

GENDER AND DIGITAL FINANCIAL SERVICES

# BANKING OUTSIDE OF THE BOX



## The Service

As Ghana’s largest indigenous bank, Fidelity Bank has always wanted Ghanaians to know that they can produce the same, if not better, levels of products and services as any international bank. In 2013, Fidelity Bank piloted the Smart Account product and Agency Banking service to set the pace for offering quality financial services to Ghana’s unbanked and under-banked. Fidelity’s Smart Account is either a current or savings account with reduced Know Your Customer (KYC) regulations, an immediately enabled debit card. It is enabled for mobile and internet banking, and usable at any Smart Agent via a point of service (POS) machine.

In 2013, Fidelity Bank partnered with CARE, a leading humanitarian organization funded by the United Nations Capital Development Fund [UNCDF] Micro-Lead Expansion [MLE] Programme. The goal was to pilot the transition of CARE-run Village Savings and Loans Associations (VSLA) from being managed in a locked box to digital banking. Fidelity Bank has also opened an individual account, as well as a group account (in the name of the VSLA Chairperson).

## Adaptations and Innovations

- **Reduced KYC** - With approval from the Bank of Ghana, Fidelity Bank opened accounts with low KYC requirements. This meant that customers only needed one type of government-issued identification (ID). For the rural areas, this is predominately a voter ID or a National Health ID card. This ID is then photographed and uploaded so the opening of the account can be immediately undertaken by a Smart Friend (a roving Fidelity Bank representative).
- **Triple PIN** – CARE VSLAs include up to 25 people with an elected chairperson, secretary and treasurer who hold keys. Each group has a box that is locked with three locks that are opened by these keys. To replicate this level of security, Fidelity Bank has split the four-digit account PIN into two, giving two digits each to two persons selected by the group, with the card being domiciled with a third person.

## KEY FIGURES

Converted 396 VSLA’s

Individual Accounts  
Opened: 4402

Total Cumulative  
Deposit Gamed:  
Ghanaian Cedi (GHS)  
198,243.1 (approximately  
US\$50,000)

4803 Transactions  
Through Agents

16 New Agents Opened  
Due to CARE VSLAs

- **Core Banking System (CBS)** – When developing the Smart Program, Fidelity Bank opted to build a stand-alone CBS for customers that also allowed for internet and mobile banking through agents. Fidelity was then able to move very quickly to market with a new customer set, without impacting their existing customers. This decision, though well thought-out at the time, has proven to have too many limitations (not scalable enough, agents restricted to Smart accounts only, and POS terminals not robust enough for the geography). Therefore, Fidelity is transitioning this platform to their existing CBS.
- **Training through CARE** – With CARE as the overseer and facilitator of the VSLAs, they were best placed to manage and train the individuals and groups in the necessary skills. Providing training in already established and trusted groups allows for ease of information sharing and trust among clients. VSLA members also have input into the selection of local Smart Agents, as they have local knowledge of the reliability, trustworthiness, and abilities of those chosen to provide agent services.

### Added Value to Fidelity Bank

The partnership with CARE allows Fidelity Bank to access collective customer sets that would have been expensive to recruit on their own.

An interesting outcome of this project has been the anecdotal increase in savings by individuals. VSLAs tend to have set and equal savings requirements for each member to offset any chance of power differentiation. Although this works well for a group dynamic, many women want to save more than the set amount. The provision of the Smart Account allows women to meet their VSLA obligations while still having a safe and secure place to save extra money.

### Contact:

Margarete Biallas | IFC Digital Financial Services Advisory | [mbiallas@ifc.org](mailto:mbiallas@ifc.org)

### Further Opportunities

This pilot project, when adapted, allows Fidelity to convert the remaining CARE VSLAs as well as other savings group models operating in Ghana.

This pilot allows CARE to replicate this program with other institutions in other countries where they are operating VSLA programs. In Ghana, two other financial institutions have now joined this linkage model being piloted by Fidelity Bank and CARE under the sponsorship of UNCDF MLE.

### How this can apply to the Pacific Region

The Pacific Islands have many savings group structures similar to the CARE VSLAs described here. They are collective groups that can be easily targeted to be the providers of transactions to a struggling agent network.

### Additional Resources:

A report from CARE on how collectives empower women: [http://www.care.org/sites/default/files/documents/care\\_crossproject\\_wee\\_revisedformat\\_june\\_2016.pdf](http://www.care.org/sites/default/files/documents/care_crossproject_wee_revisedformat_june_2016.pdf)

Video on Fidelity Smart Account and Agency Banking: <https://www.youtube.com/watch?v=zQ3CCZhTENM>

Video on CARE Fidelity VSLA Linkage: <https://www.youtube.com/watch?v=ks6OBrgxVS0>

IN PARTNERSHIP WITH

