operate as a large family, delivering loyalty to its staff and engendering it in response. Nevertheless, as is typical in MFI transformation,³² managing the cultural shift among staff from NGO to a more complex commercial operation, with a stronger supervisory structure and more professional and stringent work environment was a challenge.

³² Leonard, 2009

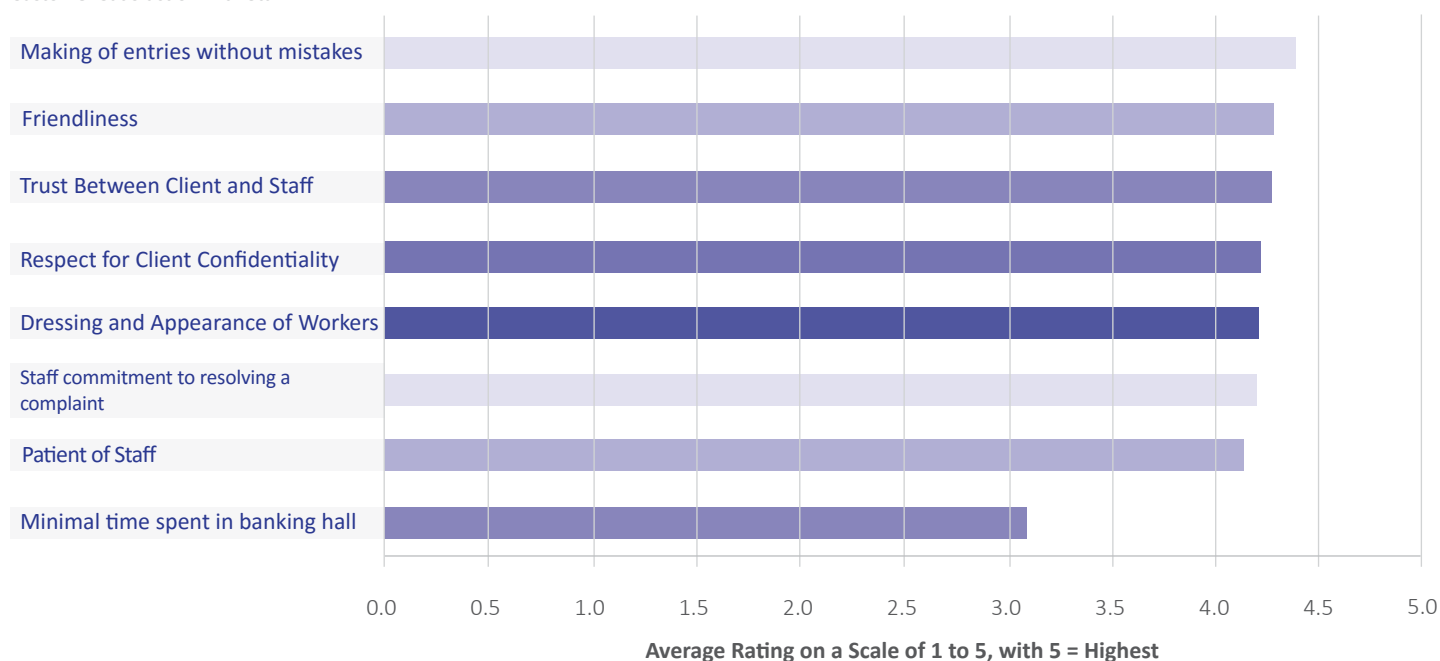
- Of the original 360 staff of SAT, only 10 or so left during the transition.
- To develop a low cost-structure for deposit mobilization, Sinapi hired around 640 Mobile Bankers on contract; Mobile Bankers are part of the Sinapi Aba family, praying together with the permanent staff every morning if they like, receiving training, wearing the Sinapi brand, etc.
- Sinapi's permanent staff retention rate is 94%; the Mobile Banker retention rate is 86% (Q1, 2015).
- Between Q1 2014 and Q1 2015, the total number of staff increased from 895 to 1,369, a 53% increase; the number of Mobile Bankers expanded exponentially from 323 to 640.
- Women represent 33% of salaried staff, 29% of board members, and 17% of senior leadership; only the gender balance of senior managers has shifted with the recruitment of some (male) managers from the banking sector.

HR Facts at a Glance

Customer Satisfaction With Staff

A highlight of Sinapi's customer satisfaction survey was the strong showing of Sinapi's customer service, especially the confidence and trust clients place in staff, and the positive relationships staff develop with clients. In addition to positive perceptions reported on page 12, customers reported high satisfaction with staff respect for client confidentiality, making of entries without mistakes, and staff commitment to resolving complaints. Other than specific issues raised around savings and loans products mentioned in above sections, the only low customer satisfaction rating was the time spent in banking halls (Satisfaction Rate). The latter issue serves to support Sinapi's next major shift toward agency banking.

Figure vii:
Customer Satisfaction with Staff



The customer research also gathered specific comments from FGDs. For example, customers cited the interest shown by staff in their lives, and regular visits by staff to their place of businesses as elements contributing to high trust. In the client journey mapping exercise – designed to uncover “headaches” in the customer experience, issues related to customer services did not feature prominently. Thus, it appears that Sinapi’s investment in staff loyalty has effectively translated into very positive client relationships.

Workplace Cultural Shift

Sinapi staff describe a dramatic shift in performance pressure and related organizational culture. What were these pressures and demands for cultural shift? After all, SAT was a large, successful and profitable MFI; staff were used to performance and reporting requirements, receiving financial incentives for performance, being strict with clients regarding loan repayment, and other elements of strong MFI HR management. What was different in becoming a S&L? What was the source of higher pressure to perform?

1. Market pressure: Culture and practices needed to shift in order to recruit and retain customers. Before, SAT offered a hot commodity – credit – in a tight credit market. If clients didn’t repay well, they were dropped and new clients would apply. In the current competitive environment, however, and with its focus on savings, Sinapi staff have to hustle to get clients, and to convince customers to trust SASL with their savings. Staff needed to improve their marketing and customer service. In addition, in order to engender trust – so critical to savings mobilization – a more standardized, professional atmosphere was required.
2. Accountability to savings customers: Staff began governing a new resource – savings – that belonged not to “wealthy donors,” but to low-income clients and fellow working class citizens. This raised the cost of mistakes. According to some clients and staff, SAT offered loan re-structuring and/or access to emergency loans more than SASL. This kind of flexibility is less tolerated throughout SASL because SASL is using customer savings as capital, which generates a higher level of governance throughout the institution.
3. Bank of Ghana regulations: With government regulation came a deeper level of scrutiny, a higher degree of accountability, and more stringent operating rules. As SAT, staff were accountable to social purpose donors, to each other, and to the mission. While staff took financial performance seriously, there was also a culture of forgiveness and security in knowing that donors would back them up in case of crisis. With regulation, a culture developed that “big brother” is watching. The consequences of mistakes became higher; for example a late report to the BoG incurs a significant fine. Even though a staff member may know a new client well, because of Sinapi’s presence in a community, staff are nevertheless required by regulation to formally collect identification documents and to visit the person’s business or farm. This implies “treating friends like strangers,” and can be perceived as unfriendly or, worse, offensive. It appears Sinapi lost some loan clients for this reason, and later had to re-focus on credit-marketing to re-vitalize its loan portfolio.

The more stringent, higher pressure work environment was symbolized in the change in Sinapi’s work attire, from a more comfortable, NGO-style to formal banking attire.

The following practices helped Sinapi make necessary changes while maintaining staff morale and core values. In many circumstances, continuity was as important as change.

1. **Maintain senior leadership, supported by professional bankers:** The senior managers of SAT financial operations became the senior management team of SASL, which engendered trust and contributed to the preservation of the mission. New bankers brought in were placed more often as deputies and advisors than in management positions.
2. **Job security for employees:** Throughout the changes, Sinapi promised staff that they would have a job at or above their current professional level and salary. This was significant in an economy where businesses were shedding employees due to the economic crisis (inflation and slowed growth).
3. **Enhanced employee benefits:** As the national health care system rather suddenly declined in performance, Sinapi took up the slack and offered staff significant medical benefits.
4. **Strong communications:** Sinapi communicated changes and their rationale for these changes – as well as the preservation of core values – through multiple channels: the hierarchical management structure, the technical management structure, staff associations, staff training events, the Sinapi newsletter, and special “rebranding” events focused on staff.
5. **Significant investments in staff training:** Sinapi invested heavily in staff training, to the point where staff complained of being burned-out from training.
6. **Organization culture:** Sinapi continued with practices that cultivate a Christian family atmosphere. These include daily morning devotions, prayers at meetings, formal staff support organizations, and informal practices of managers helping staff when they have an emergency. Also important to the organizational culture were the religious messages in mission statements, tag lines on posters, and maintaining elements of the old brand in the new name and logo.
7. **Hired new staff with mission commitment:** Sinapi screened new staff coming in from the private sector to ensure their commitment to Sinapi’s mission and core values.
8. **Focus on core customer base – economically active poor:** Sinapi’s core customer base did not shift; the Susu Savings product brought in higher numbers of economically active poor while simultaneously strengthening the bottom line. So, Sinapi was able to “walk the talk” of managing a double bottom-line, rather than moving up-market.
9. **Employee management compromises:** Sinapi leadership compromised with staff, sometimes moving more slowly than technical advisors recommended, in order to bring staff along the journey toward more professional conduct and more stringent performance conditions.

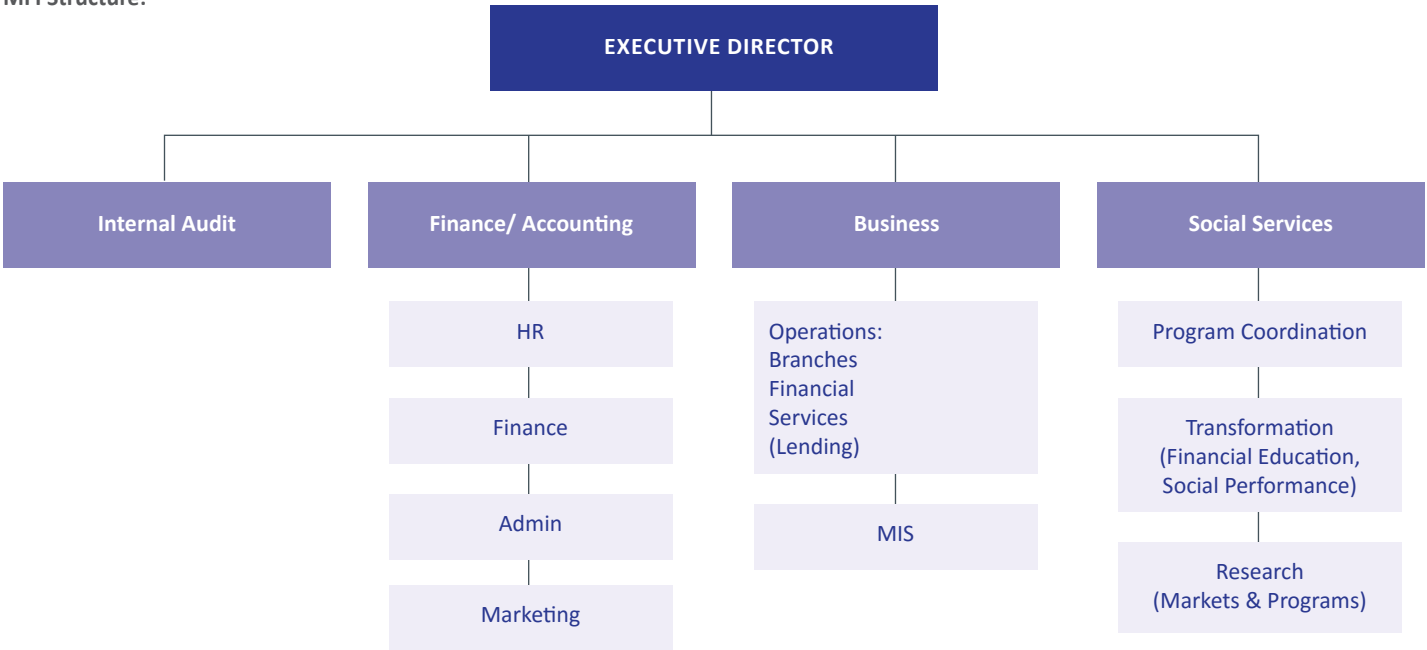
These practices supported Sinapi to guide staff through a significant change process, while maintaining core values and retaining Sinapi’s most critical asset: its staff members.

Structural Change

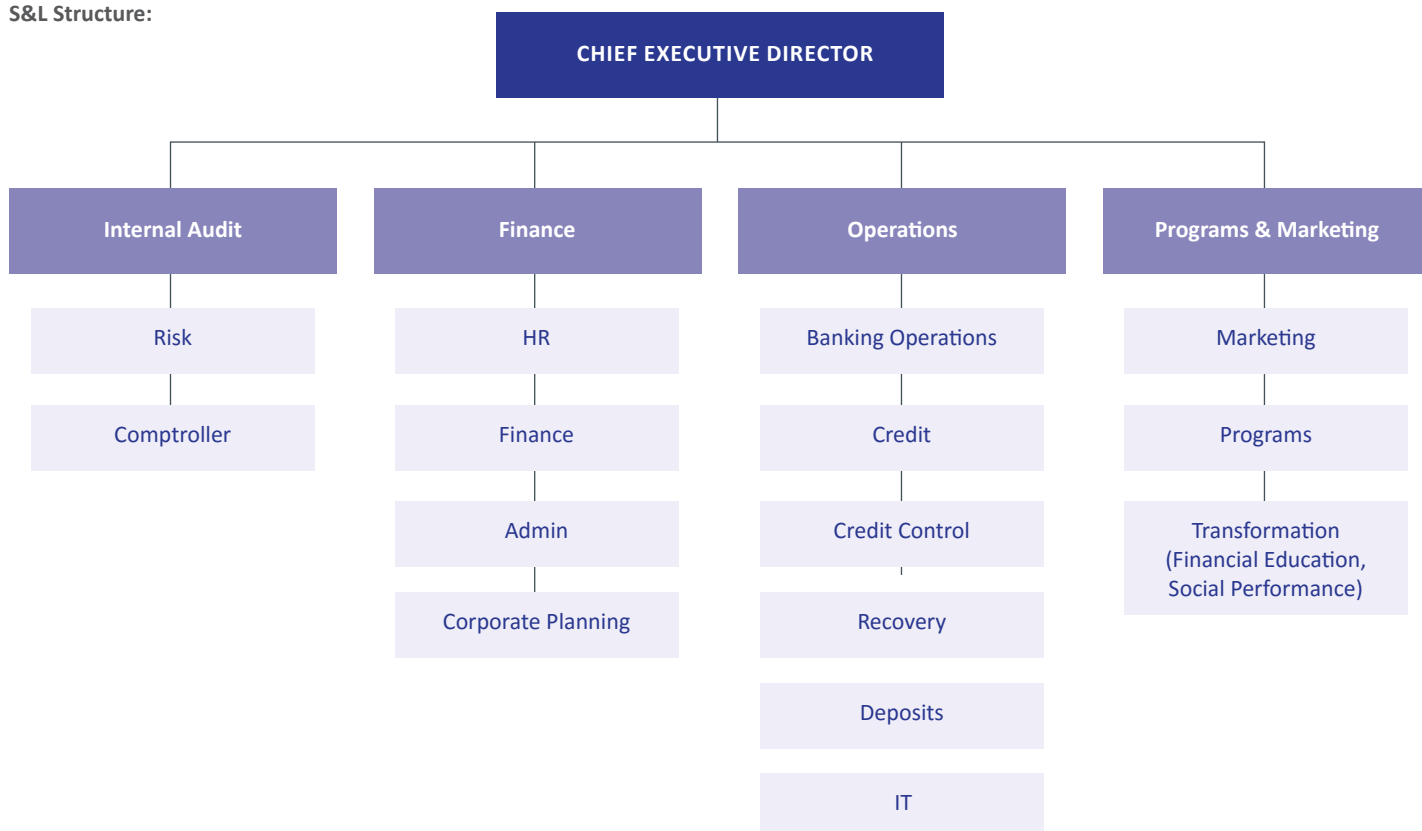
When Sinapi Aba Trust registered Sinapi Aba Savings and Loans, SASL absorbed all staff and then adjusted the management structure to add on savings services and required additional supervisory functions. As an MFI, Sinapi had four main departments: Business (lending and MIS), Social Services (programmes, transformation and research), Finance/Accounting (HR, finance, admin and marketing), and Internal Audit. To mobilize savings, Sinapi added a Deposits team in the Business Department, renamed Operations. As an S&L, Sinapi added additional supervisory functions: a Risk department, an independent Comptroller function, and – within Operations – credit control and recovery teams. To better support the intensive re-branding and marketing work, the marketing function was moved to the Programmes team and expanded. Finally, Sinapi added a Corporate Planning team to help manage the significant institutional changes and more complex planning processes. (See Figure viii, Sinapi Structure Change, MFI to S&L.)

Figure viii:
Sinapi Structure Change, MFI to S&L

MFI Structure:



S&L Structure:



Staff Training During The Transformation

During its transformation from SAT to SASL, Sinapi made its single largest investment in HR in its history to fund extensive training among staff. This was a rare opportunity made possible by the support provided solely by UNCDF under the MicroLead Expansion Programme. This investment proved essential to reorienting staff towards the new vision and developing new skills, new products and services, and a new business approach.

By the end of 2014, staff actually reported “training burnout.” An overview of trainings can be found in the table below. Trainings were conducted internally and by partners, including globally-recognized organizations like Opportunity International, the Frankfurt School of Business, MicroSave, and the Boulder Institute for Microfinance, along with institutions more familiar within the Ghanaian context, such as GHAMFIN and MTN. Many of these trainings have since been integrated into regular staff orientation and/or professional development, rather than simply offered as one-time events as part of the transformation process.

Table vi:
Key Staff Trainings

Year		Number of Trainings	Number of Staff	Topics
2013	Q1	11	70+	Banking operations - compliance, new staff training, risk management, P OS training, bank management, legal compliance, presentation skills
	Q2	16	620	SME, tellering/CS, records management, customer service, products marketing, remittance operations, banking regulations compliance, operations review
	Q3	17	400	eMerge & teller screening, credit control, lending appraisal & assessment, risk in SME financing, credit management, microschoools loans, deposit mobilization
	Q4	7	90+	SME lending, deposit mobilization, fraud & risk management
2014	Q1	13	240	Risk & fraud management, P OS service, banking operations refresher, housing financing, quality customer service, and mobile money
	Q2	21	80	Banking procedures, SME documentation, agriculture lending, customer-focused tellering, IT, and risk assessment
	Q3	8	228	Banking operations, agriculture lending, financial management, mobile money transfer, human resources management, leadership & credit management, financial planning and profitability analysis training, managing operational training
	Q4	6	370	Sales and customer service, agriculture value chain, financial modeling & reporting, remittance functionalities in T24 System
2015	Q1	6	141	SPM, netbook usage, T24 orientation, agricultural financing, financial fraud, and dispute management
	Q2	19	300	Auditing & computerized banking, effective deposit mobilization, advanced Excel skills, compliance & risk management, corporate lending, organizational strategic planning
	Q3	10	307	Lending for importers and exporters, syndicated lending, SPM, risk management and money laundering, remittance and money transfer services, HR management, selling skills and customer service
	Q4	4	57	Anti-money laundering, automatic exchange of information

Capital Sources and Financial Performance

A common challenge in MFI transformation is mobilizing sufficient capital, and adjusting to new financial management priorities; Sinapi's conversion was no exception. Executive leadership emphasized repeatedly the importance of conducting and using a good feasibility study, making thorough financial projections, mobilizing sufficient capital, and adjusting financial management systems to meet the different needs of an S&L, as compared to an MFI. These recommendations emerge in part due to Sinapi's consistent cash flow crunch. Sinapi survived by raising diverse sources of funding: grants from several sources (from UNCDF for transformation, and from others for special programmes), individual investments from dedicated board members (Sinapi founders), social purpose investors, commercial capital, and now savings from several different client groups.

Sources Of Capital

As described above, a key purpose of SAT's transformation to SASL was to lower the cost of capital and expand operations through access to larger amounts of capital – specifically deposits. In addition, in order to meet BoG regulations, Sinapi raised up-front investment capital and maintained BoG's minimal capital requirements.

Sinapi's capital position has improved significantly since its launch. In its first two years as an S&L, Sinapi increased its total capital by 46% from GHS 76,631,000 to GHS 112,154,000. The most significant increases came from customer deposits, which increased by 143% (28,034,000 GHS). There was also a small but significant increase in stated capital which was important as it helped Sinapi meet legal equity requirements. As described above, Sinapi raised this capital from trusted members of SAT, a critical element of maintaining Sinapi's mission focus. Meanwhile, Sinapi increased overall debt by only 6%, important due to the high cost of capital during this inflationary period.

Financing The Transition

For Sinapi, the combination of being a latecomer to transformation along with an inflationary fiscal environment made grant and social purpose funding hard to mobilize.³³ The result was that significant and often unpredicted infrastructure and IT costs were born by operations, bringing operational sustainability far lower than anticipated. The UNCDF grant, REGMIFA grant, and operational income financed significant staff training, technical assistance,³⁴ and research expenses that were critical to the transformation. Critical expense items with external funding included investments in –

- Technology (servers, a wide area network (WAN), point of sales (POS) machines, and netbooks software and hardware).
- Branch infrastructure development (specified building materials and dimensions, a closed circuit video system, a vault, and specific teller counter requirements – such as continuous electricity.)³⁵

In 2013, UNCDF awarded Opportunity International and Sinapi Aba Savings and Loans a grant of \$700,000 for a 4-year MicroLead Expansion Project in Ghana. The project is focused on Sinapi's transition to a deposit-taking institution, with funding and technical assistance provided to support the successful rollout of savings products. The project also examines the institutional changes taking place through the transition process as Sinapi rebrands itself as a market leader within the banking sector in Ghana while keeping its focus on the economically active poor, especially women. The partnership with UNCDF and Opportunity International is enabling Sinapi to reach more Ghanaians with a full suite of financial products and services to help provide them with more opportunities to transform their lives, their families, and their communities.

UNCDF MicroLead Partnership with Opportunity International and Sinapi Aba Savings and Loans

³³Ziu, 2009

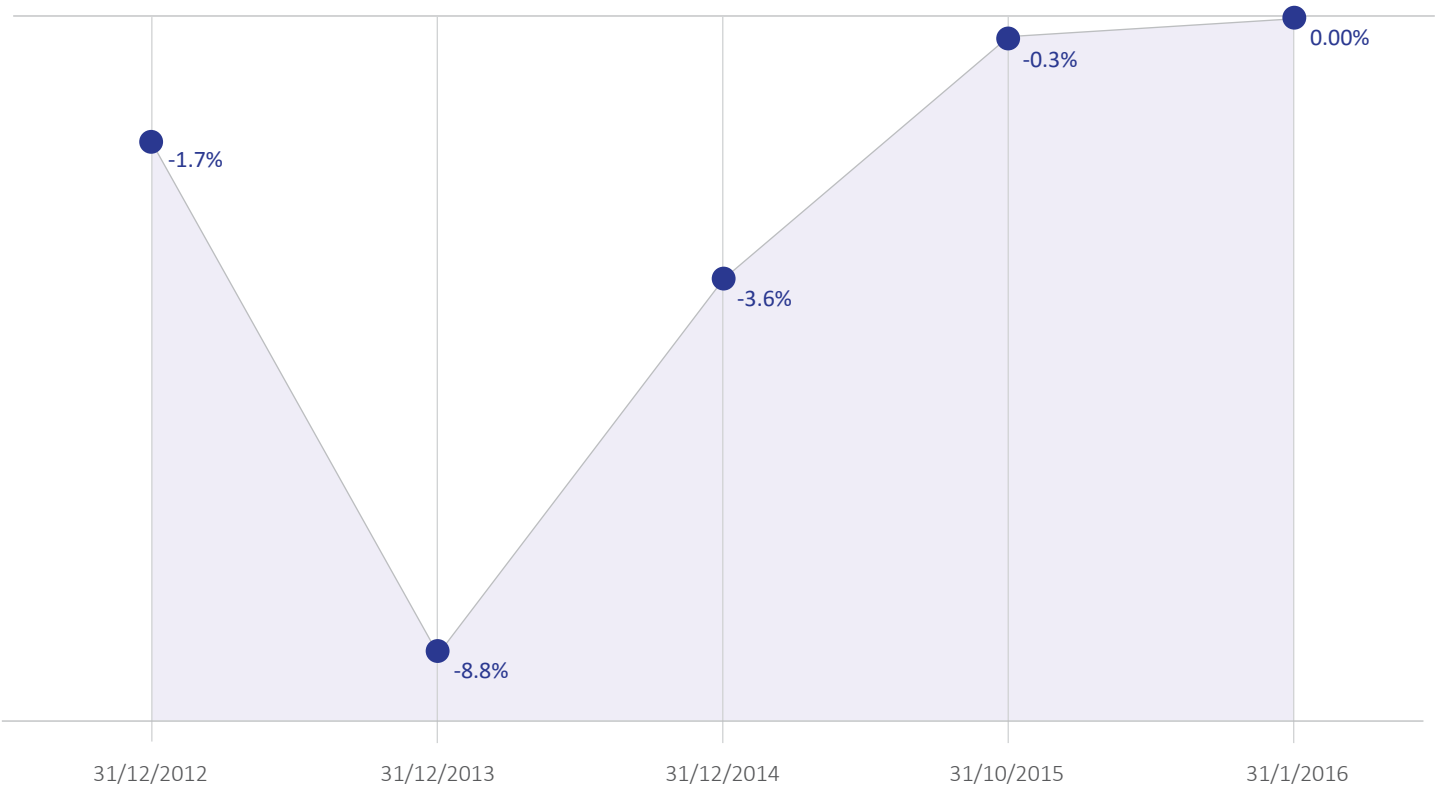
³⁴ Training and technical advice provided by the Frankfurt School of Business prior to Sinapi obtaining an S&L license.

³⁵ Continuous electricity at branches is necessary because branches are required to record transactions in real time, thus all converted branches need both a generator and a UPS to protect equipment from the frequent electricity surges. This is an example of some of the unexpected costs incurred during branch infrastructure development.

Financial Performance

As often happens, Sinapi’s profitability took a hit during the conversion, but it is recovering gradually. Operational losses lasted much longer than Sinapi anticipated due to challenges highlighted throughout this case study. Prior to conversion (end of 2012), Sinapi had a return on assets ratio of negative 1.7%. That ratio fell to -8.8% at the end of 2013, but began to recover to -3.6% by the end of 2014. By January, 2016, Sinapi broke even, but did not achieve the goal of profitability by this measure, as required by BoG (See Figure viii). A key drag on profitability is high interest charges on external borrowing. This cost represented 43% of total operating costs in 2015, thus further illustrating the importance of deposits as a source of low-cost capital.

Figure ix:
Return on Assets Ratio, Dec 2012 – Jan 2016



Sinapi faces several challenges in achieving profitability, coming from multiple directions, all of which are described in more detail elsewhere in the case study:

1. Savings demand was lower than anticipated due to recession, inflation, low market trust of MFIs, and recession-driven lower income among target clients due to the recession.³⁶
2. Sinapi lost some credit clients due to formalization of procedures, tough competition due to recession, and leadership focus on savings for a short-term period.
3. Sinapi faced higher than anticipated cost and longer timeframe of both new IT systems and energy safeguards (generators).
4. Sinapi bears a high cost of capital due to the devaluation of the cedi, domestic inflation, and high reliance on borrowing with variable interest rates.

Despite these obstacles, Sinapi is profitable at this point and benefitting financially from savings mobilization.

³⁶Ziu, 2009

Summary of Lessons, Words of Wisdom

What does the Sinapi story add to the lessons about MFI conversion to regulated institutions?

Sinapi leaders acknowledge the contribution of global experience in MFI transformation to Sinapi's successful transformation.

To add to the pool of knowledge, Sinapi leaders offer the following recommendations to NGO-managed MFIs embarking on the transformation process in more mature markets:

1. Identify diverse, significant sources of capital – paid-up capital, market-based financing, and grants.
2. Invest heavily in a rebranding and marketing campaign that emphasizes security, institutional history, and also exciting technology-based services for existing and new customers.
3. Take advantage of others' experience: read about lessons and challenges, keep abreast of the competition in the market; replicate existing, proven products and channels while offering improvements on competitors' services, leveraging existing customer awareness of saving services, while offering a unique value proposition.
4. Work closely with the Central Bank, leveraging their experience and guidance.
5. Advanced planning is essential; plans must be revised in detail as circumstances change: some investments – especially IT – are costly, and arrive with high cost-over-runs if not planned very carefully. In a capital scarce environment, this can cause a crisis.
6. Build staff capacity and utilize existing human resources and human resource strategies for building banking capacity while preserving expertise in reaching the poor.
7. Adopt new information technology to improve efficiency, to enhance outreach and service quality, and to meet regulatory standards – but manage risks associated with technology adoption carefully.
8. Establish systems for product and channel cost and profit calculation early; although these systems are new, some system is better than none.
9. Align the pace of growth according to one's capacity to absorb change.
10. Balance change and continuity in order to avoid mission drift.

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End Notes

¹ Sinapi Aba Savings and Loans, Ltd., a Tier 1 financial institution under Nonbank Financial Institutions Act, 2008 (Act 774) and the Banking Act, 2004 (Act 673) as amended by Act 738.

² CGAP. "NGO MFI Transformations: Ownership Issues." CGAP Brief, 2008. <https://www.cgap.org/sites/default/files/CGAP-Brief-NGO-MFI-Transformations-Ownership-Issues-Nov-2008.pdf>. Leonard, Matt. "Institutional Culture and Transformation: From NGOs to Market-led MFIs." Microsave India Focus Note 20, 2009. http://www.microsave.net/files/pdf/IFN_20_Instit_Culture_Transformation.pdf

³ At the time, leading MFIs advocated for regulation to protect clients from exploitative practices, to facilitate access to capital, and increase services to enhance financial inclusion.

⁴ Ledgerwood, Joanna and Victoria White. "Transforming Microfinance Institutions: Providing Full Financial Services to the Poor." World Bank Group International Finance Corporation, 2006. <http://www.ifc.org/wps/wcm/connect/932e5a004ac365d397c1b72e0921df6a/Transforming+Microfinance+Institutions.pdf?MOD=AJPERES1> Portocarerro, Felipe. "MFI Transformations: The LAC Experience" CGAP Microfinance Gateway. Presented at the Global Microcredit Summit in Valladolid, Spain. 14-17 Nov 2011. <https://www.microfinancegateway.org/library/mfi-transformations-lac-experience> Hishigsuren, Gaamaa. "Transformation of Micro-finance Operations from NGO to Regulated MFI." CGAP Microfinance Gateway, 2006 http://www.arabic.microfinancegateway.org/sites/default/files/mfg-en-paper-transformation-of-micro-finance-operations-from-ngo-to-regulated-mfi-2006_0.pdf Ziu, Elvis. "Financial Crisis & MFI Transformation." KEP Trust. Presented at the European Fund for Southeast Europe Annual Conference in Novi Sad, Serbia. May 2009. http://www.efse.lu/fileadmin/user_upload/File_Attachments/Events/annual_meetings/2009_EFSE_Annual_Meeting/05-02_Elvis_Ziu_KEP.pdf Leonard, 2009;

Note that Sinapi has yet to conduct a rigorous economic profile of users, so this observation is based more on an assumed alignment between product and intended customer, preliminary social performance management data, as well as staff observation.

⁵ Satisfaction with ease of opening a deposit account was 4.2 out of 5, with 5 being the highest. Satisfaction with ease of accessing accounts was 3.8 out of 5.

⁶ Glisovic, Jasmina and Senayit Mesifn. "Microfinance Investment in Sub-Saharan Africa: Turning Opportunities into Reality." CGAP. 2012. <https://www.cgap.org/sites/default/files/CGAP-Brief-Microfinance-Investment-in-Sub-Saharan-Africa-Turning-Opportunities-into-Reality-Jun-2012.pdf> Portocarerro, 2011; Ziu, 2009

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¹⁰ Tier 1 is the most strictly regulated S&L type and enables a financial institution to offer all banking services except foreign exchange. The other tiers have lower capital requirements and are prohibited from offering the same range of voluntary savings accounts in as many locations around the country.

¹¹ Ndambu, 2011.

¹² All exchange rates are as of the date when the GHS figure is cited; so, exchange rate used for this table are as of Q1 2015.

¹³ MSME: micro, small, and medium enterprise.

¹⁴ Although Sinapi Aba was founded on Christian principles and maintains its strong Christian culture and mission drive, the institution holds a non-discrimination policy and does not show preference to clients based on their religious beliefs.

¹⁵ Sinapi conducted a statistically rigorous customer satisfaction survey with supporting focus group discussions, primarily with existing clients but also engaged potential clients; in addition, Sinapi conducted "client journey mapping" FGDs to pinpoint specific challenges and brainstorm specific solutions.

¹⁶ This score is an average of the ratings of perception and satisfaction on all topics.

¹⁷ This product is not tracked separately, and Sinapi generally counts 7 savings products: the voluntary products listed here, plus the compulsory savings that serves as collateral for microloans.

¹⁸ Michaels, Loretta. "Delivering Technology Solutions to Susu Collectors." CGAP, 2008. <http://www.cgap.org/blog/delivering-technology-solutions-susu-collectors> CGAP estimates that there are 3,000-5,000 Susu collectors in Ghana serving over half a million customers, with a monthly deposit base of at least US\$50 million; IFAD, 2000.

¹⁹ Latest data available for this figure.

²⁰ 2014-2018 SASL Business Plan.

²¹ USD amounts have been calculated using the exchange rate as of the the date of the data presented.

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- ²⁴ Conducted in partnership with Opportunity International, the Irene D. Pritzger Foundation and others.
- ²⁵ Funded by NCDF, conducted in partnership with the National Board for Small Scale Industries (NBSSI).
- ²⁶ Abban, Kukku. "Fidelity Bank launches 'Save for Gold' Promotion." Joy Online, 2015. <http://www.myjoyonline.com/business/2015/August-12th/fidelity-bank-launches-save-for-gold-promotion.php> Access Bank. "Access Launches High Interest Bearing Account As It Rolls Out Savings Campaign." Access, 2015. https://www.ghana.accessbankplc.com/sites/default/files/MAY%2011%202015_ACCESS%20LAUNCHES%20HIGH%20INTEREST%20BEARING%20ACCOUNT%20AS%20IT%20ROLLS%20OUT%20SAVINGS%20CAMPAIGN.pdf Alhassan, Rabi. "Union Savings and Loans Launches Omni Saving bonus campaign." Citifmonline, 2015. Karlan, Dean, Edward Kutsoati, Margaret McConnell, Margaret Mcmillan, and Christopher Udry. "Savings Account Labeling for Susu Customers in Ghana." IPA, 2010. <http://www.poverty-action.org/printpdf/6431> Kunateh, Masauhdu Ankiilu. "Stanbic Bank Wages War on Low Savings Culture Among Ghanaians." The Chronicle: Business News, 2012. <http://thechronicle.com.gh/stanbic-bank-wages-war-on-low-savings-culture-among-ghanaians/> Mensah, Mercy Muriel. "The Role and Challenges of Savings and Loans Companies in Ghana." School of Graduate Studies, Kwame Nkrumah University of Science and Technology, 2009. <http://ir.knust.edu.gh/bitstream/123456789/686/1/Mercy%20Muriel%20Mensah.pdf>
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- ³⁰ Sinapi Aba Savings and Loan, Business Plan 2014-2018.

³¹ McClintock, Makai. "Bank of Ghana Grants Licenses to 171 Financial Institutions as 116 Fraud Cases Involving Unlicensed Institutions are Pending." MicroCapital Brief, 2013. <http://www.microcapital.org/microcapital-brief-bank-of-ghana-grants-licenses-to-171-financial-institutions-as-116-fraud-cases-involving-unlicensed-institutions-are-pending/> Joy Online. "BoG bars Micro Finance Companies from Name Changes." Joy Online, 2014. <http://www.myjoyonline.com/business/2014/August-19th/bog-bar-mfis-from-name-change.php>

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³⁵ Continuous electricity at branches is necessary because branches are required to record transactions in real time, thus all converted branches need both a generator and a UPS to protect equipment from the frequent electricity surges. This is an example of some of the unexpected costs incurred during branch infrastructure development.

³⁶ Ziu, 2009

ABOUT UNCDF

UNCDF makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments — through fiscal decentralization, innovative municipal finance, and structured project finance — can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

ABOUT MICROLEAD

MicroLead, a UNCDF global initiative which challenges financial service providers to develop, pilot and scale deposit services for low income, rural populations, particularly women, was initiated in 2008 with support from the Bill & Melinda Gates Foundation and expanded in 2011 with support from The MasterCard Foundation and LIFT Myanmar. It contributes to the UN's Sustainable Development Goals, particularly SDG 1 (end poverty), SDG 2 (end hunger, achieve food security and promote sustainable agriculture) and SDG 5 (achieve gender equality and economic empowerment of women), as well as the Addis-Abeba Financing for Development Agenda (domestic resource mobilization).

MicroLead works with a variety of FSPs and Technical Service Providers (TSPs) to reach into previously untapped rural markets with demand-driven, responsibly priced products offered via alternative delivery channels such as rural agents, mobile phones, roving agents, point of sales devices and informal group linkages. The products are offered in conjunction with financial education so that customers not only have access but actually use quality services.

With a specific emphasis on savings, women, rural markets, and technology, MicroLead is a performance-based programme that supports partnerships which build the capacity of financial institutions to pilot and roll out sustainable financial services, particularly savings. As UNCDF rolls out the next phase of MicroLead, it will continue to focus on facilitating innovative partnerships that encourage FSPs to reach into rural remote populations, build on existing digital financial infrastructure and emphasize customer-centric product design.

For more information, please visit www.uncdf.org/microlead. Follow UNCDF MicroLead on Twitter at @UNCDFMicroLead.

ABOUT THE MASTERCARD FOUNDATION

The MasterCard Foundation works with visionary organizations to provide greater access to education, skills training and financial services for people living in poverty, primarily in Africa. As one of the largest private foundations its work is guided by its mission to advance learning and promote financial inclusion to create an inclusive and equitable world. Based in Toronto, Canada, its independence was established by MasterCard when the Foundation was created in 2006.

ABOUT OI

Opportunity International is a global microfinance organization that invests philanthropic and social impact capital to spark and scale innovative solutions to poverty. In 2015, we served 14.3 million people in 24 developing countries in sub-Saharan Africa, Latin America, Eastern Europe and Southeast Asia with loans, saving accounts, insurance and on-going training to build sustainable businesses and care for their families. Opportunity's approach offers high-impact, sustainable and scalable strategies across key focus areas, including Agriculture, Education, Digital Financial Services, and Water, Health and Sanitation. Approximately 95% of Opportunity's loans go to women, and as loans are repaid — and 99% are — they are loaned out again and invested in more entrepreneurs, creating ongoing cycles of opportunity and growing impact.

ABOUT SASL

Sinapi Aba Savings and Loans is one of the largest Savings and Loans Companies in Ghana with a core mandate to transform lives at the bottom of the pyramid through microfinance. Sinapi Aba began in 1994 as a non-governmental organization limited by guarantee. Over the years, Sinapi has grown to become a prominent Non-Bank Financial Institution (NBFI) in the country with a microfinance focus, serving over 142,000 borrowers and 209,000 depositors. Sinapi Aba has initiated and implemented several interventions to impact the lives of rural and financial excluded through 45 branches across Ghana.



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