

General Feasibility Report

Implications for setting up Savings Groups in Europe



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General Feasibility Report

Implications for setting up Savings Groups in Europe

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New Finance

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Contributions from

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Cash2Grow (The Netherlands)

Fundació Servei Solidari (Spain)

LAB.IN.S Società Cooperativa Impresa Sociale (Italy)

MFC - Microfinance Centre (Poland)

SavingBuddies (Germany)

The feasibility report is one of the deliverables of the Erasmus Plus funded project "LETS SAVEE" (LEarning, Teaming up and Saving- SAving groups for Employability and Empowerment). The project aims at developing an innovative methodology for a hands-on-experience training opportunity for adults from vulnerable groups to develop their skills. It is implemented by seven partners organizations based in different countries across Europe: ACAF – Asociación de Comunidades Autofinanciadas (Spain), Cash2Grow (The Netherlands), Fundació Servei Solidari (Spain), LAB.IN.S Società Cooperativa Impresa Sociale (Italy), MFC - Microfinance Centre (Poland), The Hague University of Applied Sciences) and SavingBuddies (Germany).



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1. Introduction

This feasibility report aims to create a solid background for Savings Groups programming in Italy, Spain, Germany, Poland and the Netherlands where partner organisations of the LETS SAVEE¹ project are based. This Erasmus+ funded project aims at exploring the potential of saving groups in the European countries' context, by improving entrepreneurial skills and access to financial services and social networks of diverse target groups.

This particular report provides the partner organisation as well as other interested implementing organisations with a better understanding of how the different contexts influences the setting up and/or scale up of saving groups.

This report is set up as follows: The market potential is based on literature of societal developments and how they can be linked to the emergence of saving groups in the respective countries and what kind of target groups have potential for benefitting the services offered by savings groups. By mapping partner organisations, the feasibility study identifies present and potential partners and stakeholders which could play an essential role reaching out to target groups. Then, the study will inform partner organisations and other implementers about the legal framework in each country that allows them to set up Savings Groups accordingly and identify issues that might need advocacy actions. Finally, this report provides a mapping of risk factors and ways to mitigate risks for savings groups members that were applicable for all partner organizations.

¹ Learning, Teaming up and Saving – Saving groups for Employability and Empowerment

2. Background of partner organizations

All partner organisations are non-profit organisations and most of them registered as 'foundations'. In Spain, ACAF (144 groups) was the first organization to start setting up savings groups in Europe in 2004. Shortly after, they started to collaborate with Servei Solidari (7 saving groups). After that, Labins (60 groups) in Italy, SavingBuddies (6 groups) in Germany and Cash2Grow (13 groups) in the Netherlands started to initiate savings groups. In Italy, savings groups were linked to an existing social cooperative whereas in Germany and the Netherlands new organizations were set up. MFC in Poland has an extraordinary position in this group of partner organisations as they have not set up savings groups yet but are planning to do so in the near future.

Even though all organisations can be labeled as non-profit organizations, the layout of the organizational set-up is slightly different. Some organizations have active board members next to two directors (Cash2Grow), a small executive team (ACAF) or a number of employees (Labins and Servi Solidari). Others represent the board and at the same time are active in the organization (SavingBuddies).

The general target group can be grouped under low income people, often migrants/newcomers, excluded entrepreneurs, women, youth, families, homeless or adults with mental health disorders. Next to that, also more idealistic driven members are welcome to look for social and professional networks and alternatives to the mainstream financial sector. Depending on their target groups, partner organisations offer different kinds of additional services that can be grouped under financial education training (in section 3.3. these services are more elaborated related to the appropriate target groups).

The organisations also provide additional services, most of them financial education training: for members (Cash2Grow), economic training to newcomers (Savingbuddies) and financial literacy training and entrepreneurship training (Labins). Cash2Grow also provides social skills training for members and training for Savings groups facilitators. MFC is involved in research, advocacy and capacity building (training, coaching, mentoring and webinars etc). ACAF also provides capacity building and other additional services together with other entities depending on ongoing projects (energy poverty alleviation, training, etc.). Servei Solidari offers entrepreneurship advice, access to credit (for entrepreneurs), digital literacy and legal support (work permits).

	Type of organization	Layout of organizational structure	Year of establishment	Number of savings groups	General target population	Additional services
ACAF	Non-profit organization	<ul style="list-style-type: none"> - Board of directors, formed by: a president, a vice-president, secretary, treasurer and a vocal. - executive team, formed by: a coordinator, program manager and 2 volunteers. 	2004	144	<ul style="list-style-type: none"> -Migrants (or with migrant background): 78% -Women: 52% -Youth: 18% -People below poverty line: 42% - social economy militants 	<ul style="list-style-type: none"> -Capacity building, Digital literacy, Legal support (work permits), (entrepreneurs), - Other depending on ongoing projects (energy poverty alleviation, trainings, etc.).
Cash2 Grow	Foundation, (Non-profit)	<ul style="list-style-type: none"> - 5 board members (Chairman, treasurer, secretary, 2 members) with 3 advisory commissions - 1 director, 1 deputy director - regional coordinators - savings group facilitators 	2018	13	Low income people	<ul style="list-style-type: none"> - Financial education and social skills trainings for members - Training for saving group trainers
Servei Solidari	Foundation (Non-profit)	<ul style="list-style-type: none"> - Board directors former by: president, a vice-president, secretary, two vocals. - Executive team formed by: Gerent, five coordinators different programs. - 71 employees, distributed between various projects and the organization's structure- 5 employees work in SG - 369 volunteers -21 practicing university students. 	2006	7	<ul style="list-style-type: none"> - Vulnerable people in risk of social exclusion, mainly migrants being minors or adults. - Women 95% - Men 5% 	<ul style="list-style-type: none"> - Entrepreneurship training and microfinance. - Primary assistance - Legal advice - Language courses - IT training - Housing (shelter apartments) social mentoring for youngsters

Labins	Social Cooperative (Non-profit)	<ul style="list-style-type: none"> - Board of Directors formed by: President, Vice-president, 3 board members - 12 members of the Assembly - 9 employees - 10 freelance consultants 	2012	60	Young people (60%); families and migrants (20%); adults with mental health disorders and pathological gamblers (10%); social workers (10%)	Financial literacy training; entrepreneurship training (ILO methodology). Psycho-social rehabilitation program. And in covid times; financial education training.
MFC	Foundation	<ul style="list-style-type: none"> - 8 employees - 111 members 	1997	0	Microfinance institutions, cooperative banks, ethical banks, microentrepreneurs, low income population	Financial education, Research, Advocacy, Capacity Building (trainings, coaching and mentoring, webinars etc)
Saving Buddies	NGO (Non-profit)	<ul style="list-style-type: none"> - 3 directors (chairman, treasurer and secretary) - 8 members - Saving group members do not have to be a member of SavingBuddies 	2016	6	<ul style="list-style-type: none"> - People interested in solidarity group work - Newcomers - Individuals with low /irregular income - individuals with medium income 	Economic integration trainings to and addressing Newcomers

3. Market potential

Saving groups are nothing new but have been forgotten in the Global North while the financial system developed into the banks and insurance companies we know today. In the past, people pooled money into common funds to support each other in times of need (De Swaan & van der Linden, 2006; Hollis & Sweetman, 1998). In Germany, for instance the *Raiffeisenbanken* cooperative movement started during the Industrial Revolution, when starvation and hunger dominated life in the countryside. Many farmers lost their cattle and fields to loan sharks and moneylenders, and many small businesses were ruined. To support these farmers in need, Friedrich Raiffeisen developed local cooperative credit associations (*Darlehenskassen-Vereine*) that were set up by and for impoverished farmers; these were later known as *Raiffeisenkassen* and now *Raiffeisenbanken*. This innovation spread quickly through Europe and inspired many others to deploy similar initiatives. In the Netherlands, the first supportive umbrella organization, the *Coöperatieve Centrale Raiffeisen-Bank*, was established in

1898 in Utrecht, followed by the *Coöperatieve Centrale Boerenleenbank* in Eindhoven (Colvin et al., 2018). These two banks merged to become Rabobank in 1972 in the Netherlands.

Thus, at the beginning of the twentieth century, these banks operated locally as small financial arrangements serving a limited number of customers at a time often based on trust relations. But since the beginning of the 20th century, banking services became first more and more anonymous and later increasingly digitalized, people had fewer face-to-face relations with their financial service providers and were often left to find solutions to their financial problems alone. At the same time, the number of financial providers has increased. Access to numerous providers combined with the responsibilities as well as temptations of the European consumption societies can lead people into over-indebtedness. Especially vulnerable people who lack financial resources and financial literacy skills are tempted to consume beyond their individual financial capacities or have difficulties to face the challenges of an unexpected life event such as divorce or loss of job. In contrast to the services of a bank, savings groups have the potential to offer more than financial services by combining these with community and trust relations. This combination helps their members to stay and to become financially healthy and to establish sustainable social networks. The phenomenon of pooling money in a group, however, has not been completely forgotten; people from all over the world have brought it back to Europe during the last decades.

Migrants are familiar with savings in a group

Europe has attracted many migrants from countries all over the world to settle down. They brought along their habits and culture such as saving and lending together in a group such as a Rotating Saving and Credit Association (ROSCA). In such a ROSCA, people regularly deposit money into a common fund, which is then allocated entirely or partially to each participant in turn (Ardener and Burman, 1995). The workings of a ROSCA can be explained as follows: 12 people each save EUR 100 monthly, which is deposited into a common fund. The first month, the total amount of EUR 1200 is given to one of the members. The next month, the pot is handed over to another person. This continues until every participant has received the lump sum once. The rotation order may be decided by drawing lots or by auction, seniority, voting, consensus, or the organizer's choice. Once all participants have received the fund, the group will be either dissolved or continued for another cycle. In basically every country of the Global South, these ROSCAs are known. Due to these experiences, migrants show more familiarity with the methodology of savings groups.

To discuss in more depth the role of savings groups to improve financial health and social networks, societal developments will be discussed based on the insights of the country reports.

3.1. Discussion of four societal developments and the role of saving groups

In the following, the importance savings groups will be shortly discussed based on four developments:

Development 1: People living in poverty

All partner organization explained that the level of poverty in their respective countries was affecting a large range of vulnerable target groups. Savings groups can be integrated as a tool for empowerment to foster social cohesion and therefore combat some negative effects of living in poverty. In this respect, Cash2Grow in the Netherlands and Labins in Italy for instance expects their saving groups to be of added value to support especially low-income people to become more resilient and prevent over-indebtedness. While SavingBuddies has mostly been addressing migrants and refugees, the other socio-demographic groups at risk of poverty would also constitute one important target group for savings groups in Germany, as they are the ones who are mostly suffering when an unexpected payment needs to be made. Such groups could greatly benefit from the concept of informal group savings.

Development 2: The welfare state

The welfare state is there to foster a society where all people have equal chances. Especially low income people have to rely strongly on welfare services to make their living. These services differ a lot in the different countries where the partner organizations are based. Often vulnerable people are left alone to find the right services and to tackle their personal problems. In that respect, savings groups are an option that allows people to tackle some of their personal challenges with the support of other group members, like Cash2Grow explained in their country study². In Germany, living on social welfare means basically giving people the possibility to get by at a socio-cultural minimum. Saving groups can therefore be a support instrument that allows to cover bigger one-time payments that are necessary for daily life. The same accounts for people suffering from under-employment.

In addition, the Covid crisis is not helping any European economy or welfare state. The pandemic has brought the economy to its knees and Savings Groups members' personal situations too. Despite economic complications, Labins in Italy for instance experienced that the mutual support of the savings groups members can help to cope with the stress of the situation and to find solutions and hope during these uncertain times.

Development 3: Situation of the Labour Market

Not only since the corona crisis is the situation of the labour markets in Poland, Spain, Italy, Germany and the Netherlands not favourable for low income workers or self-

² The country studies can be found in the appendix of the general report.

employed in fields affected by the various lock-downs. Especially vulnerable target groups have difficulties to cope with insecure working conditions and flexible contracts. Savings groups can also serve as a tool to improve the situation of these vulnerable groups on the labour market. In the Netherlands, for instance, Cash2Grow combines savings group core activities with training of financial and social skills. By stimulating members to work together and learn from each and also think about their personal dreams and aspirations, it is expected that they become activated beyond participation in the savings groups. For example to become less dependent on social benefits or to look for a job with more reliable conditions.

In Italy, there are several institutions working with micro-entrepreneurs and they help them to access microcredit services; but very few target low-income long-term unemployed because they are time consuming and very risky, even for the microfinance system. Saving groups practices could help to cover that particular gap.

Development 4: Public Awareness of Financial Literacy

There are different ways to increase the level of financial literacy. Every country of partner organization has known different public awareness campaigns to do so. Most of these campaigns however are based on knowledge transfer of how to gain more insights into the financial bookkeeping of the household or how to withstand the temptations of consumption societies. Saving groups have as an advantage that they impact the behavior of their individual members for a longer period of time. Thus, savings groups could therefore be of added value to increase financial literacy skills as there is not a one-time activity, like courses or training provided by the mentioned networks.

In Italy, Labins' approach combines savings groups with financial education in order to cater for those who want to make informed choices and take responsible decisions on how to use and manage their money. In the Netherlands, Cash2Grow found out that many members found it demotivating to save on their own at an anonymous financial institution and therefore had difficulties putting money aside for themselves. In participating in a savings group, however, they experienced support from each other to save money on a weekly / biweekly or monthly basis and learn from each other on how to handle their financial affairs in a responsible way. In Germany, are considered to be rather low among the broad public, and not only with regards to minority groups like migrants. By introducing savings groups, SavingBuddies also addresses the practical side of financial education of their respective members.

3.2. From present to envisage situation

In the country reports, the European partner organisations were asked to describe their situation at the beginning of the project in 2020 and envisage their situation at the end of the project period in 2022. By comparing these situations, it becomes obvious that the envisaged change is mostly in increasing scale and outreach by setting up more savings groups as well as expanding the program to new regions. SavingBuddies in

Germany aims for instance to reach out beyond Berlin and Cash2Grow in Netherlands wants to extend from the urban areas of Amsterdam, Utrecht and The Hague to the more rural areas of the region of Drenthe. In addition, partner organisations want to add new target groups like focusing more on members without migration background, small scale entrepreneurs, youth or homeless people.

	Present situation (2020)		
ACAF	Target groups: migrants and refugees, migrant entrepreneurs, EU citizens, students, social service users, mentally ill persons, young people	Scale: 62 groups (Spain) with 930 members	Region: Catalonia, Madrid, Sevilla, Zaragoza, Valencia
Cash2Grow	Target groups: people with tight budgets, e.g. working poor, social benefit recipients, retirees and women depending on low income of husband or child	Scale: 13 groups with 112 members, 5 certified facilitators	Region: 5 regions (Utrecht, Maastricht, Den Haag, Amsterdam, Groningen), mostly urban areas
Servei Solidari	Target groups: entrepreneurs or people with a business idea, in risk of social exclusion, that are all migrants (100%) divided in woman (94%) and man (6%).	Scale: 7 groups with 112 members	Region: Catalonia, Spain
Labins	Target groups: young people (60%); low-income families and migrants (20%); adults with mental health disorders and pathological gamblers (10%); social workers (10%).	Scale: 60 groups created in Italy with 909 members.	Region: Piedmont, Lazio, Campania, Lombardy and Calabria.
MFC	MFC does not run saving groups.		
SavingBuddies	Target groups: Newcomers from Syria, motivated entrepreneurs (for more liquidity), people with international migration backgrounds, mixed with Germans, people who want to get better at saving money, financially disadvantaged individuals	Scale: 6 groups, 35 members, 6 trained volunteers as multipliers	Region: Berlin, but interested in expanding to other regions

	Envisaged situation - 2022			
ACAF	Consolidation: support the collectives it is working with presently.	Target groups: Expanding the scope of its target population to other communities (natives, students, co-workers).	Scale: 85 groups with 2637 members	Region: New areas added from Catalonia and the rest of Spain and also other regions in the rest of the world
Cash2Grow	Consolidation: Continue to train savings groups facilitators, increase our outreach and develop as an organization.	Target groups: More low-income people with native Dutch background, more newcomers and small-scale entrepreneurs	Scale: 40 groups, 320 members, 40 certified facilitators	Region: 6 regions (Utrecht, Maastricht, Den Haag, Amsterdam, Groningen, Drenthe), mostly urban areas, but also piloting in more rural areas.
Servei Solidari	Consolidation: Continue supporting the immigrant group which we currently work with. Accompaniment to groups during 3 years.	Target groups: Expand the groups to men and mixed groups. Seek support from other municipalities to implement the SG model in other areas of Catalonia.	Scale: 10 groups with 147 members	Region: New regions in Catalonia, Spain
Labins	Consolidation: Continue to work with low-income families, young people, adults with mental health disorders and pathological gamblers.	Target groups: Trying to reach new target groups like newcomers and homeless people.	Scale: 100 groups, 1000 members, 3 strategic partnerships with organisations and institutions willing to promote savings groups and financial education.	Region: Piedmont, Tuscany, Campania, Veneto, Lazio.
MFC	MFC plans to continue promotion and experience sharing among those who want to establish saving groups or run saving groups. It does not plan to run saving groups directly.			
SavingBuddies	Consolidation:	Target groups: Social entrepreneurs, migrant and German families from low/ irregular income background → set up mixed groups from different backgrounds	Scale: at least 10 saving groups, 50 members, more paid freelancers to support the groups	Region: Focus on Berlin; interested in expanding to other cities (other organizations)

3.3 The potential target group for savings groups

For this section, partner organizations sought to map their target groups as well as population groups that are potentially interested in the services of savings groups. Based on existing experiences, potential members come from different backgrounds (e.g. migrants, economically disadvantaged, self-employed, young entrepreneurs) and have different motivations to join SG. The information gathered in the country reports were based on interviews with key informants that had knowledge of different client groups (e.g. social workers, entrepreneur associations, migrant support organizations).

For the country reports, individual persona for each target groups were formulated based on specific characteristics and their 'needs & wants'. These individual personas were illustrated by fictive personalities for each partner organisation (e.g. Ahmed, the refugee; Esma, the migrant entrepreneur; or Martin, the mentally ill persons). The following tables summarizes these different target groups that the partner organisations are working with.

Summary of target groups

Partners	Personas
ACAF	*migrants *woman migrant *entrepreneurs *natives *students
Cash2 Grow	*isolated migrant women *migrant women *financially vulnerable *retirees *self- employed
Servei Solidari	*migrants, mostly woman *entrepreneurs *youth *people below poverty line
Labins	*vulnerable people *newcomers and refugees *social workers *low-income working family, *persons with mental health issues *young adults
MFC	Not applicable.
VingBu idies	*financially disadvantaged individuals *refugees and Newcomers *people who wish to (get better at) saving money *young entrepreneurs

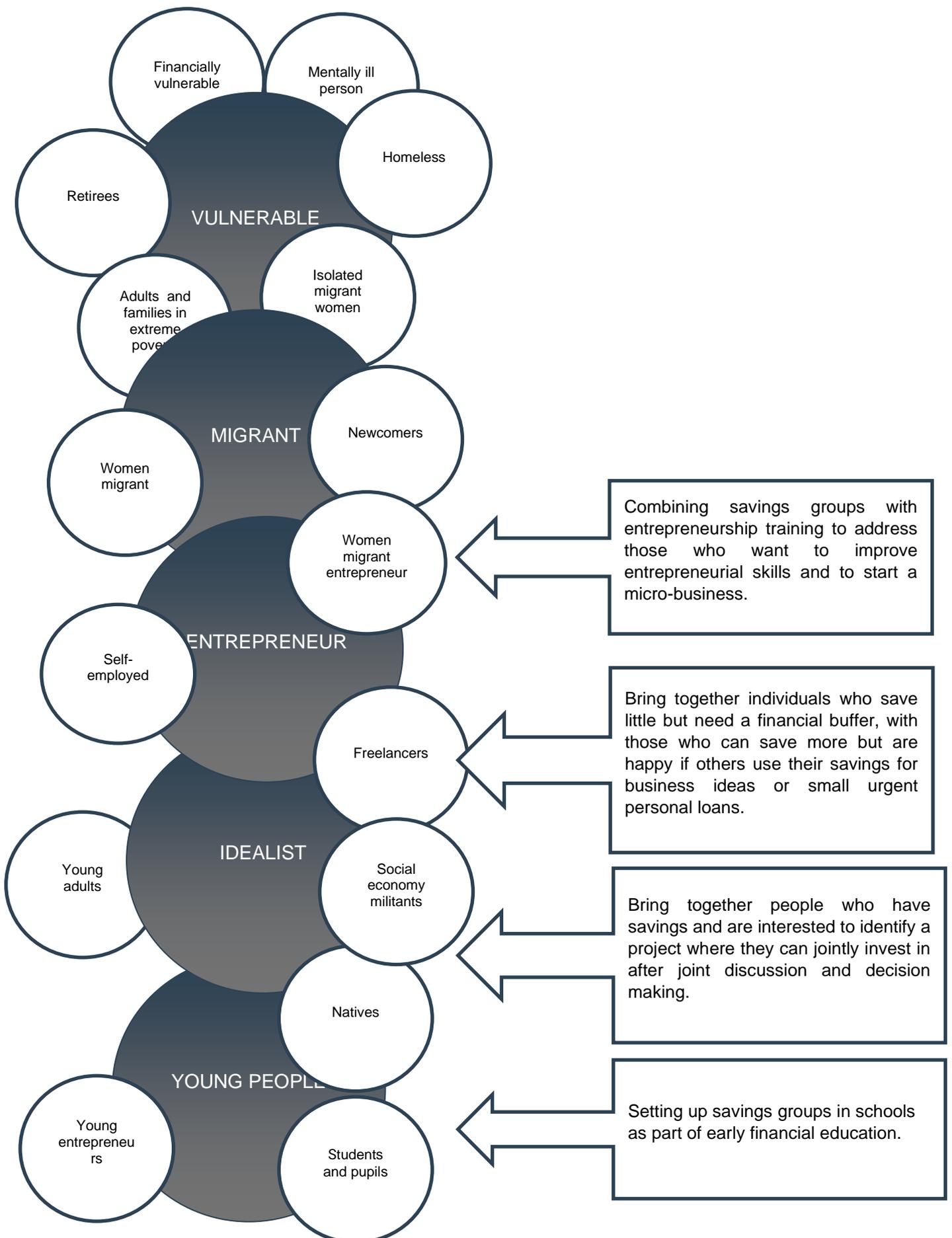
To provide a more in-depth understanding of these personas in this general report, a generalization of these individual personas was created based on the specific features of personas per partner organization. This was done by searching for common categories like income, ethnic background, age, gender, and occupation that informed the life stories and personal motives. These general persona can eventually link the many mentioned personas per partner organization.

Thus, every individual as well as general persona is a construction and cannot be found empirically anywhere. Based on these personas, however, partner organisations can specify their services to a large diversity of potential savings groups members.

Different services for different

Combine savings groups with financial education to address those who want to have more control on household and/or personal money.

Participation in saving groups is much more accessible than for example, formal courses to promote financial



3.4. Welcoming enabling conditions and coping with obstacles

By setting up savings groups implementing organizations can make use of welcoming conditions but also often have to cope with obstacles. Partner organizations reported a number of obstacles and conditions that they considered relevant in their specific context. These findings will be summarized and compared below.

Organizational context	Experienced obstacles	Enabling conditions
ACAF	<ul style="list-style-type: none"> - Lack of mindset - Financial support - Policies and organizations that do not incentivize saving efforts - deficit of mechanisms and strategies to link saving groups to entrepreneurship programs - Economic situation - Lack of fair access to the labour market for vulnerable collectives. - Lack of a favorable regulatory framework for savings group creation in European countries. - Absence of an empowerment-based paradigm in the design and implementation of inclusion programs at local and national levels. 	<ul style="list-style-type: none"> - Mindset of the community - Community saving as part the socialization process in migrant communities - Inadequacy of formal bank services to the need and situation of vulnerable people - Good reputation of the organization - collaborators that help find new potential target groups - adequate tools and support - Impacts beyond the financial aspect - Access to credit - Multidimensional strategy
Cash2Grow	<ul style="list-style-type: none"> - Misconception that people with tight budgets cannot save (potential partner organizations); - Fundraising is time consuming; limited organizational capacity (growing demand but small organization) 	<ul style="list-style-type: none"> - Corona leading to more motivation to support each other - Welfare organizations need to build and maintain lasting bond with target group - Promoting social skills in fun way - Savings groups as a solution to people who have difficulties managing their household finances, more accessible than budgeting courses.

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Servei Solidari</p>	<ul style="list-style-type: none"> - Lack of financial education in some users that makes us start the training from zero. - Over-indebtedness and financial exclusion of users, which is the reason why they do not want to know about ways of saving or anything that links them to possible credits. - Some cultures do not have ROSCA models, so it is difficult for them to understand the dynamics of development of these groups, especially among the EU population. - Lack of financial support to give continuity to financial education programs that will allow us to later create the groups. - Support programs for entrepreneurial incubators where saving groups can be of great help, especially in the start-up phase of projects, as they can finance the first product tests, without the need to take out a bank loan. 	<ul style="list-style-type: none"> - Many of the people already have knowledge about the operation of the ROSCA, TONTIN, CADENA, in their countries of origin, which makes it easier to explain the SG model. - The need to interact with other migrants, which is no longer about the origin, they require a place where they can be part of a community. - Some people are in an irregular situation so it is a way of having an informal bank that allows them to save and at the same time finance their entrepreneurial subsistence project. - The people who make up the groups are users of the services of the entrepreneurship program, who need time to finish organizing their business because their vital moment is complex to start a business. - Other organizations that see us as a model in entrepreneurship, counselling for vulnerable people, who know that we work the counselling in a holistic way, taking into account the entrepreneur's environment.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Labins</p>	<p>Lack funding resources; lack of regulation framework for scale up savings groups in Italy; lack of trainers' manual; lack of digitalization & MIS; lack of indicators and yearly info materials (eg. Annual Reports) to document the activities of savings groups in Italy; invisibility of savings groups and its potential in Italy.</p>	<ul style="list-style-type: none"> - Migrants and newcomers saving traditions help to set up saving groups. - creating partnerships with different institutions will help create different target groups. - A legal study to help position saving groups within the Italian regulation framework.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">MFC</p>	<p>Not applicable.</p>	<p>Not applicable.</p>

For the organisation management:
Resources(financial, time and people: multipliers), timing and regulation

For the creation and management of SG:
Networks, mixing people from different backgrounds, banks are not offering group bank accounts, people living on social welfare, building trust takes time and distance

- Increasing outreach by working closely with community leaders and multipliers
- Promoting mixed savings groups to achieve integration of newcomers
- Talking about money to foster financial literacy
- Target group of newcomers is highly familiar with ROSCAS and thus open to the idea of saving groups
- Informal character and cash-nature also helps to build trust -because of mixed experiences with German administration

When comparing the different obstacles, three kinds of obstacles emerge: First, with implementing the Savings groups partner organizations experienced mostly financial obstacles, like limited **financial support** to set up groups in general (ACAF, Servei Solidari & Labins). But also the fundraising as such can be experienced as time consuming and therefore take up a lot of human resources of the implementing organization (Cash2Grow).

Second, partner organization also experienced obstacles regarding **resource limitations**: limited organizational capacity (growing demand but small organization) (Cash2Grow), lack of time resources to follow-up with interested partner organizations; (SavingBuddies) and difficulty with identifying right, well-connected staff/ multipliers (SavingBuddies).

Third, the **biased mindset** of potential partner organizations and public partners proved to form an obstacle. For instance, there remains the misconception that people with tight budgets cannot save (ACAF, Servei Solidari & Cash2Grow). In Spain policies and organizations do not incentivize saving efforts (ACAF & Servei Solidari) and there is a lack of regulation framework to scale up savings groups in Italy (Labins).

Next to the obstacles, partner organisations also experienced three general enabling conditions.

First, predominantly **cultural familiarity** of migrants to save in group settings: community saving is for instance part the socialization process in migrant communities (ACAF), migrants and newcomers saving traditions help to set up saving groups (Labins) and the target group of newcomers is highly familiar with ROSCAS and thus open to the idea of saving groups (SavingBuddies).

Second, **informal character** of savings groups is also an enabling condition as there is an inadequacy of formal bank services to the need and situation of vulnerable people

(ACAF). The informal character and cash-nature also helps to build trust -because of mixed experiences with German administration- (SavingBuddies).

Third, **collaboration with partner organization** can help to increase the number of potential savings group member and help identify new potential target groups (ACAF, Servei Solidari & Labins).

4. Mapping (potential) partner organizations

In the country reports, the European partner organisations were asked to describe their situation at the beginning of the project in 2020 and envisage their situation at the end of the project period in 2022. The most important change ambitioned by partner organizations is to reach out to larger organizations like social welfare organisations or even financial institutions. Most of the partner organisations would also like to deepen their partnership with municipalities or other governmental organisations.

With what kind of organizations do you work with at the moment?

Organiz ation	Type of organization	Service offered	Target group
ACAF	Public institution, foundations, NGO, associations, consultancy, cooperative	Social benefits, training, integration, social innovation	Migrant entrepreneurs, migrant women, the vulnerable.
Cash2Grow	Adult education organizations, Migrant self-organizations, Welfare organizations	Adult education, social support, welfare, training in budgeting, empowerment training	Migrants and refugees, low income people, micro-entrepreneurs
Servei Solidari	Public institution, foundations, NGO, associations	Training and interculturality, business plans, work permits, access to credits	Migrant women, migrant entrepreneurs, social services technicians, social technicians

Labins	Local authorities, microfinance institutions, co-operatives, schools and community organizations	Countering Educational Poverty, Social Housing, Visual Narrative and Documentaries, Monitoring and Evaluation of Social Impact Projects, Participatory Events, Financial Education and Entrepreneurship.	Young people, low-income families, migrants, adults with mental health disorders, pathological gamblers and social workers.
MFC	-	-	-
SavingBuddies	Foundations, Training organizations	Expertise and training, workshops, funding	Migrants, Refugees

What kind of organization could you be interested to work with in the future?

	Type of organization	Service offered	Target group	Extra added value
ACAF	Migrant association, Networks of entrepreneurs, co-workers, high-schools, Large scale organisations, municipalities, donor-collaborator organizations	Migrant initial reception, training, friendship bonds and education	Migrants, entrepreneurs, students and mates of coworking places	Empowerment and socialization
Cash2Grow	Large scale welfare organisations, municipalities, Dutch council for refugees, Financial training institutions	Trainings, diverse services to integrate refugees in Dutch society, financial education, language training	Migrants, welfare recipients, socially isolated persons, refugees, local residents, entrepreneurs.	Strengthening social networks and social resilience; extra motivation to save; access to loans, especially for micro-entrepreneurs

Servei Solidari	Municipalities, Networks of entrepreneurs, Social Services, Cooperatives, Government, Microfinance organizations', Financial institutions	Migrant initial reception, training, financial education, Financial services, such as loans and credits to newcomers and entrepreneurs, investment, small scale saving, training and advice dealing with finance	Migrants, entrepreneurs, local residents, refugees	Empowerment, expanding social networks and easier access to financing
Labins	Foundations, Networks, Social Services, Cooperatives, European organisations, Government, Microfinance organisations, Schools.	Social housing, training, support services	Homeless people, elderly people and primary school students.	Further promoting saving groups to the new target groups.
MFC	-	-	Refugees, migrants and expats, socially excluded people, long term unemployed	Would be the first to run saving group in Poland thanks to MFC knowledge sharing.
Savings-Buddies	Financial institutions, informal savings clubs, investment, financial education and literacy, training of trainers for methodology adaptation, other NGOs	Financial services, such as loans and credits to newcomers and entrepreneurs, investment, small scale saving, financial education, training and advice dealing with financials	Low income individuals, entrepreneurs, migrants, local residents (from a lower income background) and mixed groups	Know-how on concept of joint saving groups; access to interested participants, impact investments, external financial advice, increase impact in empowering financial decision making

5. Legal framework

Savings Groups are new to all of the countries of the partner organizations and very often specific regulations that govern their set up and operations do not exist. Thus it was important to examine the financial control and legal frameworks that could possibly be applied to the activities within savings groups. Starting from existing experiences in countries where SG have been established and where organizations have gained experience with the legal framework, each partner organisation explored the financial, fiscal and legal regulations in their respective countries. The information was gained through interviews with key informants, legal advisors, banks and financial regulatory bodies (financial market supervision) and their laws to establish the requirements for the implementation of a SG program in each country.

The detailed information about the legal frameworks are represented in the country reports in the appendix. Below, the key topics are shortly summarized and compared with each other:

5.1. Existing national laws applicable on savings groups

Savings groups can be restricted by national laws, however, there are no specific laws in any of the participating countries that regulate a model like savings groups. In Spain the main organisation that promotes savings groups is ACAF, this organisation is rather categorised as a social-oriented entity than a microfinance one.

German law has general financial regulations mostly based on the German Banking Act (KWG). It states under which conditions licensing and supervision by the Financial Regulation (BaFin) is necessary. SavingBuddies and each savings group tries to avoid meeting these conditions because they then require costly licensing, supervision and legal restructuring. Side note: For the German pub savings clubs, there is no specific law as well while they operate on a tolerated basis.

In Italy formal savings (deposits) in banks are allowed. The only other financial intermediary that can carry out collective asset management is the Asset Management Company (SGR). Microcredit activities are allowed only for those institutions registered in a dedicated register. Italy knows other microfinance organisations like savings groups (Cassa Peota); they are allowed to collect modest amounts of money at local level and to deliver small loans. However, only the existing ones can operate and no more can be created.

Poland allows formal savings in banks. Any profit accumulated through savings or other financial transactions is taxed. Profit from stock exchange should be declared in a yearly tax form by individuals. “Informal” savings at home is allowed for any amount of money.

In the Netherlands Savings Groups are not considered to be covered by the existing Financial Supervision Act (“Wft”). But, any agreement between the members of the group qualifies as an agreement under the Dutch Civil Code, which means that these general rules apply.

5.2. Monitoring on savings group activities

In Spain, Poland and the Netherlands there is no formal monitoring required to regulate savings group activities. In Germany there is also no formal monitoring required when the total amount of deposits per savings group does not exceed 12,500€ and there are no more than 24 individuals as members to a group. Italy does regulate microcredit operations and mutual solidarity finance operators are required to register. However, savings groups are at this time not registered as part of the microfinance sector and hence, there are no formal monitoring requirements.

5.3. National laws regarding loans

Provision of loans within Savings groups can also be regulated by national law. In Spain, there is no specific law regulating provision of loans, only a limit of 2,500€ for payments in cash. The loans in Germany should only be provided inside the group and without charging commercial interest rates or fees to not be considered a commercial interest, and thus not being regulated. Lending and borrowing money between individuals (in the form of a temporary transfer of money) is legal and protected by Italian Law. However, it is advised to formalize the loan through a contract. This contract must contain the minimum validity requirements provided by the Civil Code. Loans can be with or without interest rate. In case of loans with interest rate, it must be with mutual consent and the rate cannot be higher than the indications provided by the bank of Italy. In Poland lending between individuals is allowed. If the value of the loan exceeds 1,000 PLN (around €225) it requires documentary form. Entities and private persons that provide private loans on a commercial basis (which means; with a profit objective) must meet all the requirements stated by the law, such as; introducing a minimum equity of 200,000 PLN.

In none of the countries exists a limit in the number of loans which are allowed to be provided. However, in Italy the sustainability of the instalments that have been paid depends on the relationship between the income of a member and the amount of the instalment.

In Germany, Poland and the Netherlands there is also no limit to the amount of loans that can be provided. In Spain the maximum loan given in the CAFS is about 2,000€ and in Italy the limit of cash transactions is currently set at 2,000€ but expected to be adjusted to 1,000€ from 1 January 2022.

Capital turnover within savings groups does not influence the legal structure in Spain, Italy and Poland. The only limit in Germany is the amount of group savings that should not exceed 12,500€. Otherwise the groups are considered as operations in a commercial manner and thus need a new organisational form which has to be regulated. The Savings group, in accordance to Dutch law, has no legal personality. This means that it is important that the Savings group has no profit motive and acts within the framework of a predetermined set of rules. Because of this it is unlikely that the savings group will build up any assets which will result in change of its legal personality and therefore legal structure.

In Spain, Germany, Italy and the Netherlands it is not possible for saving group members to build up track records as potential borrowers at a formal financial institution. However, in the Netherlands formal financial institutions will ask questions regarding the members of the groups and the origin of the assets but without formal registration of this information. In Poland they do not recognize the saving group model at this moment but savings groups could potentially be linked to a formal bank. It would be up to the bank to decide whether or not to recognize track records.

In Spain, members register their loans in bookkeeping forms in Winkomun, which is a web-based group-accounting platform. In the Netherlands, the loan must be recorded in the bookkeeping records of the entrepreneurs. When taking out a loan, it is important for the entrepreneur that the loan is categorized as a business loan, in order to be able to deduct the interest from his profits. The requirements for a business loan include a repayment schedule, a term and a business interest rate. In Italy and Poland informal lending to entrepreneurs is not recognised by law. In Poland however, the entrepreneur may take a loan from a financial institution or private person (who may lend money as a private person or also lend commercially (profit is envisioned) – this is also regulated) for working capital, investment however the money has to be tracked and its sources registered in the entrepreneur books. It is important that no-cash transactions between entrepreneurs are promoted and transactions exceeding 15.000 PLN have to be made through money transfer. The transaction between an individual and an entrepreneur has no such limits however it has to be recorded in entrepreneurs' records.

5.4. National laws regarding savings

Polish and Dutch law do not restrict the maximum amount of savings that can be accumulated per group member. In the Netherlands the tax authorities do, however, expect everyone to declare their share in the savings group. If the savings group has divided the saved money among the members, they must also declare the amount of cash on their income tax return if it is more than the exemption of +/- €500. This will (most likely) have no further consequences for the tax the members have to pay. In 2020 they only have to pay tax on the excess of €30,864, if they have a tax partner this is double. In 2021, tax only needs to be paid on the excess of €50,000, this is also doubled if they have a tax partner. Any debts and receivables must also be declared including interest received.

The other countries do have restrictions regarding the maximum amount of savings per member. In Spain no member can accumulate more than 50% of the total savings. Germany has no limit per member, as long as the total amount of savings of the whole group does not exceed €12,500 and the group has a maximum of 24 members. Italy has a limit set at €2,000 for cash transactions, but this is destined to fall again from January 1st 2022, to a limit of €1,000.

Spain and Germany also have a limit on the amount of savings that can be accumulated per group; Spain's limit is set at 6.000 € a year and Germany's at € 12,500. Both Italian, Dutch and Polish law do not recognise savings group models, therefore it is not clear if there is a maximum amount of savings per group in these countries.

5.5. Fiscal consequences for members

The possible fiscal consequences for having a bank account of two or three savings group members vary in all the countries. In Spain they will respond individually for the capital in deposit and will pay the correspondent tribute at the end of the fiscal year. In Italy the members will be owners of the money. Article 1854 of the Civil Code emphasizes how the bank deposit (account) can be made out to several people. There is no maximum number of joint holders but the documents of all the members to whom the account is registered must be presented (identity card and tax code). There are two types of group bank accounts available: account with separate signature and account with joint signature.

In the account with separate signatures, all members have equal rights to operate on the same account. Consequently, it is possible for everyone to perform withdrawals, transfers, etc. With the joint signature account, the presence and the signature of all the members is required for withdrawals, bank transfers and also for the purpose of closing. In the case of a joint signature

account, if one of the members (account holder) has creditors and these have put in place an executive procedure against the debtor, it will be possible to seize the sums present in the current account up to 50% of the sums present at the time of the attachment. The remaining sums can then be withdrawn by the account holders. If one of the members dies, none of the holders can operate without the signature of the other and the sums are frozen and the succession must be opened.

Germany allows individual savings groups to open a so-called 'trust account'. A selected member of the group becomes the account holder (the so-called trustee). The trustee manages the money of the trustors. Although the trustee, i.e. the owner of the account, is also the owner of the managed money, s/he is bound to the trustors; specifications by a trust agreement, which would have to be negotiated between the managing group member and the members of the savings group. If the trustee violates his/her obligations towards the individual members of the savings group, s/he will be liable for damages. The members of the individual savings groups also have the option of opening a joint account, which can include different numbers of people as account holders depending on the contract. The account can be structured in such a way that only all account holders are jointly entitled to dispose of the available money. However, since this is not a basic account, there is a risk that the banks will refuse to open such an account. The exact requirements depend on the bank.

In the Netherlands, you can open joined account with three to four co-signers and each co-signer has the right to make the transactions. The money stored on this account will be considered as a personal asset for the account holders. The account holders must allocate the balance of whole savings group of the account equally. Very similarly in Poland, there is also no possibility for a group (as an informal savings group) to open a bank account. Only a few people jointly can open as individuals. Thus in both countries, the account holders are in risk to lose their social benefits or pay taxes.

In all of the countries an ID is required to open a bank account. In Spain a legal status is required, this is an ID or residence permit. Germany requires an ID for Germans. Foreigners (non-EU) need a work permit and certificate of registration. EU residents have a right to a basic savings account. Members in Poland need a passport or ID and a proof of address. They are allowed to open a bank account jointly, they would all have the same rights and responsibilities (e.g. regarding withdrawing, tax, etc). Banks in the Netherlands require identification. Other requirements vary; with most banks, it will only be possible for a maximum of two people to open an account. It may be useful to form an association or foundation. This does make it more formal, resulting in various legal requirements to apply.

In Italy there is a wide range of banking institutions. Requirements can vary from one bank to another, but the general requirements to open a resident bank account in Italy are: 1) to be 18 years old; 2) ID, such as a passport; 3) a valid Italian address (some banks require proof of address, such as a bill or rent payment); 4) personal tax number; 5) proof of employment or proof that you're studying; 6) Anti Money Laundering (AML) compliance. Non-resident bank account opening formalities, terms and conditions, policies, etc. vary from bank to bank, and sometimes even between branches of the same bank. A non-resident bank account implies, for the bank, a number of time-consuming formalities and compliance requirements that most banks will not open a non-resident bank account unless it is instrumental to manage a more profitable (for the bank) financial service.

5.6 National laws regarding interest

In some of the countries, savings groups apply interest rates. In Spain, some of the groups apply interest rates, the ones that do not are very often Muslim. Most of the savings groups in

Italy are interest-free and in Germany all of them are. In Poland there are no savings groups. The testing savings group created by one of Polish NGOs does not apply interest rates as this would create additional complications (tax, legal). They also focus on saving, not on lending activities. In the Netherlands, Savings Groups often do not apply interest rates. However, if the interest income is low, the tax authorities may consider it a donation.

The application of interest rates depends on the legal restrictions for applying interest rates within the savings groups. For example, for those groups in Italy who decided to apply an interest rate, this interest rate cannot be higher than those indicated in the anti-usury rate tables published by Bank of Italy. Also, in Germany no commercial interest rate or tax can be charged. Otherwise, it is seen as an operation with business interest and new legal form and regulation is necessary. Poland and the Netherlands too have restrictions. In Poland there are limits (caps) on fees and interest rates which apply to non-banking financial institutions who lend money. According to Dutch law, one must speak of a gift if the interest rate is less than 6% p.a. However, there is an exemption of what? for donations to third parties, which amount to €2,208 in 2020 and €3,244 in 2021. Thus, if the low interest rate leads to a benefit of more than one of these amounts, the tax authorities can levy taxes. Spain has no restrictions as savings groups are not regulated in Spain.

6. Mapping 10 risk factors for savings groups members

To ensure that members are not harmed by their participation in Savings Groups, all partner organizations identified risks for savings groups members. Here are the 10 most important risks listed and how they can be possibly overcome.

1. Loss of money because of fraud by (one of the) members

The possibility of fraud by (one of the members) of the group can be reduced by clear procedures that guarantee transparency and build trust. For example, the admission of new members; they will only be selected when they are well known by at least one member before being introduced to a group. Fraud can also be reduced with good governance and good elections, selecting the chairperson and box keeper carefully and wisely will be beneficial. Furthermore, can a system of double check of accountability help. This means installing bookkeepers and money counters. Lastly, is it important to reinforce good practices among members of the groups.

2. Loss of savings of one or more members because incorrect bookkeeping

The loss of savings due to incorrect bookkeeping can be mitigated by implementing simple bookkeeping systems and giving appropriate training to attain a good understanding of these systems. The double check of accountability, also mentioned above, will ensure less mistakes being made with the bookkeeping as it will be checked by the accountant and the secretary.

3. Loss of cashbox with all the money

Reducing the loss of all the money can be attained by installing a maximum amount of money that shall be saved in one box. When the amount of money in a single box accedes a certain limit, a second box can be introduced. The box can be kept where the meetings take place, preferably in a safe at a community center. Good governance and good elections is also important as the box keeper and key keeper should be chosen wisely.

4. Disbandment / disintegration of the savings group / Frictions between group members which causes people to leave the group

This risk can be mitigated by the promoting organization. This organisation has an overview of the existing groups and can integrate members of a dissolving group into another one. Also social skills training and training the group facilitator on how to deal with problems or frictions between group members can help reduce disbandment. It also helps to address conflicts between individual group members and to support the group with conflict resolution approaches.

5. Low participation rate of members, threatening the sustainability of the group

Low participation rate of members can be reduced by making rules and making the processes easy and flexible to adapt to the needs of the group. For example; having digital means of conducting group meetings when there is a challenge of physical distance between the group members. Moreover, stress the importance of attending the meetings and punctuality. Good communication is important, by asking the saving groups members about their personal and family situation. And when there are conflicts between individual members it should be addressed and supported with conflict resolution, this will lead to more cohesion and therefore increase intrinsic motivation.

6. Decline of savings due to loss of incomes / loss of jobs

The risk of decline of savings due to loss of income/jobs can be reduced by partnering with companies for employment opportunities, organising workshops on entrepreneurship and informing about public services and organisations working in the field of job replacement/ informing about circular economy initiatives. Moreover, good communication can help, for example; asking the saving groups members about their personal and family situation. Furthermore, the groups can be supported in setting up a solidarity/emergency fund.

7. Strong differences in financial strength of group members in mixed groups

Some members may feel inferior because they contribute less to the group. To reduce this, it is important to stress the clear objective of mutual support. The different interests of members should also be insured and made transparent from the outset.

8. Group facilitators stop supporting the group before the end of the cycle

With this risk it is important to carefully select the facilitator and to invest in long term relations. Furthermore, the savings group should be trained in self-management from the beginning.

9. Loss of motivation because of the size of the group (too small)

Maintaining the size of the group can be aided by encouraging more members to join the group. Members can be asked to look for more members within their personal social networks (family, friends and colleagues) reinforcement of member entry management. Also, the group should be motivated and rules and processes should be easy and flexible to adapt to different needs of a group. For example; having digital means of conducting group meetings when there is a challenge of physical distance between the group members.

10. COVID-19 crisis & other health pandemics

To mitigate the risk of health pandemics, there should be an accessible online alternative to physical meetings that is adapted to the specific needs of the different target populations.

7. Some summarizing remarks

This feasibility report aimed to create a solid background for Savings Groups programming in Italy, Spain, Germany, Poland and the Netherlands where partner organisations of the LETS SAVEE project are based. It is also aimed to help other organisations interested in setting up savings groups to learn from the partner organisations experiences, obstacles and ambitions.

First we discussed four societal developments and how they can be linked to the emergence of saving groups in the respective countries and what kind of target groups have potential for benefitting the services offered by savings groups. Second, by mapping partner organisations, the feasibility study identified also how the partner organisations aimed to expand their savings groups outreach to serve new target groups.

Finally, when it comes to the legal framework: to implement savings groups successfully in a country, there has to be a clear vision on national laws that can restrict the model. However as savings groups are very new there are not yet any specific laws in any of the participating countries that regulate such a model. For the sustainability of the model in the EU, it is preferable that a non-restrictive regulation will be adopted in the different country context because then saving groups can become even more accepted to operate as independent structures with the different welfare states and financial landscapes.

Appendix 1: Country report Spain

Feasibility Study: ACAF and Servei Solidari

1. Description of ACAF

ACAF (Asociación de las Comunidades Autofinanciadas) is an organization created by a young social entrepreneur named Jean Claude Rodríguez-Ferrera. In 2004, the organization was registered as a non-profit organization in the Catalan Government Register of entities and was officially authorized to operate as a social-oriented organism. The idea to implement the CAFs in Spain to fight financial and social exclusion among vulnerable collectives can be traced back to Jean Claude experience in Latin America and precisely in Guatemala and Venezuela where he got inspired by the effective organizational capacities of the communities who put in contribution the communitarian dynamics for personal and collective progress. More known in Latin America as *bankomunales*, the CAFs can be considered as an essential part of the socialization dynamics of their beneficiaries.

The first group created was formed by people from Senegal living in Girona, in the North of Barcelona. Two years after the program was launched Jean Claude was selected as an Ashoka Fellow, a support that allowed him to consolidate and spread his work throughout Spain. The formalization of Savings Groups to fight financial exclusion in Europe initiated in 2004 can be considered as innovative since the model has come to bring an added value to the outreach of our model of social protection that rests basically on the Welfare System.

ACAF's model of financial inclusion is based on 3 principles which are self-funding, self-management and an empowerment-oriented action. The objective pursued is to promote a sustainable process of self-realization through asset-building, financial education and mutual help. The capacity of disadvantaged collectives to save collectively in order to provide for themselves will be dependent on the paradigm that sustains the actions and public policies in place.

At the moment, more than 60 CAFs have been created in Spain. The members of these groups are mainly from Africa (Senegal, Gambia, Mali, Morocco) and Latin America (Colombia, Equator, Bolivia, Paraguay, Honduras, Venezuela, Guatemala, Mexico, Nicaragua).

One of the consequences of the increasing interest for an alternative and more social banking model is that more people without a migrant background (Spaniards and EU citizens) are receptive to the CAF model and decide to create their own groups.

At the beginning, an offline methodology was to help in the creation and follow-up process of the CAFs. Since 2014, the methodology has been digitalized to make it more accessible and facilitate the management of the accountancy of the groups. Named *Winkomun Numbers*, the free access digital platform is available in 4 languages (Spanish, French, English and German).

In addition to the classic work of creating Savings Groups and promoting financial education in vulnerable communities, ACAF has co-implemented two important projects in partnership with like-minded organizations based in Barcelona (Ecoserveis and Servei Solidari Foundation, respectively). The first one named [CAFACCIO](#) aims to fight energy poverty using the CAF philosophy of learning by doing and mutual help. The second one, "CAF's for migrant entrepreneurship" consists in putting the CAF methodology at the service of migrant entrepreneurs to help them build a network, get training and access to funds.

As a non-profit organization, ACAF implements its activities thanks mainly to public and private grants.

Characteristics	
Type of organization	ACAF is a non-profit organization funded in 2004 in Barcelona with the mission to fight financial and social exclusion through asset building, empowerment and the provision of social networks.
Layout of organizational structure	ACAF's organizational structure is formed by two levels: <ul style="list-style-type: none"> -the board of directors: formed by the president and the vice- president -the executive team: composed by a coordinator, a program Manager and 2 volunteers - The boards of the SG are considered as volunteers of the organization since they undertake a valuable work and unpaid work for the sustainability of the model so about 50-60 more volunteers would be added as well.
Year of establishment	2004
Number of initiated savings groups	Total: 147 Spain: 62; Indonesia: 24; Turkey: 12; Haiti: 11; Dominican Republic: 3; Angola: 3; France: 2; Colombia: 10; Senegal: 8; Ecuador: 1; Nigeria: 8
General target population	<ul style="list-style-type: none"> -Migrants (or with migrant background): 78% -Women: 52% -Youth: 18% -People below poverty line: 42%
Number of participants per group	10-20
Age of beneficiaries	18-66
Additional services	<ul style="list-style-type: none"> -Capacity building -Digital literacy -Legal support (work permits) -Access to credits (entrepreneurs) -Other depending on ongoing projects (energy poverty alleviation, training, etc.). - Financial education - Dissemination and advocacy
Outreach strategy and upscaling	ACAF's main action is centered on SG creation and follow-up. In order to address correctly the many challenges (access to work permit and work, training, access to higher credits, etc.) SG members meet, we establish strategic partnership with like- minded organizations and public institutions (municipalities). The final objective is to optimize resources and build a local ecosystem of partners that operate under the paradigm of empowerment and community organization.

Our scaling up model is based on partnership with other organizations articulated upon capacity building, access to Winkomun platform and technical support. Besides, the Winkomun management Tool (available in Spanish, English, French and German) makes it possible for anybody in the world to create their own SG without any cost.

2. Description of Servei Solidari

Servei Solidari was created as a civil association on January 18, 1993 with the support of the Pia Schools of Catalonia by the hand of Andreu Trilla. At first it was a meeting point and sensitization of former students and university students concerned about the defense of the right to education.

Starting in 2002, the new social circumstances, derived from the strong migratory waves that occurred in Catalan society, opened up new needs. At that time, Servei Solidari evolved towards attending the group of migrant people, focused on Catalan-Spanish courses and support for entrepreneurs. It also began participating in cooperation projects for development in Senegal and co-development in Colombia and Ecuador (Remittances and entrepreneurship).

Years later, our way of responding and positioning ourselves in the face of uncertainty in the environment changed and on May 30, 2006 the Private Foundation Servei Solidari for Social Inclusion was established. And as such, we are registered in the Register of Foundations of the Generalitat of Catalonia.

The professional team and all training and entrepreneurship programs were moved on to this and a new project was created aimed at former tutored youth, called Pont Jove. In 2008, the management of the team was replaced, and Carles Gil i Saguer assumed the management of the Foundation. During his period the intervention in entrepreneurship was expanded upon entering the Initia program of the Generalitat of Catalonia, agreements were created for financial intermediation with Caixabank, ASCA Foundation and Pinnae Foundation. It was a very complicated time due to the crisis experienced in those years, as the level of credit fell and hit bottom between 2011 and 2015.

In 2016, the entrepreneurship program is proposed to start with solidarity groups of women entrepreneurs. At that time, the financing entity required us to have available money to deliver the loans directly. During that year we lent 4 credits and we asked the participants to place monthly money as a guarantee in the event of a non-payment credit by any of their companions. In 2017, the coordinator of the program Sandra Rodríguez came across a methodology that is carried out in Medellín, Colombia related to CAF and a group of merchants who met to save and borrow, got in touch with ACAF to see if it was possible to implement a similar format in Barcelona and so we started two groups, one of women entrepreneurs and the other of entrepreneurs who had already opened their business. This new formula consisted of Servei Solidari being a member of the group and saving the same amount of money than the rest of the group would save, if the group members placed 10€ Servei Solidari placed the same amount to expand the credit fund.

By the end of 2017, we received the support of the Barcelona City Council and during 2018 we were able to create 4 more groups in Barcelona and Granollers, another nearby municipality, and we also began to raise awareness in different entities related to

entrepreneurship about the importance of groups and their possibilities. In 2018 we created a joint project with ACAF to give other tools to the group members, using the expertise of Servei Solidari in other services for immigrants such as: legal advice, labor advice, education, social work, etc. and training was given to different CAF from all over Catalonia on the issues they needed. With this program called Seeds of Coexistence Project, 15 CAFs were formed and meetings were held between the participating women, exchanging ways of doing.

Today as an entity we continue betting on the CAF entrepreneurship model because we believe that everyone can add value, that members, volunteers and professional team, can become agents of change and in the case of migrants, being agents of their own development, becoming jointly responsible for the construction of a more fair society.

Characteristics	
Type of organization	Servei Solidari Foundation is a non-profit organization, based in Barcelona.
Layout of organizational structure	Servei Solidari currently has 60 employees, distributed between various projects and the organization's structure (communication, fundraising, economics, human resources...). The governing body is the board of trustees, consisting of 5 individuals who come from the education and social world. Voluntary work is an important part of the organization: Servei Solidari counts on its volunteers as agents of social change, and furthermore, volunteers are involved in the management of the organization and the design of its programs and activities. In the year 2020 Servei Solidari attended 3653 users and had 369 volunteers participating.
Year of establishment	Servei Solidari per la Inclusió Social Foundation was created in 2006, as a continuation of the Servei Solidari Association which was founded in 1993.
Number of initiated savings groups	Since 2016, the entrepreneurship area of Servei Solidari has created 7 saving groups.
General target population	Servei Solidari attends vulnerable people in risk of social exclusion, mainly migrants, being minors or adults. As for the Saving Groups program we furthermore target entrepreneurs or people with a business idea: - Woman 94% - Man 6% - Migrants 100%
Additional services	Primary assistance, legal advice, language courses, job training for minors, ICT training, housing (shelter apartments), social mentoring for youngsters, entrepreneurship training and microfinance.

Outreach strategy and upscaling

Servei Solidari is an entity that belongs to Escola Pia Catalunya, a group of 21 religious' schools in the region of Catalonia. The schools have an educational function and Servei Solidari is in charge of the social function in Barcelona's school. When the Servei Solidari model is well established it could be replicated in all the other schools.

As for the scaling up model, Servei Solidari also works in partnership with other organizations in order to expand the SG model in other municipalities.

2. Market potential

2.1 Current trends and developments and the role of saving groups in Spain

People living in poverty

In the ranking of the 28 countries of the European Union with the highest poverty rate, Spain ranks sixth since one fifth of its population (21,5%) are living with less than 739€/month and less than 1,552€/month in the case of the households formed by 2 adults and 2 children (National Institute of Statistics, 2018). This situation is very different from that of other EU countries such as France (13,4%), Portugal (17,3%) or Italy (20,3%). It is also important to stress the fact that our country stands also in the sixth position at EU-28 level of the countries with the most elevated severe poverty rate (9,2%). Among the collectives affected by this situation, children, women, migrants and single-family parents stand out.

The measures adopted so far to fight poverty are very often implemented by social organizations and charities (Red Cross, Caritas, etc.) thanks to public funds. Nevertheless, these measures have a limited impact because they rather focus on avoiding extreme poverty rather than alleviating the situation of vulnerability. Recently, a new law (Law 3/2007 of March 16th 2020) recognized the right of every citizen to receive a monthly subsidy. The dimension of the challenge requires a systemic change in the way the problem is addressed for which asset-building can be studied.

Situation Labour market

According to the recent data of the Survey on Active Population published by the National Institute of Statistics, in Spain 3,368,000 people are unemployed at the end of the second semester of 2020, which represents 15,33% of the active population. In the case of the Non-EU migrants that work habitually in no qualified sectors such as restaurant and hotel businesses, agriculture or services, this rate is particularly alarming (27,13%) even if this gap is structural. It is worth knowing that this panorama is variable depending on the regions (30, 4% in Andalusia, 38,6% in Asturias or 21,9% in Madrid) and the sex (25,4% for men and 28,9% for women).

Another important profile of the people living in poverty is that of poor workers (due specially to precarity, low wages and the expensive cost of living) in which category Spain stands in the third position in the EU-28 with 13% of the whole working population facing problems to make ends meet. The pandemic situation and its consequences are being very adverse due to the fact that 21% of the national GDP depends on tourism; one of the sectors singularly impacted by the crisis due to mobility restrictions due to Covid-19.

Development of the welfare state

Contrary to that of Nordic countries where the Government stands as the principal social services provider, the Spanish Welfare System (known as Mediterranean or Southern Europe model) confers to the families a central role in supporting socially unprotected people. Compared to the countries operating under other models (continental or Nordic), this model is characterized by a lower level of social relief.

In this system, charities and non-profit organizations play an essential role with an action mainly focused on preventing extreme poverty rather than ensuring social development.

Public Awareness for financial literacy

In Spain, financial literacy has become one of the main and most effective strategies to fight financial exclusion in a context where poverty affects a significant part of the population. In fact, the multiple programs implemented can only be effective if they incorporate an educational component. The Financial Literacy Plan is a public program initiated 9 years ago by the Bank of Spain that aims “to increase the levels of financial literacy of the whole population and help them improve their habits and consumption behaviours” for them “to be able to take well-reasoned financial decisions adapted to their circumstances”. The feasibility of connecting Savings Groups with Financial Literacy programs is still to be studied since it requires to be part of a long-term political strategy. In any case, the option for organizations that promote SGs to develop financial education as inherent to their ordinary activities seems more achievable.

There are also private programs of financial literacy addressed to Spanish school students - which are at the latest positions of the EU according to OECD surveys-, although they are promoted by volunteers related to formal banks and thus are biased and omit parts of the real economy such as Ethical Finances or SG.

The role of Saving Groups

In a context of growing inequality in Spain, Saving Groups play a crucial role in reverting this situation since they are based on dynamics than seek to humanize the economy, on the one hand, and are more adapted to the particular circumstances poor people go through (low and irregular incomes, lack of social network, deficit of financial education), on the other.

In this sense, the mission of ACAF consists primarily in raising awareness about the importance of asset building, community organization and mutual help to build resilience. Our experience working with Saving Groups for 17 years has provided evidence that, if organized adequately low-income people can save and provide for themselves. In fact, the average increase of the savings of our groups at the end of the first year after their constitution is about 350% and the payment default for the credits disbursed is below 1%.

Besides, the fact that the costs related to a formal bank account are not always adapted to their economic situation makes it incentivizing for them to save in a Saving Group rather than in a bank. Monthly savings range from 5 to 20 euros per month without any cost of management since the groups are self-managed.

If it is clear that Saving Groups are a strong tool for economic empowerment of poor collectives, the provision of social networks is highly appreciated by the users. In the recent survey, up to 70% of the CAFs members in Barcelona linked their participation to Savings Groups to solve a deficit of social networks.

Once a community convenes to create its CAF group after an extensive explanation has been made by the ACAF team, we assist them in the creation process and particularly in defining the rules to make sure they fit to the situation and ideals of the members. In continuation, a free 8-month follow-up is provided to prepare them for total self-management.

CAF Groups are cost-effective and offer multiple benefits: asset building, trust, empowerment and financial education.

2.2 Organizational context

ACAF	
Present situation (2020)	<p>Since the start of its activities in 2004, ACAF has centered its activities in promoting the financial and social inclusion for poor and low-income people in Spain. Even if we set no priority on a determined collective, the result is that nearly 80% of our SG members are migrants or have a migrant background. The economic consequences of the 2008 crisis which are still visible among the migrant population in forms of precarity and unemployment have somehow hindered work in the sense that it is very difficult for our target population to save. On the other hand, the absence of a clear legislation of SG and cultural prejudices about sharing money make it challenging for collectives not familiarized with this practice (non-migrants) to participate in SG.</p> <p>The collectives we have been working with are, by order of numerical importance:</p> <ul style="list-style-type: none">- migrants and refugees- migrant entrepreneurs- EU citizens (natives or no migrants)- Students- Social services users- Mentally ill persons (testimonial)- Youngsters no longer eligible for assistance from Spanish Government (testimonial). <p>- Partners/Clients: the productive sector of commerce and services in the field of Food, Culture and Leisure, Legal Processes and Work industries, stimulators of the local economy (self- employed professionals, SMEs and other organizations) and partner organizations that aim to work with social impact.</p> <p>- Scale (62 groups (Spain), 943 members, 2 volunteers, 2 of staff, 0 of paid freelancers) 12 of or</p> <p>ganizations part of directory 5 of partners: 2 public institutions and 3 private organizations</p> <p>- Regions and cities (Catalonia, Madrid, Sevilla, Zaragoza, Valencia)</p>

<p>Envisaged situation (2022)</p>	<p>The policies in place in the field of social inclusion generally obey a dependency-based paradigm; which is an authentic obstacle in promoting a program that focuses on the culture of effort as a way to reach a situation of dignification and respect through the generation of resources and their management by its owners.</p> <p>The full realization of all the potential that SG model offer in the EU depend, to a large extent, on the philosophy that sustains the inclusion policy. In this sense, it is important to explore ways and means to influence public policies.</p> <p>By 2022, ACAF envisages to consolidate its support to the collectives it is working with presently (migrants, refugees and refugees) while expanding the scope of its target population to other communities (natives, students, co-workers). In any case, it is important to link the feasibility of our mid-term on plan to the development of the economic context because the capacity of people to save will depend on their activities and the quality of their jobs.</p> <ul style="list-style-type: none"> - Staff: 2 paid workers, 2 volunteers - Year 2021: 80 SG groups (1,200 members) - Year 2022: 100 SG (1,500 members) - New regions and cities: Lleida, Vic, 3 other Spanish cities
<p>Experienced obstacles</p>	<ul style="list-style-type: none"> - What is hindering you from setting up savings groups? - Lack of mindset on informal saving practices among native population - Financial support to sustain our activities of dissemination, information and SG creation and follow-up - Policies and organizations that do not incentivize saving efforts - Deficit of mechanisms and strategies to link SG to entrepreneurship programs - Economic situation of target people (unemployment, precarity, low wages) - Lack of fair access to the labour market for vulnerable collectives. - Lack of a favorable regulatory framework for savings group creation in European countries. - Absence of an empowerment-based paradigm in the design and implementation of inclusion programs at local and national levels.
<p>Enabling conditions</p>	<ul style="list-style-type: none"> - What supports you in setting up savings groups? - E.g. existing savings traditions like ROSCAs or local rural savings clubs. - Community saving as part of socialization process within migrant communities - Inadequacy of formal banks services to the needs and situation of vulnerable people (cost of saving, saving small amounts of money, access to credits, etc.) - Reputation and results of ACAF in the ecosystem of organizations working on inclusion. - Collaborators, project partners or like-minded organizations that help us find new potential communities. - Access to credit, a multidimensional strategy and impacts beyond the financial aspect

Servei Solidari

Present situation
(2020)

Fundació Servei Solidari began its activities in 1993 as an association with programs dedicated to language teaching and entrepreneurship. In 2006 it changed from legal form to become a foundation. Its mission is to work to promote autonomy and full citizenship of young people and adults at risk of social exclusion to generate a change towards a more fair society, through education, entrepreneurship, awareness and comprehensive and networked attention to the needs of individuals and groups

The microcredit / saving groups program responds mainly to the lack of employability after the economic crisis of 2008 and, now, post-COVID. The economic and, above all, social effects, carried over for more than a decade: social, family and personal breakdown have become one of the main problems in Barcelona and Catalonia.

The people we assist in the Microcredits / SG program are generally in similar life conditions:

- Low income: permanent instability, therefore they are not subject to bank credit
- Unemployment, job insecurity, underemployment, the unequal distribution of domestic work and care between men and women that makes paid work difficult (for women, the relative risk of poverty is higher (19.7%) than for men (17.4%), which shows the feminization effect of poverty.
- Limitations of people's rights, lack of associative network, in addition to not having time to develop it.
- Lack of access to the health system, to situations of dependency or to being properly cared for due to physical or mental disorders.
- Lack of family ties and domestic violence.
- Level of studies well above the work carried out, lack of access to professional training and insufficient knowledge of the vehicular languages.

- **Partners/Clients:** ther third sector entities that work with vulnerable populations and public social services.
- **Scale** 7 groups in Catalonia, 112 members, 8 volunteers
- **Collaborating entities:** 6 partners, some publics and some in the private sector
- **Regions and cities** Catalonia (mainly Barcelona and sorroundings)

<p>Envisaged situation (2022)</p>	<p>We intend to continue working with vulnerable people, mainly women and entrepreneurs. We hope to continue supporting the immigrant group which we currently work with. Projects of accompaniment during 3 years. Expand the groups to men and mixed groups and seek support from other municipalities to implement the SG model in other areas of Catalonia.</p> <p>We are preparing together with other Catalan entities to influence public policies regarding inclusive finance in Spain, we are currently part of the Spanish Microfinance Association, from where we are accompanying the presentation of the microfinance law in Spain that includes the way in which NGO entities can deliver microcredits and make contributions to SGs.</p> <p>By 2022 we hope to expand the coverage area to other areas of Catalonia such as the municipalities of Maresme, Vallès Occidental and Barcelona-metropolitan area. We also hope to start training entrepreneurship entities from other parts of Spain such as Madrid and Seville, in how to operate Saving Groups with the ACAF methodology.</p> <ul style="list-style-type: none"> - Staff: 4 paid workers, 15 volunteers - Year 2021: 7 SG groups (112 members) - Year 2022: 10 SG (147 members) - New regions and cities: Other towns cities in Catalonia, close to Barcelona
<p>Experienced obstacles</p>	<ul style="list-style-type: none"> - What is hindering you from setting up savings groups? - The lack of financial education in some users that makes us start the training from zero. - Over-indebtedness and financial exclusion of users, which is the reason why they do not want to know about ways of saving or anything that links them to possible credits. - Some cultures do not have ROSCA models, so it is difficult for them to understand the dynamics of development of these groups, especially among the EU population. - There is a lack of financial support to give continuity to financial education programs that will allow us to later create the groups. - Support programs for entrepreneurial incubators where saving groups can be of great help, especially in the start-up phase of projects, as they can finance the first product tests, without the need to take out a bank loan.
<p>Enabling conditions</p>	<ul style="list-style-type: none"> - What supports you in setting up savings groups? - Many of the people already have knowledge about the operation of the ROSCA, TONTIN, CADENA, in their countries of origin, which makes it easier to explain the SG model. - The need to interact with other migrants, which is no longer about the origin, they require a place where they can be part of a community. - Some people are in an irregular situation so it is a way of having an informal bank that allows them to save and at the same time finance their entrepreneurial subsistence project

- The people who make up the groups are users of the services of the entrepreneurship program, who need time to finish organizing their business because their vital moment is complex to start a business.
- Other organizations that see us as a model in entrepreneurship counseling for vulnerable people, who know that we work the counseling in a holistic way, taking into account the entrepreneur's environment.

2.3 Target group personas

Target groups for ACAF

Migrants

Mariama, the migrant SG member

Mariama is a migrant 23-year old woman from The Gambia who arrived in Barcelona in 2014 with her two kids in a family reunification process initiated by her husband. Her socialization process in Barcelona has not been easy due to language barriers, a lack of relationships and a delicate economic situation since her husband is the only provider of their family. Thanks to a friend of hers, she began participating in a Saving Group held by other women also from The Gambia. For them, this practice is a good way of helping each other, building trust and having access to an important lump sum they could not get otherwise. Mariama has extended her circle of relationships, feels more confident and can save and access credits for any need. She would like to save more than the 10 euros but she feels more confident in a space where all the participants share the same social and cultural realities.

Migrants (newcomers) and people with migrant background:

- Gender: Men and Women
- Age: 18-60
- Countries of origin: Sub-Saharan Africa, Latin America, Central Asia
- Access to banking account: generally, yes
- Professional activity: Entrepreneurs, salaried workers and underground market
- Financial literacy: limited
- Social benefits: eligible
- Family situation: living alone (newcomers)
- Social network: limited (newcomers) -Language and literacy skills: generally low level to illiterate (newcomers from African and Asian countries).

Characteristics: Mainly natives of Africa (22,7%) and Latin America (23%). They usually do under qualified jobs (restaurants, cleaning, et.). Migrants from Africa (Morocco, Senegal, Gambia, Mali, Nigeria) are predominantly men whereas women represent the majority in stocks from Latin America (Venezuela, Colombia, Equator, Peru, Chile, Honduras, Bolivia) and Eastern Europe (Romania, Bulgaria). These collectives are specially affected by economic recessions (2008 crisis and Covid-19 pandemic). They are very used to SG practices and are less reluctant to form new one in Spain.

Needs and wants: Access to work permits and jobs; social networks; capacity building; access to bank credits for consumption and business; communitarian

dynamics of socialization; accessible and flexible saving mechanisms (5, 10, 20€ with possibility to quit the group due to mobility);

Natives

Rosa, the native SF member

Rosa is a 49-year-old Spanish woman. She works as technician in the municipality of Berga in the province of Lleida. She is a member of an association of feminists dedicated to social economy. She had previous experience on Savings Groups thanks to a travel she made a few years ago in Latin America. It was not easy for her to initiate a SG with her Spaniards friends because they were in the beginning very reluctant about the possible negative outcomes of sharing money. Like many of the members of the group, she is not in a bad economic situation; so, the group responds more to an ideological reason than to a financial one.

Natives:

-Gender: Men and Women

-Age: 16-60

	<p>-Countries of origin: Spain and EU countries Social benefits: no eligible</p> <p>-Access to banking account and credit: yes</p> <p>-Others: Awareness on social economy and ethical banking and community dynamics</p> <p>Needs and wants: alternative economic model, socialization, will to help others</p> <p>Characteristics: 100% Women (25-65 year old), Spaniards living in an average city (40,000 hpts). Very engaged in social movements; as such they consider their participation in a Savings Groups as a continuum of their activism against the speculative and unfair model system. The majority did not have previous experience with SG methodologies.</p> <p>Needs and wants: space and framework for feminism and social activism, less dependency on bank services. They also need to empower themselves as women.</p>
<p>Students</p>	<p>Carlos, the high school SG member</p> <p><i>Carlos is a 15-year-old Spanish student in a public college near Barcelona. He used to ask money to his parents for his needs (party, clothes, etc.). His friends are all native Spaniards since he resides in a locality with a very low migration rate. All his incomes are the 20€/week tip he receives from his parents; which he normally uses for sweets, fun, etc. He loves buying the most recent fashion devices (mobiles, clothes, etc.). Their professor of economics who had a previous experience on Savings Groups decided to create one in his class to promote basic financial education, empower them through the self-management of the SG, and save money (5€ per month) for the class end-of-course trip to Roma. He was responsible for the cashbox of the SG which, as he recognized, was a tricky decision because he is not used to taking the money of others under his responsibility.</i></p> <p>Saving Groups can bring an effective solution to the needs and wants that would improve the life projects of people that fit the personas described previously in the following ways:</p> <p>-Financial independency: SG give the opportunity to their members to generate resources with strategies adapted to their economic situation, social dynamics and mobility patterns</p> <p>-Social networks: SG are based on trust and mutual help. They are spaces where people can build connections that are necessary in life (jobs, housing, help, etc.)</p> <p>-Access to work permits and jobs: once constituted as a SG that operate with our methodology, the group can receive information and orientations on how to access these needs.</p> <p>-Provision of networks of mutual support: saving together and saving money is a hook to generate synergies among people that lack friends, families on destination. In fact, 72% of CAF members relate their adhesion to a lack of social networks.</p> <p>Students (high schools and universities):</p> <p>-Gender: Boys and girls</p> <p>-Age: 12-22</p> <p>-Countries of origin: Spain and EU countries Social benefits: no eligible</p> <p>-Access to banking account and credit: No</p> <p>-Others: Interest in SG practice as part of the educational plan</p> <p>Characteristics: 12-16-year-old high school students (Spaniards and migrants). They do not have vital economic needs (they live with their parents) and present a</p>

serious lack of financial education and capacity in the management of common goods.

Needs and wants: Financial education, preparation for responsibility, socialization, savings for end-of-year trip and parties.

How does ACAF aim to serve this target group?

How it is possible to reach the target groups based on the defined personas

- Campaigns of communication targeting directly communities
- Strategic partnership with public institutions (municipalities) and like-minded organizations
- Presence in local medias
- Mouth to ear strategies with the help of SG members

Target groups for Servei Solidari

Women and men migrant entrepreneurs

Angie, the migrant entrepreneur in stage of developing a business

Angie is a 38 year old woman from Costa Rica. She arrived in Barcelona 12 years ago with a student visa to study a business and management course and stayed ever since. She is married and has a teenage girl and a toddler. She worked for many years as a Zumba teacher in a fancy gym where she got to know a lot of Spanish women, lots of them being business women with very qualified positions. She says they acted as mentors for her. Now she has decided to start her own business. It is something she has been dreaming for years. One of her multiple careers is designing and she aims to create a graphic cooperative that would work as a center that generates services to clients and that creates networks between collaborators. It would be like a graphic cluster. She is starting to finance it through the SG but in the long term she would like to ask for a microcredit in a bank. She entered the SG one year ago and states that "Moonlight (name of the SG) has become a group of friends. We help each other with taking care of the kids, we go out for a coffee, and we create projects together... None of us have our families here so we kind of work as a family."

Abdelhak, the migrant entrepreneur running a shop

Abdelhak is a 48 year old man from Morocco who came to Barcelona searching for new opportunities and a better life. He had his own business in his home country and dreamt of opening an art shop in Barcelona. He has faced many difficulties regarding jobs, denials from financial institutions, getting the work and residence permit...but he has finally been able to establish his shop, not about art yet, but he sells leather bags and accessories. In the meanwhile he keeps thinking about the art shop of his dreams. With the money that he earns he helps his mother and daughter who live back in Morocco. Participating in the SG allows him to save money and be prepared when he face an unforeseen in his business. Moreover he can share experiences and practices with the other entrepreneurs

Loredana, the European migrant consolidating her business

Loredana is an Italian woman who has been living in Barcelona for 4 years now. She came here to do what she already knew how to do, sales in markets. It was never too difficult to get adapted to the country as she says Spain and Italy have a lot in common except that in Spain people are more social and friendly. She joined the SG in order to broaden her business and be able to shop more products in Italy for re-selling them here in the markets. She has borrowed money from the group several times and now that she wants to settle a shop she is in the process of requesting a microcredit in the bank, which has been possible with Servei Solidari's intermediation. In Servei Solidari she took Spanish courses and now she is happy to learn finance and business concepts during the lessons given in the SG meetings. She stated " I learnt on the streets and now it is good to learn new things from people that studied it"

Migrant entrepreneur in the stage of developing and consolidating their business:

-Gender: Men and women

-Age: 25-65

- Countries of origin: Sub-Saharan Africa, Latin America, Central Asia
- Social benefits: Only some are eligible and receive unemployment, sickness, housing etc.
- Entrepreneurship: All of them have a business idea, most are already working on it but still have to formalise the business.
- Access to credits: very difficult

Characteristics: Women adults (100%) between the ages of 30 to 65, from Latin America (85%) (Colombia, Argentina, Costa Rica, Ecuador, Perú), other European countries (5%) (Western Europe countries), Africa(10%) and central Asia in their majority. Most of them have kids (90%). Some have their families in their home countries. They have previous experience in entrepreneurship either in their country of origin or in Spain. They lack specific training and face problems of access to credits from banks to launch their business. A vast majority of women (60%) have suffered sexual abuse.

Needs and wants: They need more social networks and need to get out of precarious jobs. Need support for business plan and access to credits for business. They want a change in their jobs and the fact of starting a business is conducted by a need rather than by a desire.

How does Servei Solidari aim to serve this target group?

How it is possible to reach the target groups based on the defined personas

- Our communication campaigns are always aimed at public and private entities that are related to vulnerable people, mainly women.
- We also have public entities such as social services with which we have an agreement and it is possible to generate synergies for the referral of people interested in mobilizing SG in their communities or groups.
- Participants of the entrepreneurship program itself who do not complete the business start-up process and join SG groups to start group work with other colleagues.
- Presence in the media to raise awareness in SG and how it can help improve the social, cultural and economic environment of vulnerable people in the municipality.

2.4 Mapping potential partner organizations

Based on the formulated personas, the organization identifies and maps its existing and potential partners.

With what kind of organizations do you work with at the moment?

ACAF					
No	Name of organizations	Type/category of organization	Field of activity	Target group	Service offered/ received
1	Municipality of Arbúcies	Public institution	Social benefits	Vulnerable collectives	Funding for SG creation and follow-up
2	Fundació Servei Solidari	Foundation	Business Plans Work permits Access to credits	Migrant entrepreneurs	SG creation and follow-up, co-design of entrepreneur model for migrants
3	Municipality of Lleida	Public institution	SG creation and follow-up	Vulnerable collectives	SG creation and follow-up
4	La Quinta Pata		Training	Migrant Women	SG creation and follow-up
5	Cooperativa Coopolis	Cooperative	Training	Migrants and social entrepreneurs	Training SG creation and follow-up
6	Cooperativa Diomcoop	Cooperative	Training Business	Senegalese migrant	SG creation and follow-up
7	Associació Ca Kanam	Association	Integration	Senegalese migrant	SG creation and follow-up
8	Coordinadora de las Asociaciones Senegalesea a Cataluña	Association	Integration Interculturality	Senegalese migrant	SG creation and follow-up
9	Associació Ecoserveis	Non-profit innovation consultancy	Dissemination Training Capacity building	Vulnerable collectives	Joint action for fighting energy poverty
10	Associació Veïns del Món	NGO	Cooperation Solidarity	Women in rural areas in Senegal	SG creation and follow-up
11	Ashoka Spain	NGO	Social innovation	Social entrepreneurs	Capacity building

Servei Solidari					
No	Name of organizations	Type/category of organization	Field of activity	Target group	Service offered/ received
1	Barcelona Activa - Municipality of Barcelona	Public institution	Business Plans	People with a work permits	Access to credits
2	Social Services Municipality of Barcelona	Public institution	Business Plans Work permits Access to credits	Migrant entrepreneurs	Funding for SG migrant entrepreneur creation and follow-up
3	Catalunya Emprèn	Public institution	Business Plans Work permits Access to credits	Migrant entrepreneurs	Funding for SG migrant entrepreneur creation and follow-up
4	Consell Comarcal del Maresme	Public institution	Training	Social services technicians, Social technicians	Training
5	Obra Social La Caixa	Non-profit	Training and interculturality	Migrants	Training SG creation and follow-up
6	Migress	Association	Training	Migrants and social entrepreneurs	Training SG creation and follow-up
7	Dones pel Futur	Association	Business Plans Work permits Access to credits	Migrant women entrepreneurs	Training SG creation and follow-up
8	Dona Activa	Association	Business Plans Work permits Access to credits	Migrant women entrepreneurs	Training SG creation and follow-up
9	Treball Solidari	Association	Business Plans Work permits Access to credits	Migrant women entrepreneurs	Training SG creation and follow-up
10	Nantik lum	Non-profit	Business Plans Work permits Access to credits	Migrant women entrepreneurs	Training SG creation and follow-up
11	La Tregua	Association	Business Plans Work permits Access to credits	Migrant women entrepreneurs	Training SG creation and follow-up

12	Catnova	Association	Training	Migrants, refugees	Training
13	Surt	Association	Training	Social technicians	Training
14	ACAF	Association	Access to credits	Entrepreneurs	CAF creation

What kind of organization could you be interested to work with in the future?

ACAF				
No.	Type of organization	Service offered	Target group	Added value
1	Migrant association	Migrants initial reception	Migrants	Empowerment
2	Networks of entrepreneurs	Training, rights protection, access to credits	Entrepreneurs	Empowerment
3	Co-workers	Friendship bonds	Mates of coworking places	Socialization
4	High schools	Education Training	Students	Empowerment

Servei Solidari				
No.	Type of organization	Service offered	Target group	Added value
1	Associations that promote entrepreneurship among migrant women	Business Plans Access to credits Women networks	Entrepreneur women	New profiles of members who are not exclusively migrants and other possibilities of project incubator-type groups
2	Associations that promote entrepreneurship among refugees (e.g. Chapter#2)	Business Plans Access to credits Work permits	Refugee entrepreneurs	Other possibilities of project incubator-type groups
3	Associations that promote entrepreneurship among vulnerable people (e.g. Fundació Trinijove)	Business Plans Access to credits Work permits	Migrant entrepreneurs both men and women	Socialization

4	Associations that promote entrepreneurship among youngsters (e.g. Impulsem)	Business Plans Access to credits Training	Young entrepreneurs	Socialization
5	Schools that promote entrepreneurship	Business Plans Training	Young entrepreneurs	Empowerment

3. Legal framework

Savings Groups (SG) are new to most European countries and very often specific regulations that govern their set up and operations do not exist. Thus, it is important to examine the financial control and legal frameworks that govern joint savings and loans within groups.

3.1 National Law

In Spain SG activities are not formally regulated even if this legal void is not an obstacle to the creation and continuity of groups. The financial and institutional support we have been receiving since our creation from public institutions (municipalities and regional governments) and private foundations (banks) can be understood as an implicit acknowledgement to our contribution in the fight against financial and social exclusion.

Saving practices are integrated within the general framework of microfinances; nevertheless, the existing regulations do not contemplate nor the scope neither the conditions of exercise of the informal saving models. For this reason, no information related to this question is available in the existing literature.

ACAF is not registered as an MFI but as a non-profit organization with a social aim.

3.2 Monitoring

Through the Winkomun platform (SG management tool), we can track and monitor essential information related to the activities of the SG operating under ACAF methodology (members' profile, savings, credits, etc.). But this information is only for internal use of the organization since SG are not regulated at the moment. Since undocumented people participate in SG, it would be positive to consider how a future regulation can affect their participation.

3.3 Loans

The unique regulations that prevail for the provision of loans within our SG are the internal rules adopted by the groups. They define the maximum loan, the payment term, the interest rate (if any) and the guarantee system. There is however no limit for the number of loans a member can get provided he/she fits the rules. The maximum loan disbursed in a CAF is 2,000€. CAF SG does not have an individual legal structure but operates under ACAF methodology and status as a non-profit organization. Saving group members are not able to build track-records as a potential borrower at a financial institution. And there is no difference on the way loans are registered depending on the profile of the SG members.

3.4 Savings

There is a maximum of savings that can be accumulated per group member, a SG member can own no more than 50% of the total savings of the group. Also, Based on the legal advice that was received, if a CAF rotating capital surpasses 6000€/year, it would be advisable for it to constitute a legal form such as an association or a scp (private civil society). Nonetheless, there is a legal void concerning the total savings that a CAF can accumulate. And there is no formal maximum of savings that can be kept in cash in the box at home.

3.5 Fiscal consequences

The possible fiscal consequences for having a bank account of two or three savings group members are that they will pay the fiscal tributes correspondent to the assets accumulated during the year. This is normally paid by the group from the interest generated.

The possibilities to open a bank account are as a individual with a personal ID and as a association or other legal entity with the corresponding fiscal number.

3.6 Interest

Most of the saving groups that we are working with apply interest rates. Groups with Muslim members do not apply interest rate since they consider it to be usury. Other groups do not apply for ideological reasons because, for them, interest remits to speculation.

There are no legal restrictions for applying interest rates within the saving groups because saving groups are not regulated in Spain.

4. Mapping risk factors for Saving Group members

To ensure that members are not harmed by their participation in Savings Groups, ACAFand Servei Solidari identifies risks for savings groups members.

In the table below, some examples:

Risk	Severity	Likelihood	Mitigation
Loss of money because of fraud by (one of the) members	Severe	Possible	Reduce possibilities of fraud by clear procedures that guarantees transparency
Loss of savings of one or more members because of incorrect bookkeeping	Severe	Possible	Simple bookkeeping system and appropriate training
Loss of the cashbox with all the money	Severe	Unlikely	
Low participation rate of members, threatening the sustainability of the group	Moderate	Possible	Work on group motivation and cohesion, disincentive non-attending.
Decline of savings due to loss of incomes	Significant	Possible	Partner with companies for employment opportunities
No payment of ongoing credits due to loss of income	Significant	Possible	Partner with companies for employment opportunities. Existence of guarantors of the credits.
End of activities due to adverse regulation	Severe	Unlikely	Lobby and work for regulation
End of activities for dropping out of the leader	Severe	Possible	Involve all the members in the SG daily activities and balance responsibilities

Appendix 2: Country report The Netherlands

Feasibility Study: Cash2Grow

1. Description of Cash2Grow

The Cash2Grow Foundation has been established in 2018 and promotes savings groups in the Netherlands as a tool for financial and social empowerment for low income strata. The Foundation trains staff and volunteers of different types of (welfare) organizations to establish savings groups for its target groups, including refugees, migrants, and micro- entrepreneurs. Cash2Grow develops flexible savings group methodologies and financial education tools fitting the needs of different socioeconomic groups. The Foundation has one director and one deputy director (both contracted on freelance basis) and an active and engaged board consisting of 6 members.

As one of its first activities, the Cash2Grow Foundation cooperated with The Hague University of Applied Sciences and the Microfinance Centre in Poland to organize an international workshop: **'Savings Group Movement in Europe'** – a new way to foster financial and social empowerment, on June 19, 2018. The participants in this workshop were researchers at various universities, teachers from The Hague University and representatives from (municipal) organizations focusing on, for example, debt assistance, financial education and migrant entrepreneurs. Savings group enthusiasts from Spain, Italy, Portugal, Germany, Poland and Austria contributed to the success of this workshop.

After that, Cash2Grow launched a **pilot program** 'Richer by saving together' partly in collaboration with Foundation LIFT who organizes 'Lift your life groups'; in these groups members work on practical improvements in the areas of household finance management, health and well-being, and the environment. From mid-February 2019 to summer 2020, the Cash2Grow Foundation implemented this program; as a result 7 pilot saving groups were created in 5 cities in the Netherlands (Amsterdam, Maastricht, De Bilt, Den Haag, Schiedam). Moreover, training material was developed and tested for Savings Group facilitators as well as for savings groups members. The training materials relate to the management of the savings groups, to concrete actions to improve members' financial self-reliance, and group dynamics to improve group cohesion. The output of the project was tested, resulting in a coherent package of training and coaching for the SG facilitators and for the creation, training and coaching of savings groups, integrating financial education.

After finishing this pilot successfully, Cash2Grow aims to create conditions to scale up the creation of savings groups in its current project (September 2020-december 2021). The **project 'stronger by saving together'** carries out the following practical activities for setting up and guiding savings groups: identifying new partner organizations and volunteers; training and coaching of new facilitators of savings groups; monitoring the savings groups that have been started in the pilot project; forming 20 new savings groups, through partner organizations and volunteers; further develop the guide for supervisors and the reader for SG members; strategic activities around developing a vision for the future to implement a five-year strategic plan that includes business models, thus reducing dependence on project subsidies.

Characteristics	
Type of organization	Cash2Grow is registered as a foundation with the aim to contribute to the public wellbeing without generating own profit.
Layout of organizational structure	<p>Overall, the organizational structure is implemented by the following entities:</p> <ul style="list-style-type: none"> - Five board members (chair person, treasurer and secretary, two members) - Three advisory commissions - 1 director, 1 deputy director - Regional coordinators - Saving group facilitators
Year of establishment	2018
Number of initiated savings groups	18
General target population	- Low income people
Additional services	<ul style="list-style-type: none"> - Financial education and social skills trainings for members - Training for saving group facilitators
Outreach strategy and upscaling	<ul style="list-style-type: none"> - Work with saving group trainers who are already connected to or establish contacts with the target population. - Work with partner institution who have access to target group through other community or social work activities

2. Market potential

2.1 Current trends and developments and the role of saving groups

People living in Poverty

Although the Netherlands is one of the richest countries in Europe, there is poverty here, too. Research by the Netherlands Institute for Social Research (SCP) shows that single-parent families, people with a non-Western background, welfare recipients, and single people under the age of 65 have a high risk of severe poverty.¹ Poverty in the Netherlands manifests itself in (very) limited financial resources, social exclusion, health problems, and limited access to education. Because of the social security safety net, poverty in the Netherlands is generally not a matter of physical survival. However, since the corona crisis, the number of people in need of extra support to feed their families increased considerably. Many live in relative poverty, in the sense that they cannot reach a minimal living standard, related to the general level of prosperity in society and that they are dependent on extra charity, such as clothing for free. With the outbreak of the corona crisis, a recession is inevitable. The Netherlands expects again an increase of poverty levels. But not only poverty is a problem, related to poverty is the problematic debt situation that many people find themselves in. Also here, the corona crisis will have an impact on the life of people when it becomes more difficult to pay off debts.

In this context, Cash2Grow expects its saving groups to be of added value to support especially low-income people to become more resilient. As savings groups help people to have more control over their financial affairs, the participation can prevent members to become over-indebted.

Situation Labour Market

After the recession of 2008, the Dutch labour market had recovered and the unemployment rate has been converging towards pre-crisis levels. Non-standard forms of work have expanded with a strong trend towards self-employment and an increased reliance on temporary contracts. These developments may reflect a preference of some individuals for a more flexible working relationship, but they could also lower job security and job quality for others. There is currently a call for policies that need to protect vulnerable groups in the more dynamic working environment without creating barriers to labour mobility and flexibility of the overall labour market. Regulatory policies should aim at raising labour market mobility to improve the matching of skills to jobs by easing the protection on permanent employment contracts and through a more targeted approach to activation policies for disadvantaged groups. Currently, because of the corona crisis, it is feared that the recession will hit harder this time because of the increased number of people with a flexible contract and the self-employed with few protections in case of inability to work and hardly any reserves (bron).

Foundation Cash2Grow combines savings group core activities with training of financial and social skills. By stimulating members to work together and learn from each and also think about their personal dreams and aspirations, it is expected that they become activated beyond participation in the savings groups. For example, to become less dependent on the welfare state or to look for a job with more reliable conditions. At the moment, Cash2Grow facilitates savings groups at a vocational education centre for people with poor job prospects. These members practice their Dutch language skills and learn together how to better handle their financial affairs. This helps them when entering the labour market afterwards.

Development of the welfare state

In the Netherlands, citizens are increasingly expected to be responsible for their own well-being in order to transform the Dutch “welfare state” into a “participation society.” In a participation society, all citizens are expected to participate more actively while the welfare state services diminish (Putters, 2014). The Dutch participation society has been presented as a promising alternative to the declining welfare state. In other words, every citizen is expected to use their own strength to participate in society (Van Houten, 2015). As a result, the welfare state system – based on control through large-scale, formal procedures

and a lot of bureaucracy – will be reduced and the role of the participation society will increase. In a participation society, social care is to be done by citizens themselves, and caring for each other in such a society is expected to be organized through grassroots initiatives, which are more small-scale, informal, and practical than the services of the welfare state (Van Houten, 2015).

However, not all Dutch citizens have the necessary competencies and resources to participate. They might be motivated to set up initiatives but lack the competencies to deal with the high level of bureaucracy in Dutch welfare policies. People with a migrant background – recently arrived or having lived in the Netherlands for some time – often lack the competence to understand the complex Dutch bureaucratic procedures involved in accessing additional financial resources for setting up a community activity. In addition, the lack of access to resources such as social networks and sufficient income can lead to the financial and social isolation of vulnerable people who cannot find the right support from the welfare sector or from the networks they belong to (Putters, 2019). Thus, relying on individual responsibility to participate at the community level does not necessarily go well if citizens lack both competences and social and financial resources.

Savings groups could be an option that allows people to tackle some of their personal challenges with the support of other group members. In contrast to the complexity of figuring out the rules and regulations of the participation society, participation in a savings group is rather simple. Once members have learned how to apply the methodology, they can simultaneously save money, have access to loans, and invest in their social networks.

Public Awareness for financial literacy

Even though Dutch citizens are able to access banks and open savings accounts, they often fail to create a financial buffer for difficult times (Van der Schors et al., 2016). In the Netherlands, several organizations are working to embed financial education in the primary and secondary curricula. Various institutions, including the National Institute for Family Finance Information (NIBUD) and *Wijzer in geldzaken!* MoneyWise, have developed educational programs aimed at stimulating financially healthy behavior. The NIBUD helps teachers to discuss this theme in the classroom in a simple manner. *Wijzer in Geldzaken*, or *MoneyWise*, is a platform where various partners join forces to promote responsible financial behavior in the Netherlands. *Wijzer in geldzaken!* MoneyWise wants to help vulnerable groups prepare for unexpected events and teach children and young people financial skills from a young age.

Members of saving groups of *Cash2Grow* are enabled to build up financial buffers. Many members had found it demotivating to save on their own at an anonymous financial institution and therefore had difficulties putting money aside for themselves. In participating in a savings group, however, they experienced support from each other to save money on a weekly / biweekly or monthly basis and learn from each other on how to handle their financial affairs in a responsible way. In the Netherlands, savings groups could be therefore be of added value to increase financial literacy skills as there are not a one-time activity, like course or training provided by the mentioned networks. Savings groups can continue themselves as long as they want and are thus a sustainable solution to teach financial literacy skills in the long run. Moreover, in a SG members learn to change their financial behaviour, while knowledge transfer has limited impact on behaviour.

2.2 Organizational context

Positioning Saving Groups in the Dutch social and financial landscape

In the Netherlands, it appears that vulnerable groups, in particular, have difficulties repaying (consumer) loans or meeting financial obligations such as mortgages (Van der Schors et al., 2016). Also, self-employed people have problems obtaining access to financial services such as smaller loans for income-generating activities or affordable insurance protection in case they are not able to work anymore. For those with a low level of financial literacy, having savings – having a financial safety net – is threatened. Current findings during the corona crisis reveal that people in the middle and lower classes often have little or no personal financial buffer to rely on (Karlan et al., 2014; Fernandes et al., 2014). To fill these gaps, new small-scale local initiatives are emerging such as crowdfunding, peer-to-peer

lending, time banks, or local contemporary currencies. Such initiatives are arising in response to a retreating welfare state and the perceived failure of financial markets to deal with the pressing societal problems of our times (De Moor, 2013; Biekart et al., 2016; Brandsen et al., 2016). Savings groups can be regarded as one of those initiatives that fill a gap and stimulate people to save on a more structured way and support each other in times of crisis.

Another enabling factor for setting up saving groups are the migrant communities in the Netherlands. For centuries, ROSCAs have been part of financial landscapes in the Global South, with long traditions of pooling money together that helped excluded groups engage in alternative financial services. Migrants in Western society have brought these practices with them from their countries of origin. While there are no official figures with regards to the number of ROSCAs existing in the Netherlands, the experience of Cash2Grow shows that most migrants are familiar with these ROSCAs and that they are used to save as well as to finance bigger expenditures. That is why, migrants familiar with ROSCAs are generally more enthusiastic about savings groups than native Dutch who have never heard about the idea about saving together before.

Cash2Grow	
Present situation (2021)	<p>Reached target groups: The target group for savings groups consists of people with tight budgets who want to gain more control over their financial situation and increase their social network. The target group includes the working poor (people with part-time jobs, on-call workers and self-employed workers), social benefit recipients, retirees and women depending on the low income of their husband or child.</p> <p>Scale: Cash2Grow started to promote saving groups since February 2019. Currently, 18 groups with about 144 members have been created with the support of Cash2Grow, 5 facilitators are certified by Cash2Grow (mix of volunteers, professionals and freelancers); moreover, we have 2 regional coordinators (freelancers), 2 members of direction team (freelancers), 4 volunteers/ freelancers for communication, layout, training materials, and networking. Currently, about 25 people are following our training to become certified SG facilitators in 2021.</p> <p>Region: Cash2Grow is active in five regions Utrecht/De Bilt, Maastricht, Den Haag/Schiedam, Amsterdam and Groningen. Until now we are mostly active in urban areas.</p>

Envisaged situation (2022)	<p>Reached target groups: In addition, the mentioned target groups, we aim to serve more low income people with a native Dutch background, as well as more newcomers and small scale entrepreneurs.</p> <p>Scale: (25 groups, 200 members, 25 certified facilitators)</p> <p>Region: (five regions Utrecht/De Bilt, Maastricht, Den Haag/Schiedam, Amsterdam and Groningen).</p>
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<p>Experienced obstacles</p>	<ul style="list-style-type: none"> - Potential partner organizations and individuals often believe that people with tight budgets cannot save. Cash2Grow has to convince them that these people want to save and can do so with the support of the SG. - Fundraising takes a lot of time, which is at the expense of the implementation of the activities. - The size of management team versus intended impact. Demand is increasing, but we as an organization are still unable to cope with it. We still have limited organizational capacity. After all, giving a start training is not enough, because trainers also need to be supported and supervised.
<p>Enabling conditions</p>	<ul style="list-style-type: none"> - In times of corona, people appear more motivated to support each other in this type of self-help groups and thereby learn from and inspire each other. - Welfare organizations need to build and maintain a lasting bond with their target group. - Savings groups fill a gap in the existing offer of the welfare organizations to low income people to manage their financial affairs. Many people want to save more, but they cannot manage on their own. Participation in savings groups is much more accessible than, for example, formal courses to promote financial and social self-reliance.

2.3 Target Group Personas

Target group of Cash2Grow	
Isolated migrant women	<p>Fatima, the family manager</p> <p><i>Fatima is born in Turkey and moved to the Netherlands when she married her husband. She lives since 15 years in The Hague where she lives together with her husband and her three children (6, 8 en 12 years old). Most of the time she spends at home to care for her kids and to do the household.</i></p> <p><i>Outside the home, she has very little extra activities, except for doing groceries or meeting once in a while a neighbor woman or a relative. As she still speaks very little Dutch, she is dependent on her husband or oldest child to help her to deal with the demands of Dutch Society, like talking to teachers at school or going to medical consultations.</i></p> <p>Characteristics: Middle age, low level of education, poor Dutch, lives rather isolated, no income and poor insights in the financial household management of her husband.</p> <p>Needs: Social network outside family, savings on her own.</p> <p>Wants: Wishes to make new friends and meet outside the house, control over household's financial affairs by getting more insights of types in income and expenses.</p>
Migrant women	<p>Sarah, the community connector</p> <p><i>Sarah is born in Morocco where she finished her high school diploma before she traveled to the Netherlands. In Amsterdam she received a university degree in social work. At university she also met her husband with whom she has two children, aged 2 and 4. Sarah is well integrated in her neighborhood and runs the community center where she tries other migrants to find their ways in Dutch society. Even though, she contributes to the family household, the part of financial management remains in the hands of her husband.</i></p> <p><i>Sarah experiences that family life is expensive and busy, and she misses to see her friends on regular basis. In addition, she wants to have some savings for her own to invest in herself to have a better chance on the labour market.</i></p> <p>Characteristics: woman, mother, migrant, medium to high level of education, fluent in Dutch, active in the community.</p> <p>Needs: saving buffer, money for herself, more social contacts in busy life</p> <p>Wants: Self-development, to learn more about financial affairs.</p>

Financially vulnerable	<p>Marian, the survivor</p> <p><i>Marian is 55 years old and lives in Schiedam on her own. She has two grown up daughters and has been divorced a number of years ago. She also cares for her mother, who lives close by and has Alzheimer. Marian has worked before the children were born but stopped when the first one was born. Since then, she was not successful in reentering the labour market and lives on social benefits. For her it is often impossible to make ends meet and she often has to overdraw her banking account at the end of the month before the benefits come in. She has some consumer credits outstanding to help her daughters move in their first apartments on their own. In this situation, she finds it difficult to save.</i></p> <p>Characteristics: woman or men, low and medium level of education, fluent in Dutch</p> <p>Needs: saving buffer, money for herself, more social contacts; access to emergency loans</p> <p>Wants: More insights in her financial affairs and a broader professional network to find a paid job.</p>
Ritirees	<p>Piet, the retiree</p> <p><i>Piet is 68 years old and with retirement since some years. Even though he enjoys the extra time for himself and his hobbies (like fishing and chest), he has sometimes difficulties to make ends meet at the end of the month. He also misses a structure of the day and often feels lonely as he does not see his former colleagues anymore.</i></p> <p>Characteristics: woman or men, low and medium level of education, fluent in Dutch, older generation 65+,</p> <p>Needs: more savings for emergencies, more structure in daily life and social contacts.</p> <p>Wants: Mental relieve of worrying about money and more friends to rely on.</p>
Self-employed	<p>Marlies, the pedicure professional</p> <p><i>Marlies is a young woman of 23 and tries to set up her first own business. She wants to start as a mobile pedicure specialist to serve their clients at home. She is not very experienced yet and has little entrepreneurial experiences. She is interested to meet other like-minded professionals in a business network setting. She uses her savings to buy equipment for her business.</i></p> <p>Needs: Small investments for her company; savings for business, supporting business network.</p> <p>Wants: Become a successful entrepreneur</p>

How does Cash2Grow aims to serve this target group?

- Financial literacy and social skills combined with savings group methodology. Participation in savings groups is much more accessible than, for example, formal courses to promote financial and social self-reliance.

2.4 Mapping potential partner organizations

Based on the formulated personas, Cash2Grow identifies and maps its existing and potential partners.

With what kind of organizations do you work with at the moment and or have collaborated in the last years?

No.	Name of organization	Type/category of organization	Field of activity	Service offered / received	Target group
1	De Dappere Dames	Migrant self-organization	Social Work - Community Centre in one neighborhood in Amsterdam	Empowerment training women, activities for children, meetings on parenthood, individual support financial affairs, free dinner for vulnerable households	Women with migration background, mainly but not exclusively Moroccan
2	Stichting de Meevaart – leer en werkbedrijf	Adult education	Vocational education	Vocational education during 2 years, including internship. Is part of official educational system. Savings Group is part of internship for student's administration and students' services	People with difficulties finding jobs, high percentage newcomers with low levels of Dutch
3	Stichting Al Amal –	Migrant self-organization	Social Work: Community Centre in two neighborhoods in Utrecht	Activities to facilitate integration of migrants	Women with migration background, mainly but not exclusively Moroccan
4	Dock	Welfare organization	Social work: One of the largest welfare organizations in the Netherlands	Wide range of community activities and individual support. Runs many community centers in the country. We work with one Dock community center in Utrecht	Broad target group: all neighbourhood dwellers in targeted neighbourhoods

5	Wijk Ondersteunings Team WOT	Welfare organization	Social work and mental health workers	Social Work, Individual counseling, support to parents with child education, community activities, activities for parents in primary schools, etc. We work with WOT Schiedam	Vulnerable people in the neighbourhood
6	Stichting Avrasya	Migrant self-organization	One community centre, activities in several neighborhoods in the Hague	Social work, individual support, language courses, theatre, music lessons, market for handicrafts and food, etc.	Women with a migrant background from the Caucasus area, mainly from Turkey

What kind of organization could you be interested to work with in the future?

No.	Type of organization	Service offered	Target group	Added value
1	More large-scale welfare organizations	Diverse range of trainings and workshops, personal and family support measures	Migrants Welfare recipients	- Target group defined - Access to the regular financial system
2	More municipalities	Welfare programs and general support services	Socially isolated persons Welfare recipients Indebted persons	- Access to larger range of partner organizations and their target groups
3	Dutch Council for Refugees (Vluchtelingenwerk)	Diverse service offered to integrate refugees in Dutch Society	Refugees	- Financial services, such loans and credits to newcomers and entrepreneurs for setting-up small businesses.
4	Financial training institutions (Nibud)	Financial education and literacy	Migrants Local residents Refugees	- Long term solutions

3. Legal framework

3.1 National Law

In the Netherlands there is little to no legal regulation which can be considered applicable to the concept of a saving group. The Financial Supervision Act (herein after 'Wft') generally applies to financial enterprises. Art. 1:1 Wft defines what constitutes a financial enterprise. The only two possibilities for Cash2Grow to be covered by this definition would be as h) a depository, or n) a credit union. Art. 1:1 Wft further explains the definitions of these terms. A depository is defined as "The person entrusted with the custody of the assets of an investment institution or UCITS." A saving group does not store assets of an investment institution or UCITS (society for collective investment in securities or fund for collective investment in securities, 1:1 Wft) and would therefore not constitute a depository. A credit union means: "Cooperative whose members are admitted to membership by virtue of their profession or business."

Within Cash2Grow's saving group members are not admitted on the grounds of profession or business, no distinction is made in this regard. Hence, the Wft is not applicable to the activities of a saving group. In addition to the Wft, Section 2A of the Civil Code 7 is applicable to consumer credits. However, one cannot speak of a consumer credit in this case. For a consumer credit there must be a consumer; "a natural person acting for purposes other than his business or professional activities" who enters into a loan with a creditor; "a natural or legal person who grants or promises to grant credit in the course of his business or professional activities." If the savings group lends money to one of its members, there is no credit agreement since the lender, the saving group, does not qualify as a legal person and the underlying natural person does not act in the exercise of their professional or business activities. It should also be noted that the saving group does not qualify as a financial services provider within the context of the Financial Supervision Act. Any agreement between the savings group and a member of the target group does, however, qualify as an agreement under the Dutch Civil Code. Thus, the legal regulation is very limited in its application regarding Cash2Grow saving groups.

3.2 Monitoring

The saving group does not qualify as a financial services provider/undertaking within the meaning of the Wft and is therefore not required to have a license under the Wft. Thus, it is not subject to supervision by the Dutch Authority for the Financial Markets (AFM), resulting in no formal monitoring by the regulator. There is, however, internal monitoring and evaluation of foundation Cash2Grow.

3.3 Loans

Since the Dutch Civil Code, more specifically Section 2A of Civil Code 7, is applicable to consumer loans only, it has no impact on saving groups. Resulting, neither the number, nor the amount of loans are thus regulated by law. In the case of Cash2Grow, we are speaking of an informal loan, also called a private loan. There are no legal provisions applicable to these loans, except of course the normal contract laws regarding fulfillment of the agreement, etc. Therefore, it is of course important to have clear agreements between the savings group and the member who takes out the loan.

Moreover, it is recommended that the agreements which are made are recorded in writing. Relevant documents are collected and stored in accordance with the privacy law 'AVG' guidelines. The saving group itself has no legal personality which does however, not mean that no legislation applies to it. It is hereby of importance that the saving group has no profit motive and acts within the framework of a predetermined set of rules. It is thus unlikely that the saving group will build up any assets as to result in the addition or change of its legal personality.

It is not possible for the members of a savings group to build track records as potential borrowers at a formal financial institution. Banks and the like have no insight into the savings of the savings group. Therefore, they cannot have insight into the savings group members and hence they cannot build a track record with the banks.

In order to register informal loans for formal bookkeeping the loan must be recorded in the accounts of the entrepreneurs. When taking out this loan, there is the possibility for the entrepreneur to categorize it as a business loan. The entrepreneur could then add the interest to its business costs.

The legal requirements for a business loan include a repayment schedule, a term and a business interest rate (for example, as high as a bank). This can be catered by providing the loan forms of Cash2Grow.

3.4 Savings

There is no maximum on savings in terms of the total amount accumulated per group or per member. The tax authorities do, however, expect everyone to declare their share in the savings group. If the savings group has divided the saved money among the members, they must also declare the amount of cash on their income tax return if it is more than the exemption of +/- €500. This will (most likely) have no further consequences for the tax the members have to pay. In 2020 they only have to pay tax on the excess of €30,864, if they have a tax partner this is double. In 2021, tax only needs to be paid on the excess of €50,000, this is also doubled if they have a tax partner.

Any debts and receivables must also be declared including interest received. Regarding the cash box for the collection of savings there is also no maximum amount which can be stored. However, anything above the exemption must be included in the tax return. If the capital subsequently remains below the limit of €30,846 (in 2020), or €50,000 (in 2021), no taxes have to be paid though. If the savings group members forget to include this in their tax return and they remain under these exemptions, there is virtually no risk because the tax authorities will not miss out on any taxes.

3.5 Fiscal consequences

If the bank account is a personal bank account, a so-called *and/or account*, it will be a personal asset for the account holders. This may have tax implications if the amounts result in a greater asset than €30,746 (2020) or €50,000 (2021) being present in one of the member's accounts. The account holders must allocate the balance of the account on a *pro rata* basis, meaning equal distribution. The requirements in order to open a bank account vary from bank to bank. In many cases, it will only be possible for a maximum number of two people to open a common account.

3.6 Interest

In the Netherlands, saving groups can decide whether they want to work with interest rates or not. Even though, we call it interest rates it can be rather defined as a donation of the loan taker to the other group members as a sign of appreciation and gratitude for being able to use the money.

For the Dutch law, in the case of a donation, there must be an impoverishment of the giver, an enrichment of the receiver and there must be an intention to benefit. This is the case within the saving group. There is a tax exemption for donations to third parties, which amount to €2,208 in 2020 and €3,244 in 2021. However, income generated by the interest in savings groups will never exceed the €3,244 what is the maximum amount that can be received as a donation. Thus, the interest amounts received in a savings group have no fiscal consequences according to the Dutch law.

Discussion of the legal framework:

The general legal framework forms no obstacle to set up savings groups in the Netherlands. However, the KYC requirements (know your customers) of the Wft and the lack of legal identity make it impossible to open a group bank account for savings groups in the Netherlands. This forms a constant challenge for the foundation as well as the groups themselves to manage the cash money in the group. This forms the only obstacle for operations of savings groups in the Netherlands. It is not realistic that the legal framework will change, but even if the legal framework would be adapted by recognizing savings groups it is questionable whether it is desirable given the fact that the adaption would come along with many legal and bureaucratic requirements.

5. Mapping risk factors for Savings Groups members

According to the following categorization, Cash2Grow sees the following risk and according mitigation factors for members of saving groups that were initiated through Cash2Grow.

In the table below, the risks and mitigation strategies are presented:

Risk	Severity	Likelihood	Mitigation
Loss of money because of fraud by (one of the) members	Severe	Unlikely	Reduce possibilities of fraud by clear procedures that guarantees transparency and build trust: e.g. only persons known well by at least one member are introduced to a group.
Loss of the cashbox with all the money	Severe	Unlikely	A maximum amount of money shall be saved in one box. Above a certain limit, a second box will be introduced.
High saving levels that extends the amount that can be reasonably be saved in the box	Severe	Possible	Propose clear rules to the group with possible solutions such as: open an bank account, introduce an extra ROSCA, limit saving amounts.
Friction between group members with causes people to leave the group	Significant	Possible	Training on social skills and train group facilitators on how to deal with it.
Savings groups are unable to become independent because of missing capacity of group members.	Significant	Possible	Meet on weekly basis, strict and transparent procedures.
Group facilitators stops supporting the group before the end of the cycle.	Significant	Possible	Select facilitators carefully and invest in long term relations.

Appendix 3: Country report Italy

Feasibility Study: Labins

1. Description of your organization: Labins S.C. Impresa Sociale

Labins, which is short for Social Innovation Laboratory (in Italian), deals with innovative projects aimed at fostering social inclusion. It is a social enterprise registered in Turin (Italy) as a social cooperative and was created in 2012 by a group of professionals with different skills and knowledge in the field of social policies, social housing, media, economics, environment and research and financial education.

The team consists of 9 full-time and part-time employees and 10 freelance consultants with excellent competencies and expertise in social impact projects, including the creation and management of savings groups.

Labins' main target groups are: people in a situation of vulnerability (socio-economic and/or housing), young people, newcomers and refugees, victims of violence, people at risk of social and financial exclusion, social workers, adults with mental health disorders and pathological gamblers, low-income families, non-for-profit organizations, micro-entrepreneurs and savings groups members.

Labins discovered the savings groups through one of its consultants, Patricia Pulido, who in 2015 brought the model and the experience of ACAF to the cooperative. Labins began to cooperate with ACAF Italia in data collection to submit to microfinance networks. In 2016, Labins launched a pilot program "Community Entrepreneurship Groups" in collaboration with the Time Banks in the Province of Turin, a new way to foster entrepreneurship and community building through savings groups.

After that, Labins launched three pilot projects in the Piedmont Region funded by Compagnia di San Paolo Foundation: "*Financial education and savings for unaccompanied minors*", "*Financial education for women victims of economic violence*" and "*Social Housing and Financial Education Programme*".

Labins also formalized the collaboration with the cooperative "Alice nello Specchio" to set-up a psychosocial rehabilitation programme through savings. The programme targeted long-term psychiatric patients and pathological gamblers.

Labins promotes savings groups and financial education in schools within the project "Bella Presenza" funded by Con i Bambini, a non-profit organisation aimed to realise programs from "The Fund Against Educational Poverty In Children and Youth".

Labins methodology combines savings groups with financial education in order to cater for those who want to make informed choices and take responsible decisions on how to use and manage their money.

In 2019 Labins created "EduFin Academy" an educational financial literacy training program created by Labins that offers various courses for individuals, families, communities, and savings groups. Since then, Labins has trained over 1,200 people in financial education and entrepreneurship, promoting financial inclusion but also gender equality and strengthening women's roles in financial management.

Characteristics	
Type of organization	Labins is a social enterprise registered as a social cooperative. Labins is based in Turin (Italy) and created in December 2012. Labins is currently a member of RITMI (Italian Microfinance Network).
Layout of organizational structure	<p>The current Board of Directors (BoD) is composed of a President, a Vice-President and three board members. The current BoD's profile is rather diversified, with competences and knowledge in social impact initiatives, unaccompanied foreign minors, youth policies, microfinance, social housing, media empowerment and visual narrative.</p> <p>As a social cooperative, Labins has 12 members who are part of the Assembly.</p> <p>At the moment Labins has 9 employees and 10 freelance consultants with good skills, background and notion of social impact projects.</p>
Year of establishment	2012
Number of initiated savings groups	60 savings groups in Italy and 1 in Poland. (27 youth savings groups)
General target population	Young people (60%); families and migrants (20%); adults with mental health disorders and pathological gamblers (10%); social workers (10%).
Number of participants per group	6-34
Age of beneficiaries	12-82
Percentage of woman	70%
Nationalities represented	12
Additional services	Financial literacy training; entrepreneurship training, social housing, consultancy in; events, social impact projects (ILO methodology).
Outreach strategy and upscaling	We have been working in partnership with local organizations and cooperatives mostly in the Piedmont Region. Our main priorities are: a) to prepare a business plan to promote the methodology and to present it to future investors; b) to expand towards new regions and local communities; c) to adapt the services based on the needs of the beneficiaries in the current post-emergency situation.

2. Market potential

2.1 Current trends and developments and the role of saving groups

People living in Poverty

The number of Italian families living in absolute poverty decreased in 2019 after four straight years of growth, though there is still a significant problem in the underdeveloped south. About 4.6 million people, or 7.7% of the population, live in absolute poverty, defined as those unable to buy goods and services essential to avoid grave forms of social exclusion, according to data from national statistics bureau ISTAT. In terms of families, the number was 1.7 million. As Savings Groups are a tool for social inclusion, some of these families can be future savings groups members.

Around one million families benefited from a “citizens’ income” scheme for the poor. ISTAT said in 2019 the poor increased their spending following this welfare reform. ISTAT said 8.6% of families in the south were living in absolute poverty last year. That compared to 5.8% in the north and 4.5% in the central regions, including the capital, Rome. Italians living in “relative poverty” - those whose disposable income is less than around half the national average - held steady, edging down to around 14.7% of the population. COVID-19 crisis is having an inevitable impact on poverty in 2020.

Measures taken to combat poverty

In 2017, the Italian government introduced a national policy measure to tackle poverty called Income for Inclusion (*Reddito di Inclusione*, REI). Targeted to overcome poverty, it aims to provide financial support as part of a tailored scheme to help encourage the social and employment inclusion of claimants. REI is paid for a maximum of 18 months, at the end of which claimants have to wait for 6 months before claiming any new benefits. Potential claimants have to satisfy several conditions. They have to be Italian citizens, European citizens, or related to an Italian or European Citizen; or they have to have the right of residence or the right of permanent residence, and, if they are not EU citizens they must hold a EU green card or to have been granted international protection (political asylum, or subsidiary protection) and have been a resident in Italy for at least two years before applying for the benefit.

The REI is composed of two measures. Firstly, it is an economic benefit of an amount depending on the number of household members and their individual incomes. The minimum amount of benefit is €190, with the maximum benefit of approximately €490 for a household that comprises five or more people. Secondly, it is seen as a pathway to social and employment inclusion. It requires a preliminary assessment of the household members, aimed at analyzing the economic situation, employment status and the employability of the applicant, plus their education, training and living conditions.

In 2019, the Italian government introduced another national policy measure to tackle poverty called Citizens' Income (*Reddito di Cittadinanza*). The program is designed to alleviate poverty and address unemployment and to better match job demand and supply. Citizens' Income program provides those eligible with €780 credited to monthly, prepaid debit cards to pay for groceries, pharmaceuticals, utility bills, rent and other essentials. In exchange, able-bodied participants enroll in a job-finding and job-training program. To qualify, you must be an Italian or EU citizen, or have lived in the country for at least 10 years. You must also have a household income of under €9,360 per year, savings under €6,000, and no second property costing more than €30,000. A single person with no income or minimal savings can receive a maximum of €9,360 per year, or €780 euros per month, with €280 to be used for rent. This is adjusted up for families with children. Anyone earning less than €780 euros per month are eligible to have this topped up.

Labins methodology combines savings groups with financial education in order to cater for those who want to make informed choices and take responsible decisions on how to use and manage their money. Labins aims to contribute to the Citizen's Income program by proposing savings groups and financial education courses for its beneficiaries.

Situation Labour Market

The Italian economy and labour market have started to recover from the Great Recession in the past few years. However, the employment rate of persons aged 15-64 has risen to 58%, which is still below the OECD average (67.8%). The unemployment rate has been decreasing in recent years, at 11.4%, but remains the third highest among OECD countries. Several groups continue to face rather bleak labour market prospects: women, young people and long-term unemployed.

Women still face greater challenges than men in the labour market. The participation rate of working age women, at 56% in 2017, remains almost 20 percentage points below men. As Savings Groups are effective at mobilizing women and expanding access to financial resources, combining Savings Groups and Entrepreneurship can be a key strategy in addressing gender gaps in the labour market.

The unemployment rate of 15-24 years olds stood at 43% at its peak in 2014. In 2017, more than one in four persons aged 20 to 24 were neither employed, nor in education or training (NEET) compared with one in six in the OECD countries. Combining Savings Groups and entrepreneurial skills could allow young people to learn about personal and group finance and entrepreneurship in a low risk and fancy way.

Long-term unemployment remains high in Italy: 59%, second highest - together with the Slovak Republic - among OECD countries and the qualification and skill level of the labour force are low. Several institutions are working with micro-entrepreneurs and they helped them to access microcredit services; very few targeted low-income long-term unemployed because they are time consuming and very risky, even for the microfinance system. Savings Groups and Community Led-Microfinance practices could help to cover the gap.

Development of the welfare state

The National Health Service (Servizio Sanitario Nazionale - SSN) is mainly dealt with by regions, under the control of the Health Ministry. Central regions are thought to have the best, more comprehensive, cheap and universal healthcare system; Northern regions are thought to have quite good but expensive healthcare systems, while the Southern regions are often charged with bad healthcare. Life expectancy in Italy remains the second highest among all the EU countries, right after Spain but household expenditure on healthcare increases year by year, particularly among low-income groups and mostly among working poor, which might increase health inequalities.

Traditional actors, such as Mutual Aid Societies (*Società di Mutuo Soccorso*) are back to the system and they try to provide insurance to their members to help them to cover the health expenses that are not covered by the National Health Service. Further efforts needed to reach low-income people who are not familiar with the community-based insurance practices. Savings Groups and Financial Education could help to create the culture of affordable health insurance and prevention. Education is free and compulsory for children between 6 and 18 years of age. Families are responsible for books, transportation and extra fees. Some low-income families can apply for a voucher to contribute to these payments. Public universities are mainly financed by the state. Most of the Savings Groups members with school-age children save for school expenses.

The Coronavirus situation is not helping the Italian economy or the welfare state. The pandemic has brought the economy to its knees and Savings Groups members' economy has been affected too. Despite economic complications, the mutual support of the members has helped to cope with the stress of the situation and to find solutions and hope during these uncertain times.

Public Awareness for financial literacy

The financial competencies of Italians are very low by international standards, especially with regard to knowledge of basic concepts and the tendency to put sound behaviours into practice when managing financial resources.

According to the data collected by Bank of Italy, less than 50% of the population are able to calculate a simple interest rate. Italians have a low propensity to pursue long-term financial goals (only 27% set long-term financial goals and strive to achieve them), low tendency to borrow (only 15% of adults have

been in a situation where family income was insufficient to cover their living costs and they resorted to borrowing) but they show a positive saving orientation. Budgeting is barely used: only 37% of adults state that their family sets a budget to decide how much of their income will be spent to cover their living expenses and how much of it will be saved. Proving financial literacy through Savings Groups could help to improve financial literacy skills of the most vulnerable population.

In Italy there are also gender gaps in financial literacy. Highly educated women, in particular, have lower financial knowledge scores than their male peers. In addition, financial skills increase with age for younger individuals and then decrease for older ones, with a peak at about age 44. Finally, the knowledge score is lower for those who are not working, such as housewives, the retired, the unemployed or individuals seeking their first employment. Savings Groups as a platform to provide financial literacy and entrepreneurship could help to increase the opportunities of women.

According to the Monetary Observatory of the Catholic University, financial education initiatives have been concentrated mainly in the north of the country, where the level of financial literacy is already relatively higher. High schools receive more attention than vocational schools. Labins currently promotes savings groups and financial education in schools in the south of Italy with high levels of educational poverty.

The national financial education strategy, developed by the Italian Committee for the Planning and Coordination of Financial Education Activities, aims to increase the financial skills of Italians. The main financial education contents are the following: Money and transactions; Budget and Savings management; Risk and return; Economic and financial system. Savings Groups could be an option that allows people to improve the areas of household finance and savings management.

2.2 Organizational context

<p>Present situation (2020)</p>	<p>Target group: Labins has been working with savings groups since 2015. Since then, our main beneficiaries have been: adults with mental health disorders and migrants. Last year we started working with schools. At the present, our reached target groups are mainly: young people (60%); low-income families and migrants (20%); adults with mental health disorders and pathological gamblers (10%); social workers (10%).</p> <p>Region: Labins is working on promoting savings groups in Italy, mainly in the Piedmont Region, in the cities of: Torino, Chieri, Cuneo, Alessandria, Ivrea, Pinerolo and Caselle Torinese. Labins has also contributed to the star-up of savings groups in the Region of Campania (Naples), Lazio (Roma, Castel di Guido), Calabria (Bivongi) and Lombardy (Milan). Labins has also contributed to the start-up of the savings groups in Poland.</p> <p>Scale: At the moment Labins has 9 employees and 10 freelance consultants. However, the current number of staffs to promote and to train savings groups is still very limited. Only two people in the organization are trained to do it.</p> <p>Labins has contributed to create 60 savings groups in Italy and it has created 27 youth savings groups in Italy (about 380 members).</p> <p>Italian Savings Groups are composed of 6 to 34 members (average 8-15). Labins also offers non-financial services such as financial education and entrepreneurship training.</p> <p>In 2019 Labins created “EduFin Academy” an educational financial literacy training program that offers various courses for individuals, families, communities, and savings groups. Since then, Labins has trained over 1,200 people in financial education and entrepreneurship, promoting financial inclusion but also gender equality and strengthening women’s roles in financial management.</p> <p>The staff of EduFin Academy is composed by two employees and two consultants. The current staff have competences and knowledge in education, microfinance, entrepreneurship and group dynamics.</p>
<p>Envisaged situation (2022)</p>	<p>In the future, we would like to continue working with low-income families, migrants, young people, adults with mental health disorders and pathological gamblers. We would like to reach other target groups as newcomers and homeless people.</p> <p>We would like to have the online methodology in order to train and to follow- up the savings groups more effectively and faster, avoiding unnecessary expenses and saving time.</p> <p>In 2022 we would like to reach 500 people with the savings groups methodology and we would like to create 20 more savings groups in Italy. We would like to bring the savings groups to other Italian Regions as Lombardy, Veneto, Campania or Tuscany. We will need to have at least six trainers and a master trainer in each region.</p>

<p>Experienced obstacles</p>	<p>Lack of digitalization: Labins has not a tool (platform, app) for collecting and elaborating quantitative and qualitative information on groups' profile and credit history.</p> <p>Lack of formal trainers' manual to train the trainers properly and to expand the savings groups methodology to other Italian Regions.</p> <p>Lack of funding resources: the start-up of savings groups relies entirely on external donors, which may affect the sustainability and the continuity of the operation, especially if the donors are public and the economy is facing severe contractions.</p> <p>Identify the regulation framework under which this methodology can evolve in order to determine the future strategies.</p> <p>Scarce visibility of the savings groups and recognition of their potential:</p>
<p>Enabling conditions</p>	<p>Migrants and newcomers' savings traditions help to set up savings groups among them.</p> <p>Creating partnerships with local authorities, microfinance institutions, cooperatives, schools and community organizations help to set up savings groups with different target groups.</p> <p>It could be therefore important to make a legal study to better position savings groups' activity within the Italian regulation framework and to understand to which extent methodology can be legally applied in Italy.</p>

2.3 Target group personas

Target groups for Labins	
Homeless people	<p>Carlo, the Man of the Platform 13</p> <p><i>After working in a fixtures company for more than 10 years, Carlo has lost his job at the age of 44; today he is 51. For some time, thanks to some friends, he managed to do odd jobs, but with too many back payments (rent, bills..) Carlo and his partner Elsa were evicted from their apartment. Elsa returned to her village in Puglia; Carlo suddenly found himself homeless and he began touring the dormitories of the city, then the benches in the squares, ending in the discharged empty wagons at the stations, where he now lives.</i></p> <p><i>Carlo met many people on the street but now he hardly hears anyone anymore. Many have been lost, others do not know what happened to them. Sometimes Carlo earns a little income from occasional jobs but more often he depends on begging on the streets. Upon losing his residence, he has not yet managed to apply for Citizenship Income Programme (reddito di cittadinanza); to apply it should accrue at least two consecutive years of residence registration in the municipality and keep it for the entire period in which the income is received. Carlo is looking for ways to strengthen the little social contacts he has and a safe place to store the little money he earns. In the long run, he dreams of living in a little apartment again.</i></p> <p>Characteristics: Adult person (85,7% men) who lives on the street or in night shelters; with mental health disorders and/or addictive disorders (86%); mainly migrants (40% Italians; 60% from Morocco, Tunisia, Albania and Romania), in absolute poverty (40% live on the street for more than 4 years); average age of about 44 years and live mainly in the regions of Northern Italy; sometimes he could have monthly income from irregular and occasional work between 100 and 500€; in the past, he had a house (60%) but he couldn't afford the household expenses because of loss of work, health problems and/or family break-up events.</p> <p>Needs: More social contacts; Need to store money in a safe place</p> <p>Wants: Get out of poverty; Find a house; Health; Increase personal incomes.</p>

<p>Adults in extreme poverty</p>	<p><i>Davide, the Painter</i> <i>Davide, 54, lives in a small 20 square meter apartment. He began his working life by preparing canvases and colors for those who painted, then he was hired by a construction company where he worked for more than 15 years. Five years ago he began to have health problems and doctors certified him with a disability of 40 percent. Not being able to carry out his previous duties, the company fired him. Little by little, he closed himself in his world, withdrew from friendships and started drinking more than usual. Each month he receives € 780 from the Citizenship Income Programme (reddito di cittadinanza) and € 150 contribution from Caritas to pay his bills. Every Sunday her mother, 79, brings him meat, pasta and vegetables. Giulio, Davide's brother, gives him from time to time, new shirts, shoes and pants. Davide would like to have a bigger and beautiful house to be proud of.. He would like to be able to manage his expenses better, so that he can get to the end of the month with some more money; maybe he would have less shame to leave the house, to make new friends, to find new activities to do...</i></p> <p>Characteristics: adult aged 45- 59 anni; beneficiary of citizenship income (social benefit); lives in a house of 20 square meters or less; cannot work because of health problems; receives €150 per month from Caritas to pay bills and some family support for goods and food; poor social network.</p> <p>Needs: Positive pressure to save; More control on household money; More social contacts.</p> <p>Wants Get out of poverty; Increase personal incomes; Bigger house.</p>
<p>Migrant woman entrepreneur</p>	<p><i>Mary Go Round, the Entrepreneur</i> <i>Mary is a mother of three aged 1, 3 and 7: Emily, John and Christopher. She is from Nigeria but she has been in Italy for 7 years. She has taken several Italian courses in order to improve her language skills, but with three kids it is complicated to follow all the classes and to do the homework. She took her CV everywhere but she couldn't find a job compatible with her family responsibilities. Mary is a member of susu (traditional savings group). She used to buy and sell small products (cosmetics and clothing) among her network and to do some hairdressing jobs. She is very good at creating trendy African hairstyles for women and girls... even for Italian ones! Mary would like to improve her language and entrepreneurial skills in order to start a small business in Italy.</i></p> <p>Characteristics: migrant woman with secondary education and entrepreneurial skills; housewife; mother of three; without working experience in Italy but yes in her home country; with a large social network within her community of reference; low Italian language; she used to buy and sell small products among her network; she is part of a ROSCA.</p> <p>Needs: Improved entrepreneurial skills; Broader professional network; Business and Household money management skills; Improve language skills.</p> <p>Wants: Start-Up a business; Access to business loans.</p>
<p>Low-income working family</p>	<p><i>Teresina and Giuseppe, the working family</i> <i>Teresina, 45, and Giuseppe, 53, have been married for 20 years and have three children: Manuela, Luca and Roberto. Teresina works in a cleaning company and Giuseppe works as a stalls set up at the market in the morning and as a dishwasher in the evening. The family has fixed monthly incomes €800 per month with some small variable temporary incomes coming from Giuseppe small temporary jobs. Giuseppe receives his salary very late (sometimes even three months later) so the family has problems to pay the rent on time (€500 per month). They are concerned about the education of their kids</i></p>

	<p>and how they will be able to pay the school expenditures. They are looking for other housing solutions and they are willing to share an apartment with another family, if necessary. They would like to have some job stability and to increase family incomes.</p> <p>Characteristics: family of five with three minor children; Italian nationality; part-time jobs; fixed monthly incomes €800 per month with some small variable temporary incomes; basic education; living in a rented apartment.</p> <p>Needs & Wants: Positive pressure to save; More control on household money; Access to emergency loans; Broader professional network to find a well-paid job or some job stability.</p> <p>Wants: Get out of poverty; Increase family incomes; Well-paid job for both adults; Education for their kids; Bigger house.</p>
<p>Persons with mental health issues</p>	<p>Manuel, Beyond Himself</p> <p><i>Manuel, 37, under care of social services because of gambling problems, he finds it extremely difficult to socialize. His few social contacts are mainly the ones at the bar or games rooms. Manuel is paranoid and thinks that people despise him and those who talk to him are doing so in order to take advantage of him.</i></p> <p><i>Today Manuel is followed by doctors and psychiatrists and he is part of the rehabilitation programme of a social cooperative. He lives in an apartment group managed by the same cooperative. Manuel can't work because of his mental instability but he receives a support pension from the state. When he has squandered all his money by betting on roulette and buying methadone, Social Services have assigned him a tutor who manages his personal finances. Manuel doesn't trust himself but he would like to manage his personal finances and to make his own money decisions without the tutor.</i></p> <p>Characteristics: Adult person (mainly men) with mental health disorders and/or addictive disorders (pathological gambling, substance use, ecc.); aged 26-60 years old; little or inexistent social network; few social contacts (mainly at the bar or games rooms); in charge of social services, with links to treatment centres and support groups within social cooperatives; beneficiary of social benefits; long term unemployed: usually lives alone or in social housing support structures; access to bank accounts but he used to have a tutor who manages his personal finances.</p> <p>Needs: More social contacts; More control on personal and/or household money.</p> <p>Wants: Health; More social contacts; a Job; Manage his own money and take personal money decisions.</p>
<p>Young adults</p>	<p>Michele, the Pizza Dreamer</p> <p><i>Michele, 17, discouraged by his poor academic success and the complicated family situation, has left compulsory school and he started working as a dishwasher on call for € 5 / h in a suburban restaurant. Even if he lives with his family, the little money he earns he immediately spends it on clothing and on the intense social life. Working in the restaurant, Michele realizes that he could be a good pizza chef because he has a good dexterity for dough techniques. Michele would like to increase his personal incomes and to put some money aside in order to live on his own.</i></p> <p>Characteristics: young people aged 16-22 from families in poverty or with less opportunities; in education or vocational training; money from family (pocket money) or from not well paid temporary jobs; no bank account, he/she handles cash.</p>

Needs: More control on personal money; Positive social pressure to save (and not only to spend money)
Wants: Increase personal incomes; Living by his/her own; More social life.

How does Labins aim to serve this target group?

Addressing the needs and wants of the defined personas	<p>Savings groups are a powerful tool to help people to save in a safe place and to foster social cohesion and to extend the network of contacts. Savings groups are a powerful solution to those who are facing economic difficulties but they still have small incomes. We can combine savings groups with financial education to address those who want to have more control on household and/or personal money. We can also combine savings groups with entrepreneurship training to address those who want to improve entrepreneurial skills and to start a micro-business.</p>
How it is possible to reach the target groups based on the defined personas	<p>As an organization, we are not targeting directly the groups. We work in partnership with local organization and local authorities, so we have to develop a communication strategy with them.</p>

2.4 Mapping potential partner organizations

With what kind of organizations do you work with at the moment?

No.	Name of organizations	Type/category of organization	Service offered	Target group	Way of collaboration
1	Alice nello Specchio	Social Cooperative	Alice nello Specchio manages rehabilitative and therapeutic structures and work-related activities for people with mental, physical and sensory disabilities.	People with mental health disorders and pathological gamblers	CaF is part of the activities offered by the rehabilitation centre of the cooperative.
2	Ufficio Pio della Compagnia di San Paolo	Foundation	Ufficio Pio supports families and people in poverty through monetary transfers, social support, job search, educational services and training.	Low-income families, migrants	Financial education workshop for families in poverty.

3	Istituto di Istruzione Superiore C.I. Giulio	High School	I.I.S C. I Giulio offers the following study areas: IT business management, tourist services, social services, community management.	Young people	School savings groups
4	Istituto di Istruzione Superiore Giovanni Giolitti	Technical Institute	I.I.S C. I Giulio offers to students the following courses: Tourism	Young people	School savings groups
5	Convitto Nazionale Umberto I Torino	Primary School, Secondary School and High School	Convitto Umberto I offers to students formal education from Primary School to High School	Young people	School savings groups
6	Rete Italiana di Microfinanza	Microfinance Network	RITMI promotes financial and social inclusion in Italy through financial services, supporting the creation of new entrepreneurship and employment, as well as the implementation of activities of financial education.	Microcredit institutions	Promotion of financial education and community managed microfinance in Italy

What kind of organization could you be interested to work with in the future?

No.	Type of organization	Service offered	Target group	Added value
1	Social Cooperative, association	Social housing, social houses for families breaking out from homelessness, social inclusion activities, vocational training, job search and job placement.	Homeless people	Promoting savings groups for homeless people and for people that are currently facing housing problems.
2	Social Cooperative, association	Vocational training, workshops, job search and job placement, entrepreneurship, social inclusion activities.	Young people with less opportunities	Savings groups for young people with less opportunities

3	Social Cooperative, association	Support services for migrants and newcomers, social housing opportunities, vocational training, workshops, job search and job placement, entrepreneurship, social inclusion activities	Migrants and newcomers	Promoting savings groups for newcomers
4	Social Cooperative, association	Support services for women facing life challenges, job search and job placement, entrepreneurship.	Women, migrant women	Women economic empowerment

It is envisaged that partners start to contact at least 5 new potential partner organisations:

No.	Name of organization	Type of organization	Target group/ Service offered	Way of contact (phone, email, face-to-face)	Results
1	YEPP Italia	Association	Young people with less opportunities	Email, phone, meeting	There are possibilities to work together; we have to wait for the evolution of the covid19 in Italy.
2	Progetto Tenda	Social cooperative	Low-income families, migrants, homeless	Email, phone, meeting	We have written a project proposal to the City of Turin. We are waiting for results.
3	Casa Casa Capello	Temporary housing for homeless people	Homeless people	Email, phone, meeting	There are possibilities to work together; we have to wait for the evolution of the covid19 in Italy.
4	Crocevia46	Temporary housing for low-income families	low-income families	E-mail, phone, meeting	There are possibilities to work together; we have to wait for the evolution of the covid19 in Italy.
5	Esserci	Social Cooperative	Prisoners and former prisoners	Email, phone, video-conference,	Written a project proposal to the Piedmont Region.

3. Legal framework

3.1 National Law

The Bank of Italy (BoI) supervises banks and other financial intermediaries. The Bank oversees the sound and prudent management, the overall stability, efficiency and competitiveness of the financial system and the compliance with regulation concerning the loan loss provisions. A secondary legislation is also in place with the aim of governing the activity of the financial intermediaries and monitors their operations to promptly detect and mitigate exposure to risk and instability. Legislative Decree No. 141 of 13 August 2010 introduced, inter alia, the first MC rules in the Legislative Decree No. 385, dated 1st September 1993 (the “Italian Banking Act”). This legal framework aims to specifically address microcredit institutions by defining in a clearer manner their scope, activities and objectives as opposed to other Non-Banking Financial Institutions. Pursuant to the new Article 111 of the Italian Banking Act, the regulation identifies microcredit beneficiaries as entrepreneurs, legal entities or cooperatives engaged in any business activity, loans cannot exceed EUR 25,000 and cannot be backed by mortgage. Most loan portfolio have to be composed by micro-business loans. Lenders are required to actively monitor the client over the loan period. Microcredit activities are allowed only for those institutions registered in a dedicated register (as regulated by Art.113, also renovated by the Legislative Decree 141/2010). Cassa Peota (local mutual fund) is a traditional community managed microfinance practice in Italy recognised by the Banking Law (Art. 112.7), financed by the individual shares purchased by the members. They are registered in a separate section of the Italian Banking Law and they are allowed to collect modest amount of money at local level and to deliver small loans. However, only the existing ones can operate and no more can be created.

3.2 Monitoring

Italian regulation has provided a special list to which microcredit operators and mutual and solidarity finance operators are required to register. Banks, financial intermediaries, Casa peota funds and micro-credit operators are subjected to the same prudential supervisory rules and formal monitoring requirements.

As saving groups are not recognized as part of the microfinance sector, there are no formal monitoring requirements.

3.3 Loans

Lending and borrowing money between individuals (in the form of a temporary transfer of money between friends, relatives, family members) is completely legal and is allowed and protected by Italian law. It is advisable to formalize the loan according to the law, through a contract.

The contract must be signed in duplicate and takes the form provided for by art. 1813 of the Civil Code. The contract does not have the obligation of notarization or registration but must contain the minimum validity requirements which are represented by: complete and correct personal data of the parties; amount lent, written in a clear and unambiguous manner; repayment schedule; interest rate applied, if any; date and signatures.

Loans can be with or without interest rate. In case of loans with interest rate agreed by mutual consent, this interest rate cannot be higher than those indicated in the anti-usury rate tables published by Bank of Italy.

3.4 Savings

Italian regulatory framework allows only banks to take deposits from the public.

In Italy a huge range of savings initiatives can be found, especially within the co-operative and informal sector. These are impossible to map officially because they are not compliant with the Italian banking regulation. Other initiatives are difficult to identify because, despite being “savings” initiatives, they are named differently in order to avoid legal constraints.

3.5 Fiscal consequences

There's a wide range of banking institutions in Italy and the requirements can vary from one bank to another, but the general requirements to open a resident bank account in Italy are:

1) to be 18 years old; 2) ID, such as a passport; 3) a valid Italian address (some banks require proof of address, such as a bill or rent payment); 4) personal tax number; 5) proof of employment or proof that you're studying; 6) Anti Money Laundering (AML) compliance. Non-resident bank account opening formalities, terms and conditions, policies, etc. vary from bank to bank, and sometimes even between branches of the same bank. A non-resident bank account implies, for the bank, a number of time-consuming formalities and compliance requirements that most banks will not open a non-resident bank account unless it is instrumental to manage a more profitable (for the bank) financial service.

Regarding fees, every bank has its own set of fees, and they can vary a lot. The standard account fees are: maintenance fee, transaction fee and cash withdrawal fee. In 2018, the average management fee was € 86.9 in Italy, 7.5 euro more than in 2017. Online accounts cost on average 15.5 €. In Italy you also pay 34.20 annuum as account taxes if you have more than €5.000 in your bank account. Article 1854 of the Civil Code emphasizes how the bank deposit (account) can be made out to several people. There is no maximum number of joint holders but the documents of all the members to whom the account is registered must be presented (identity card and tax code).

There are two types of group bank accounts available: account with separate signature and account with joint signature. In the account with separate signatures, all members have equal rights to operate on the same account. Consequently, it is possible for everyone to perform withdrawals, transfers, etc. With the joint signature account, the presence and the signature of all the members is required for withdrawals, bank transfers and also for the purpose of closing. In the case of joint signature account, if one of the members (account holder) has creditors and these have put in place an executive procedure against the debtor, it will be possible to seize the sums present in the current account up to 50% of the sums present at the time of the attachment. The remaining sums can then be withdrawn by the account holders. If one of the members dies, none of the holders can operate without the signature of the other and the sums are frozen, and the succession must be opened.

3.6 Interest

The most part of the savings groups in Italy are interest-free groups. For those groups who decided to apply interest rate, this interest rate cannot be higher than those indicated in the anti-usury rate tables published by Bank of Italy. Since 14 May 2011 the ceiling on interest rates, charging above which is deemed usury, is calculated by raising the average overall effective rate (AOER) by one quarter and adding a margin of an additional four percentage points. The difference between the ceiling rate and the average rate cannot exceed eight percentage points (see Treasury Department Communication of 18 May 2011). This calculation method was introduced by Decree Law 70/2011, which modified Article 2(4) of Law 108/96 that had set the ceiling rate at the AOER plus 50 per cent.

The AOER is derived from the quarterly survey conducted by the Bank of Italy on behalf of the Ministry of Economy and Finance. The AOER tables are published in the Gazzetta Ufficiale and on the Bank of Italy and the Ministry of Economy and Finance websites. The AOER, including fees, remuneration of any sort and expenses (excluding taxes and duties) refers to the annual interest rate charged by bank and financial intermediaries on like operations.

Discussion of the legal framework

Italy has more than five-century tradition in banking and savings culture. The oldest bank still in existence, Monte dei Paschi di Siena, has been operating continuously since 1472. This long tradition on savings in local banks enriched by the diversity and great variety of savings initiatives and experiences in Italy (from 17th century local mutual funds to 20th century Societies for Mutual Self-Management), contrast with the Italian regulatory framework that allows only banks to take deposits from the public and forces traditional savings forms to disappear. Italian Banking Law, while trying to protect clients against usury, complicates financial inclusion of low-income people and prevents the development of the micro-savings sector in Italy. Despite Italy is still a “high-saving” country, there is no specific legal framework for savings groups.

Savings initiatives must be recognized by microcredit institutions, policy-makers and European institutions as part of the microfinance sector in Italy and in Europe. Mutualism and community managed microfinance practices could reinforce the savings culture, increase financial security and reduce vulnerabilities and barriers, fostering a safe way to save.

4. Mapping risk factors for Saving Group members

Risk	Severity	Likelihood	Mitigation
Loss of money because of fraud by (one of the) members	Severe	Unlikely	Reduce possibilities of fraud by clear procedures that guarantees transparency; Double check of accountability (Accountant + Secretary); Good governance and good elections: choose wisely the accountants and treasurer; Reinforcing good practices among member groups.
Loss of savings of one or more members because of incorrect bookkeeping	Severe	Possible	Simple bookkeeping system and appropriate training; Double check of accountability (Accountant + Secretary); Supporting end-of- cycle share-outs.
Loss of the cashbox with all the money	Severe	Possible	Reduce possibilities of losing the box by leaving the cashbox in the place where meetings take place; Reduce possibilities of losing the money by having little money in the cashbox; Reduce possibilities of losing the cashbox with all the money during summer by sharing out before holidays; Good governance and good elections: choose wisely the treasurer.

Loss of cashbox keys / Forgetting cashbox keys	Moderate	Possible	Good governance and good elections: choose wisely the keyholders; Reinforcing the importance of attendance and responsibilities;
Loan default	Significant	Possible	Communication with saving groups members; Asking about their current economic and family situation and how they are facing household economics; Special workshop on over- indebtedness for savings groups members; Reinforcing the importance of borrowing wisely & lending wisely; Procedures to adjust repayment schedule in case of unexpected event that affects repayment capacity of the borrower.
Borrowing simultaneously from multiple Savings Groups and/or Taking loans from one group to repay loans from another group	Significant	Possible	Communication with saving groups members; Asking about their current economic and family situation and how they are facing household economics; Informing about the associated risks of multi-group membership and of borrowing from different savings groups at the same time; Reinforcing the importance of borrowing wisely; Special workshop on over-indebtedness for savings groups members;
Simultaneous need for a loan (when more than 40% of the group members needs a loan at the same time)	Significant	Possible	Communication between members; Group financial schedule (loans & savings calendar); Special workshop on Setting Savings Goals;
Low savings	Significant	Likely	Communication with saving groups members; Asking about their current economic and family situation and how they are facing household economics; Special workshop on Setting Savings Goals; Revision of the Rules and the value of the share (maybe it is too high); Reinforcing motivation to save; Addressing conflicts between individual group members and supporting conflict resolution
Saving in multiple Savings Groups	Moderate	Possible	Communication with saving groups members; Asking about their current economic and family situation and how they are facing household economics; Revision of the Rules (maybe there

			is a maximum savings amount); Addressing conflicts between individual group members and supporting conflict resolution.
Loss of motivation because of the size of the group (too small)	Severe	Likely	Reinforcement of member entry management; Reinforcing motivation of the group; Support the growth of the group.
Group management difficulties and/or delegate management because of the size of the group (too big)	Significant	Possible	Reinforcement of group and meeting management; Support the splitting of the group; Reinforcing good practices among member groups; Give a management manual to the group.
Lack of sustainability of the savings group (they finish only the first cycle and they don't start the second one) and/or dependency of the trainer	Significant	Likely	Reinforcing motivation of the group; Support the group in its growth and autonomy; Reinforcing group empowerment; Supporting end-of-cycle share-outs and first meetings of the second cycle; Give a management manual to the group.
Low participation rate of members, threatening the sustainability of the group	Severe	Possible	Reinforcing the importance of attendance and punctuality; Addressing conflicts between individual group members and supporting conflict resolution; Reinforcing motivation of the group; Communication with saving groups members; Asking savings groups members about their current economic and family situation; Review Group Rules (date and place of the meetings).
Conflict between members	Significant	Possible	Addressing conflicts between individual group members and supporting conflict resolution
Group dissolution	Severe	Possible	Addressing conflicts between individual group members and supporting conflict resolution; Supporting the group in the dissolution process; Support group members to start a new group if they wanted.
Lack of punctuality	Moderate	Likely	Reinforcing the importance of attendance and punctuality; Review Group Rules & supporting the group to introduce penalties & fees.

Lack of time management and/or difficulty in setting priorities during the meetings	Significant	Possible	Reinforcing group management; Review Group Rules & supporting the group to introduce penalties & fees.
COVID-19 crisis & other health pandemics	Severe	Possible	Public policies to support savings groups members; Microinsurance for savings groups; Online methodology.

Loss of members' jobs and/or main income source	Significant	Possible	Asking savings groups members about their personal and family situation; Supporting the group in setting up a solidarity/emergency fund; Reinforcing entrepreneurship skills; Workshop on entrepreneurship; Informing about public services and organisations working in the field of job placement; Informing about circular economy initiatives.
Family or personal health problem	Significant	Possible	Asking savings groups members about their personal and family situation; Supporting the group in setting up a solidarity/emergency fund.
Domestic violence, economic violence and/or conflicts in the family	Significant	Possible	Communication with saving groups members; Asking savings groups members about their current economic and family situation; Informing about public services and organizations working in the field of fighting domestic violence; Workshop on economic education & economic empowerment to prevent economic violence.
Lack of places for savings group meetings	Severe	Possible	Support groups in finding a meeting place.

Appendix 4: Country report Poland

Feasibility Study: MFC

1. Description of MFC

It has to be noted that MFC is not running any saving group however it has been always an advocate for supporting initiatives empowering and providing access to finance for excluded groups from mainstream finance and low income people. For many years it has been also an advocate of building skills and raising awareness about saving (through many financial literacy projects). The saving group model fits into the MFC agenda and therefore became part of organization work. MFC plans to continue promotion of this model, facilitate sharing experience between various actors and encouraging interested parties to test it.

Saving groups model is not developed in Poland (compared to other partner countries). The only saving group which MFC was able to find was established as a testing saving group by ESWIP from Elblag (association) created in 2020. However, the concept of saving in groups is not new one (see more below).

Characteristics	
Type of organization	Foundation (formal registration) The Microfinance Centre is a social finance network that promotes fairness, inclusion, equality and responsible service.
Mission/Vision	Our mission is to empower individuals and sustain communities through innovative social finance and microfinance. Our vision is a financial system that works for all people and all communities in a responsible and fair way.
Layout of organizational structure	8 employees, 111 members (microfinance institutions, cooperative banks, ethical banks, investors, associations, TA providers, finteches) across Europe and Central Asia
Year of establishment	1997
Number of initiated savings groups	0
General target population	Microfinance institutions, cooperative banks, ethical banks, microentrepreneurs, low income population
Additional services	Financial education, Research, Advocacy, Capacity Building (trainings, coaching and mentoring, webinars etc)

Outreach strategy and upscaling

Our work is guided both by our mission, our analysis of the conditions for the inclusive finance where we operate, member needs, as well as the gaps in financial inclusion that are not addressed by other institutions.

Currently our work is organised under five key pillars:

Responsible finance: Advancing responsible finance practice among MFC Members

Access to finance: Building government capacity to develop evidence-based access to finance policies

EU presence: Advancing access to finance in the EU in cooperation with the European Commission

Social innovation lab: Testing new approaches to asset-building and financial education for low-income people

Income generation: Increasing income from our services.

2. Market potential

2.1 Current trends and developments and the role of saving groups

In Poland the saving groups model as exists in other European countries, is not developed. Based on the research conducted, it seems that the first organization who established (in 2020) a savings group is ESWIP Association from Elblag who based its model on Labins, Italy model/experience. Saying that the savings concept and various initiatives to promote saving have long history in Poland. It is believed that future saving groups could be perhaps established in similar way as School Savings Banks

School Savings Banks

Currently, it is conducted, by PKO Bank Polski (largest bank in Poland)² and some cooperative banks (e.g. Cooperative Bank in Plonsk)³. The initiative was developed at the beginning of XX century, school saving banks existed after the second world war two. After transformation (1989) the initiative in most of the schools was stopped. However, in 2012, PKO Bank Polski launched a system of SKO accounts available via the Internet.

The main assumption of the program is to disseminate the idea of saving, spread entrepreneurial attitudes among children and adolescents, and promote cooperation in a group of peers. The system is nowadays based on cooperation between a bank (who provides infrastructure as well as often training materials for teachers) and a school. The school launches the SKO on the basis of an agreement with a bank for running a cash register at a given school. Children's SKO accounts are linked to the school's SKO account and function as a separate, individual account.

In 2012, PKO Bank Polski introduced the SKO to the Internet, creating an internet banking website dedicated to children aged 6-13⁴The SKO system available as part of the internet banking website means a departure from paper books and adding interest by the teacher. Thanks to the SKO service, children can check their savings and place them in virtual moneyboxes, and they are rewarded with badges for systematic saving (as part of the competition).

The child cannot independently dispose of his own money, i.e. make external transfers. These types of operations are reserved for the teacher or parent. The student can view the balance of funds accumulated on the SKO account via the internet banking service and decide for what purposes he /

she puts savings. Money on the SKO accounts of each child bears interest, and the capitalization of interest takes place on a weekly basis.

As part of the SKO, the school also has the option of opening an account of the Parents' Council. Educational activities carried out by teachers are supported by a set of teaching materials (the so-called lesson scenarios), under the patronage of the Minister of National Education and most of the provincial education boards.

According to PKO BP's own information, as many as 1/3 of schools in Poland use the SKO. Cooperatives banks which offers such services works in similar way to Bank PKO.

People living in Poverty

In Poland groups at risk of poverty did not change significantly over the last 10-15 years and include People with low education (lower secondary education), families with more than 3 kids and people living in rural areas. According to Eurostat the at-risk-of-poverty rate in Poland was 14,8% (the EU-27 was 16.8 %) in 2018. But according to the most recent data (2019), of the Central Statistical Office (GUS): 4.2% of people lived in extreme poverty (i.e. at the subsistence level) in 2019 compared to 5.4% in 2018. The decrease in the scope of economic poverty in 2019 related to all three types of poverty considered: extreme, relative and statutory. In 2019, the highest level of poverty was characteristic of households where the head of a household had the lowest secondary education (10%) or basic vocational education (approx. 6%). Compared to 2018, these groups saw a decrease in the extent of extreme poverty by 2 percentage points.

In 2019, the scope of the scarcity sphere (living with unmet needs) was 39.4%. So, it was less than 2 percentage points. Lower than in 2018 (it's almost 15mln persons). In 2019, the highest percentages of people living in the sphere of deprivation were recorded among households living on unearned sources other than pensions, farmers' households and households whose head had the lowest secondary education (60-62% each). A high value - over 55% - of the scarcity zone indicator was also recorded among households with at least 3 children under 18 years of age.

Unemployment

Official registered unemployment rate in July 2020 was 6.1 – 966 000 people (same as June, to compare in May it was 6.0, April 5.8, March 5.4)⁵ However, there is common view among academics and labour experts that the actual situation is worse. Diagnoza.PLUS⁶ is a joint project implemented by the Faculty of Management of the University of Warsaw, GRAPE and CASE. It is a labour market survey that allows you to answer the questions about its condition. According to their research data (research conducted in April 2020) the number of unemployed people increased to around 1.5 million from 848,000. in the fourth quarter of 2019. The data show that in this group, the requirement of active job seeking is met by approximately 900,000. people. In real terms, the number of the unemployed has increased by 60 percent. compared to the pre-pandemic period. This means that from the group of 660 thousand 120 thousand people who lost their jobs at labour offices registered. People who are most at risk to be unemployed are categorized as; Young persons (below 25-34 years old) with no work experience or with less than 5 years of work experience, persons with secondary or lower education and unemployment is also at a higher rate in rural areas.

An officially unemployed person in Poland is a person who has undergone the registration process at the Labour Office appropriate for his place of residence. Each applicant gets his / her own consultant looking after a maximum of 300 unemployed people. The main duty of the consultant is to develop an individual employment plan, it is worth adding here that this service is available to both Poles and foreigners who came to Poland from the CIS member states.

The unemployment benefit in 2019 is awarded on the following principles:

- Withdrawals are made for 6 months (in particularly difficult conditions, withdrawals may be extended to 1 year);
- People with at least 5 years of work experience can apply for 100% of the wages (provided that they have worked for 12 months in the last 18 months);

- People whose length of service is less than five years may apply for the payment of 80%;
- People who are over 50 or are not yet 20 receive 100 + 20% unemployment benefit.

Other programs which influenced poverty level:

The program Family 500 Plus (established on 1st April 2016) – each family received 500PLN (around 114EUR) per kid (person under 18 years old) monthly

Migrants and refugees in Poland

According to the estimates of the Central Statistical Office, on December 31, 2019, 2,106,101 lived in Poland. Most of them were citizens of Ukraine. There were 1,351,418 of them. The top ten also included citizens of the following countries: Belarus 105 40, Germany 77 073, Moldova 37 338, Russia 37 030, India 33 107, Georgia 27 917, Vietnam 27 386, Turkey 25 049, China 23 838.

The increase in the number of working immigrants was a factor increasing the potential of GDP growth (on average by 0.5 pp per year).

The COVID-19 epidemic is currently a key circumstance increasing the uncertainty related to the further impact of migration on the Polish economy. In the period from November 2019 to February 2020, the NBPOO conducted, at the request of the NBP Department of Statistics, surveys of immigrants from Ukraine and companies employing immigrants.

Selected conclusions from these studies are presented below. The vast majority of immigrants work in Polish companies as unskilled manual workers, although some large companies only recruit immigrants with higher qualifications. According to employers' declarations, unqualified manual workers accounted for 70% of employment in the surveyed companies, qualified blue-collar workers accounted for 16% of immigrants employed, lower office staff - about 2%, and specialists with higher education - about 12% of immigrants employed (Figure 9). Employment of immigrants only as unskilled manual workers was declared by almost 60% of companies, on the other hand about 16% were companies (mainly very large from the service sector), which employed foreigners only as white-collar workers (both low-qualified and specialists).

Refugees

Refugees consist a very small number group among migrants. Poland is still considered as transit country for many of them. In the first half of the 2020, 1.3 thousand applications for refugee status in Poland were registered. Almost 650 for the first time. (source: Office for Foreigners). The number of refugee applications in the first half of 2020 was by 29% lower than in the same period of 2019. The main countries of origin of foreigners applying for international protection were: Russia - 819 people, Ukraine - 144, Tajikistan - 58, Georgia - 34 and Turkey - 34. Among them, 169 applications received refugee status.

Financial Literacy in Poland

Most programs aiming at increasing financial literacy were developed, implemented by the NGOs or banks through their CSR programs. Among donors, National Bank of Poland tried to coordinate, promote and fund many of the local projects. Poland does not have a country strategy although there are discussions to create such one. This is initiate by the Ministry of Finance.

The school bank initiative seems to be one which could be linked to saving groups. Another area is to create such groups through cooperative initiatives.

2.2 Organizational context

MFC as a network has in its DNA to identify and highlight good practise examples of social finance solutions. Saving group has been strengthening people's saving skills, helping them to access finance, empower them. As such this initiative is an interesting addition to many

other initiatives and therefore worth exploring and promoting. Despite the fact that MFC does not run and does not plan to run saving groups directly it is going to continue promotion of this model and facilitate exchange of experience among various actors.

2.3 Mapping potential partner organizations

At this moment MFC does not work (in terms of formal cooperation) with any organizations who have interest in saving groups. It has established communication with two NGOs who are interested in the topic. Both were invited for online study visit to ACAF to learn more about the saving group model.

Brief information about both organizations below:

The organization's main areas of work include:

- care for the development, integration and promotion of non-governmental organizations from the region
- support civic activity and volunteering
- support entrepreneurship, social economy and corporate social responsibility
- support the development of partnership cooperation between non-governmental organizations and public administration bodies and the business community
- participate in creating public policies
- study the social sphere
- support social initiatives in the areas of public benefit.

Among its projects is Elbląg Center for Social Integration established in 2016. Its goal is to support people in difficult life situations from the area of Elbląg and the Elbląg poviat.

Their target group are people at risk of exclusion or are already socially excluded. In particular long-term unemployed people (people under 25 years old who are more than 6 months unemployed or people above 25 years old who are more than 12 months unemployed) or disabled persons. The Centre offers services of advisor and trainer who helps to find a job and prepare a person to look for a job (training, mentoring) and internship opportunities to help people get experience, learn skills, find themselves again in work routine. The Centre also runs a shop which collects second hand items and prepare them for selling (it is also a place where people can gain work experience). Hostel which offers internship opportunities for people to get work experience.

In 2019 ESWIP staff participated in study visit to Labins Italy where they learn about saving group model. ESWIP established its first saving group among staff to test the model in spring 2020. The group consist 8 persons from different departments. The main objective of setting up this group is to test the model and get first-hand experience in order to establish saving group among their target group – long term unemployed/disabled. The group is informal, and the savings are collected in the box in the office. Each week, each member saves 5PLN (a little more than 1EUR). The members initially agree to save till summer. After that each member will take its money and spend on the goal set up.

Based on the legal advice ESWIP can run saving group as a group who saves money without creating any profit or lending. The money is kept in box as setting up an account in the bank for informal group is impossible.

In the future ESWIP considers setting up such saving groups among long term unemployed to promote saving habits. They also believe it can help people to get more confident if they learn that they are able to save (long term unemployed persons often do not believe they can achieve anything (creating them a space to achieve something like saving can help).

Such groups can also serve as a kind of mutual support group. Due to legal restriction ESWIP does not consider lending model. Among other groups which ESWIP considers are schools where saving model can be promoted through school banks.

Polish Migration Forum, Warsaw

Established in 2007. The main objective is to help/provide assistance to foreigners (migrants, refugees, expats) and to promote the rights of migrants in Poland.

The organization focus on initiatives and support activities that lead to dialogue between people representing various cultures. The Foundation specializes in informational activities by providing:

- direct support to foreigners (psychological, about the job market, regarding legalization of stay),
- trainings (for teachers, psychologists, government officials),
- activities in between formal and informal education (workshops, city games).
- supports migrant women in a special way by organizing childbirth schools and support groups for migrant mothers.

The PMF also supports migrant entrepreneurs. It has advisory services to provide assistance and information how to legally establish(register) business in Poland. It provides information about regulations, tax system. Most of the businesses (micro) are related to small restaurants, catering services or import/export of various fabrics.

It also has education projects focus on banking system (financial education) – specifically on financial products e.g. how to set up bank account, how credit cards work, how to obtain a loan, etc. Maybe interested in saving group model potentially for migrant mothers, females from Ukraine or microbusiness. However, needs to learn more about the methodology, practical ways of setting it up, legal set up. This organization has been invited for the study visit in ACAF to learn more about their model.

3. Legal framework

3.1 National Law

Formal savings (deposits) are allowed in banks. No other organizations are allowed to take deposits. Furthermore, any profit accumulated through savings or other financial transactions is taxed. Any profit made on saving accounts or other products offered by a bank, is under 19% tax (Capital income tax in Poland (commonly referred to as the Belka tax) - a type of flat-rate personal income tax). The bank automatically deducts that from the profit. In case the profit is not made through bank product but for example on stock exchange or other financial transactions, individuals should declare that in yearly tax form. Saving Groups are not regulated by Polish law.

3.2 Monitoring

As savings groups do not exist as legal model there is no monitoring.

3.3 Loans

The Polish Civic Code allows lending between any type of individuals (monetary and not monetary). In other words, natural persons can lend to each other. If the value of the loan is above 1 000 PLN (around 225EUR) it requires documentary form. A private loan can be easily granted by a friend, family member and other persons who do not conduct any economic activity in connection with the financial operation. Entities and private persons that provide private loans on a commercial basis must meet all the requirements that have become stricter in Poland in recent years. A loan from a private individual who

is professionally involved in granting this type of financial obligation must be implemented in accordance with the law. Currently, loans from private persons (conducting commercial financial activities which means activities with profit objective) may be granted only if private persons - entities introduce a minimum equity of PLN 200,000. It must be fully paid up and not come from credits, loans or other sources that do not constitute the company's reliable equity.

The law does not recognize group lending therefore it is hard to say how current law could apply in some aspects to saving groups and lending within a group (if a group is informal). Also, there is no maximum number of loans that can be provided but credit history may limit that. At this moment the system does not recognize saving group models. Potentially if saving group would be linked to a formal bank (similarly to school saving banks), such bank could recognize such track record but it would be up to the bank. Informal loan lending to entrepreneur is not recognize by law. The entrepreneur may take a loan from financial institution or private person (who may also lend commercially – this is also regulated) for working capital, investment however the money has to be tracked and its sources registered in the entrepreneur books. It is important to mention trend that in recent years no-cash transaction are promoted e.g. any transaction between entrepreneurs above 15 000 PLN has to be made through money transfer. The transaction between individual and entrepreneur has no such limits however it has to be recorded in entrepreneurs' records.

3.4 Savings

Below questions are not applicable to MFC as we do not run saving groups. ESWIP decided to run its test group on the same rules for everybody – each person saves 5PLN per week. In Poland there is no regulation on limits of keeping savings at home by individuals – individuals can keep any amount of money at home.

In organizations cash in the box is regulated by internal procedures.

3.5 Fiscal consequences

Possible fiscal consequences for having a bank account of two or three savings groups members are based on the advice from the lawyer decided to have informal group with money box kept in the office as other options seemed complicated and costly.

There are different consequences when opening a bank account; 2-3 person can be the owner of bank account, alternatively 1 person can be the owner and give limited rights to other persons. Any profit made on financial products (like saving account) will be automatically taxed by bank (banks are obliged by law to deduct 19%) or have to be declared in yearly tax form.

Appendix 5: Country report Germany

Feasibility Study: SavingBuddies

1. Description of SavingBuddies

SavingBuddies e.V. is an initiative created by a team of multi-disciplinary professionals based in Berlin, who have been working on a voluntary basis on the topic of saving groups since the beginning of 2015. Each founding member brings a variety of experiences (civic education, sustainable financial systems, impact investing and inclusive business) to the table. In 2016, SavingBuddies was officially registered as an association (German: "gemeinnütziger Verein"). The team has been supported by ACAF Spain, who has vast experience in implementing saving groups in Spain and other countries. SavingBuddies can be considered as a form of spin-off of the Spanish ACAF in Germany.

The main group targeted by SavingBuddies are financially disadvantaged individuals and/or people that are interested in self-funded communities. A core focus of SavingBuddies' work so far have been Newcomers with approved asylum status (this focus was driven by the strong societal dynamics around the arrival of refugees from Syria at the time of creation in 2015).

SavingBuddies applies a specific model which consciously mixes individuals with very different backgrounds – both culturally and financially. The idea is to bring Newcomers and German residents (i.e. Germans, or people who have lived in Germany for some time) together. The idea behind this model is to facilitate joint cultural learning and awareness to create a basis for a respectful and mutually supporting integration process. At the same time, the mix of target groups allows to blend stronger and weaker financial situations, as well as different approaches to managing one's personal finance which makes it possible to save up larger amounts of money in a shorter time. At the same time, German residents can help with questions and day-to-day challenges on formal financial and economic integration be it on interaction with a bank, the tax authority, a landlord or any other financial relationship.

SavingBuddies is encouraging the use of the saving groups model by ACAF. This means that people from the target group join in a saving group and use Winkomun, the online platform to manage the financials of a saving group in an easy and transparent manner for all group members. In addition, SavingBuddies intends to develop further into an extended approach around "Investment Groups". The idea is to scale up and foster social networks between Newcomers and locals and those who are interested to save and invest money through self-funded communities. For this, SavingBuddies envisages to initiate the set-up of small scale, informal investment groups. Investment groups typically consist of 5-8 persons, who agree to jointly save a fixed monthly amount into a joint account. Part of the savings will then be used to invest e.g. into a social business. Saving amount ranges are decided by the group members at initiation of the group. The main activity of SavingBuddies will be to initiate and provide information on the concept of investment groups who are looking to invest into social ideas. By doing so, SavingBuddies wishes to increase its impact in empowering financial decision making. SavingBuddies aspires to working closely with other NGOs and assist them in fundraising, e.g. setting up impact saving & investment groups for other social causes.

In terms of additional services, SavingBuddies has developed and delivered a comprehensive 2-week training course on economic and financial integration for Newcomers. This includes topics of German economic and financial framework conditions, principles, rules, main institutions, personal and household finances as well as budgeting, starting a business and tax implications as well as modules on creating and leading savings groups.

Characteristics	
Type of organization	SavingBuddies is a “gemeinnütziger eingetragener Verein”, which means an NGO with the aim to contribute to the public wellbeing without generating own profit.
Layout of organizational structure	Overall, the organizational structure is implemented predominantly through voluntary work. <ul style="list-style-type: none"> - 3 directors (chairman, cashier and secretary) - 8 members (incl. the directors) - 1 part time employee (starting October 2020) - Saving group members do not have to be member of SavingBuddies
Year of establishment	2016
Number of initiated savings groups	6
General target population	<ul style="list-style-type: none"> - People who are interested in solidarity group work - Newcomers to Berlin and Germany - Individuals with low/ irregular income - Individual with medium income who are open to impact savings
Additional services	Economic/financial integration trainings to Newcomers <ul style="list-style-type: none"> - Initiation of savingsgroups - Training for multipliers - Research projects - Knowledge exchange
Outreach strategy and upscaling	<ul style="list-style-type: none"> - Work with “scouts” or multipliers who are connected to the target communities - Work with partner institution who have access to target group through other community or social work
Participants per group	5-8
Nationalities represented	5
Percentage of women	68%
Age of beneficiaries	21-55

Sources of income	<ul style="list-style-type: none"> - Regular government financial welfare - Salaries from part-time / full time jobs - Income from freelancing activities - Income from informal economic activities
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2. Market potential

2.1 Country context: Current trends and developments

People living in Poverty

Poverty does not simply disappear with good or even very good economic development. Economic and poverty development have rather decoupled from each other: over a longer period of time, wealth has increased while the number of poor people has grown as well. (Pieper et al. 2019, p. 2)

Poverty in Germany remains at a high level of 15.5 percent, however has decreased for the first time in 2018 by 0,3 %. This decline is mainly due to the good annual results in the densely populated federal states of North Rhine-Westphalia, Lower Saxony and Bavaria. For the first time, the poverty rate among people of non-German nationality, which had risen sharply since 2012, fell significantly and even at an above-average rate compared to the overall population. The scissor development observed for some years now, according to which poverty among German citizens and residents without a migration background decreased while it increased among foreigners and people with a migration background, has now stopped for the first time. While this development is encouraging, people with migration background remain one of the main risk groups of poverty with rates between 30 and 57 percent. Other socio demographic groups at risk of poverty include the unemployed, single parents, people with a large number of children and people with low educational levels. Another important risk group are pensioners, who had disproportionately low poverty rates over many years – which, however, has changed since 2014. (Pieper et al. 2019, p.34)

While SavingBuddies has mostly been addressing migrants and refugees, the other socio- demographic groups at risk of poverty would also constitute one important target group for savings groups in Germany, as they are the ones who are mostly suffering when an unexpected payment needs to be made. Such groups could greatly benefit from the concept of informal group savings.

Situation Labour Market

The Covid 19 crisis in 2020 had a strong impact on the labour market also in Germany. As Detlef Scheele, Chairman of the Executive Board of the Federal Employment Agency (BA) said in a recent press conference: "The labour market is still under strong pressure (...) Short-time work has clearly exceeded the level of the 2009 crisis. The demand from companies for new employees continues to decline but has at least caught up."

While the longer-term effects on the labour market remain to be seen, it is clear that for lower income employment, outlook has become more insecure in terms of workforce needed and income levels.

Development of the welfare state

The Hartz IV reforms, introduced into the law in 2003 and coming to effect in 2005, significantly toughened the conditions under which people could claim welfare or unemployment benefits. This includes compulsory attendance in meetings and skills trainings, as well as proof of taking initiative to find employment. Failure to show up at job center meetings e.g. can result in partial loss or cancellation of benefits. The rate of the granted benefits themselves are set at a 'socio-cultural minimum': They are

intentionally calculated to be just enough to get by, with no frills. Payments for rent or an apartment, medical insurance can be claimed as a benefit package.

The intent of Hartz IV packages is to avoid making life too comfortable for benefit recipients and to nudge them into employment, even if poorly paid. This reflects the Hartz IV slogan: 'Fördern und Fordern,' i.e. support recipients, yet make demands on them, in the manner of a stern parent. Since these reforms, the rate of unemployment in Germany has gradually decreased with an exception during the financial crisis in 2008. In 2016, the 'employment rate' i.e. the percentage of adult citizens in work in Germany, was at its highest post-war history.

As mentioned previously, the idea of the Hartz IV packages is to give people the possibility to get by at a socio-cultural minimum. Saving groups can therefore be a support instrument that allows to cover bigger one-time payments that are necessary for daily life. The same accounts for people that are suffering from under-employment.

Public Awareness for financial literacy

In a recent study by Insa-Consulere (2019) among 2,005 persons at the age of 18 in Germany, financial education is defined as the imparting and acquisition of knowledge and skills in the field of financial topics such as savings accounts, insurance, funds and shares, loans, inflation, the economy or interest rates (Insa 2019, p.2). It revealed that overall, only 13 percent of those surveyed agreed that they had enjoyed a good level of financial education at school. (Insa 2019, p.3). With two-thirds (67%), the absolute majority of the respondents consider that financial education in schools is insufficient (Insa 2019, p.6).

Another study conducted by Ipsos (2017) for the ING Bank interviewing 1,000 Persons in 12 European countries came to similar results. There is no clear opinion about if the school is a suitable place for improving those levels or rather modern communication like the internet or apps.

Around 51% of Germans stated they had received no financial education at all, covering the second last place in Europe. Overall, the proportion of respondents without any financial education has risen slightly on average among the twelve survey countries. In 2017, as in 2013, a large majority of German consumers consider financial education to be important – and see schools in particular as having a duty to provide it. As many people as possible should be prepared at an early age to deal with their finances in the best possible way. In 2013, almost 80% of those surveyed said that, in their opinion, financial literacy should be taught at school. (Ipsos 2017, p.1).

At present, different players are targeting youth and young adults with diverse financial education offerings (e.g. information portals, business games, blogs, etc.). The educational offering is characterized by its enormous richness and diversity, which is, however, accompanied by the disadvantage that the offering is also extremely fragmented and thus requires a certain degree of independence and a basic interest in the topic on part of the addressees. Completely satisfactory solutions of age-appropriate financial education is currently not available (DIA 2019, p. 4). Banks and other financial institutes are interested in providing financial literacy directly or by providing materials for schools. While this can help build up the level of financial literacy one has to keep in mind their vested interests in attracting future customers as well. Next to the financial institutions, there are several campaigns addressing women. Those include Woman20 as well as "Deutschland im Plus" or the "Präventionsnetzwerk Finanzkompetenz". These also offer a potential for cooperation with SavingBuddies.

In conclusion, levels of financial education are insufficient in Germany even among the broad public, and not only with regards to minority groups like migrants. SavingBuddies can help to improve financial education. The benefits of saving or investment groups could potentially help a broader part of society.

2.2 Organizational context

Historical development of saving groups in Germany

Germany looks back to a unique past when it comes to social saving. So called “Sparvereine” or “Sparclubs” (saving clubs) have their roots in mid-19th century Germany in the working class. As part of a broader cooperative network, saving clubs were established to save collectively and use that money for getting better conditions in buying larger amounts of food together. A typical form of it was the “Stollensparen” in Saxony, where families saved all year jointly so that they could afford the expensive ingredients for a special Christmas pastry, the “Christstollen”.

This then developed towards a different, more privately organized form of the saving clubs in the seaports of Germany. Sailors established “own little banks” in their favourite pub, where they saved part of their income from squandering it all on a night out. As they had no time for the opening hours of a normal bank and were in multiple cities all year, this was a handy way of building up little reserves. The pubs provided metal boxes with multiple compartments, one for every member of the savings group. The typical form of a metal box in a pub spilled over to other users at the beginning of the 20th century. Also, the principle behind changed slightly: A group of friends decided to establish a saving club, mostly in their favourite pub. A minimum saving amount per week was agreed. Independent from each other, everyone put the agreed amount or more into their box. On the week end, the appointed board, together with the pub owner, opened the metal box, recorded all savings and brought it to the bank, where the money would generate interest. At the end of the year, the money was taken out of the account and everyone received the amount saved plus interests earned. The repayment of the money was usually accompanied by a small celebration in the form of a joint dinner at the pub. The motivation for founding a saving club were diverse. Some stem from the regular customers of the pub, some from working together, others have a background from being together in sports clubs or similar. What is common amongst traditional saving clubs is their working-class backgrounds. The amounts saved were relatively small and most of the users had their own saving accounts next to the saving club. During the high times of saving clubs in the 60s there were an estimated 20,000 saving clubs with 500,000 members and 130 Million Deutsche Mark saved in Germany.

In the 70s, this form of saving almost disappeared with the appearance of the TV and people moving to the suburbs - leading to a rapid decline in inner city pubs and social institutions like saving clubs. Nowadays, there is a small comeback of such saving clubs in cities such as Hamburg, accounting for around 200-750 clubs in each city. While it is considered a nice way of (re)connecting with your neighbourhood while creating a small financial cushion, the aspect of financially helping each other play a minor role - which was partly different before (some clubs provided for the funeral costs if one member died). But giving credit was not part of the tradition. In conclusion, Germany already has a tradition in social saving - onto which SavingBuddies can build.

Another important source of existing saving groups are the Diaspora communities in Germany. While no official figures with regards to the number of saving groups exist, the experience of SavingBuddies shows that a number of communities do save in saving groups and use these groups to save as well as to finance bigger unexpected expenditures.

Based on the interviews with existing experts, it also shows that there are various organizations focusing on providing group credits, as well as more innovative instruments, such as group insurance, or group accounts, focusing mostly on young people and NGOs looking for alternative saving methods. One interesting example is the Elinor Network, that provides peer to peer insurance and group account associated with GLS Bank (a German bank focused on social and ecological investments).

SavingBuddies

<p>Present situation (2021)</p>	<p>SavingBuddies is one actor in the field of saving groups, focusing on the promotion of the ACAF model, as well as on promoting and distributing the concept of self-funded communities in Germany. SavingBuddies wants to provide a platform to collect experience and information on the concept of self-funded communities to empower and connect groups, as well as other interested NGOs.</p> <p>Reached target groups: Most members of the groups are Newcomers from Syria, among them are entrepreneurs who have a motivation to save to prepare for potential liquidity needs of their enterprise – among them an artist, a Syrian food caterer and an IT freelancer.</p> <p>Furthermore, SavingBuddies has brought together people with international migration backgrounds, including from Latin and Central America. These people are being mixed with Germans in the same group.</p> <p>Scale: At present, SavingBuddies has helped to found 6 groups with about 35 members. Over time 6 volunteers have been trained as multipliers.</p> <p>Region: SavingBuddies is currently only active in Berlin, but interested to collaborate and promote the concept of self-funded communities through other organizations and NGOs in other parts of Germany as well.</p>
<p>Envisaged situation (2022)</p>	<p>Target groups: By 2022, SavingBuddies would like to enlarge its focus in terms of target groups and reach out to social entrepreneurs as well as migrant and German families coming from a lower income background. Here, SavingBuddies still would like to set up “mixed groups”, consisting of persons with different backgrounds (Germans and migrants) as well as from different income segments.</p> <p>Scale: We would like to double the number of saving groups to at least 10, aiming at a total number of 50 members. This would mean having to increase the number of paid freelancers to support the groups to get started and keep going.</p> <p>Region: SavingBuddies is based in Berlin and sees its focus here. Nevertheless, we strongly aspire to support other organizations in other German cities to initiate saving groups there as well, while SavingBuddies can be a trainer, reference point and standard setter.</p>
<p>Experienced obstacles</p>	<ul style="list-style-type: none"> - SavingBuddies is entirely run in the spare time of its founders. Therefore, (time) resources to follow up with interested partner organisations has been a prevalent challenge. - Timing: when SavingBuddies had more time resources/ members available, the main target group of refugees was mostly absorbed in a process of “arriving”, including a different set of priorities, including finding a place to live and work. Also, partner institutions were still in a “flux” mode to adapt to the inflow of Newcomers and offering basic services at that time (2016 & 2017). - Identify the right staff who is well-connected into the Newcomer communities and has a sales talent. - Lack of trust amongst the members. If there was a previous relationship this helps a lot, as money is seen as a community thing in many countries of

	<p>origin opposed to the individual concept it is in Germany. It is therefore crucial to understand what builds trust, like maybe transparency, and what they expect from the saving groups.</p> <ul style="list-style-type: none"> - Distance: Berlin is a city where distances are large. This is an important limiting factor when trying to set up meetings.
Enabling conditions	<ul style="list-style-type: none"> - Our main target group so far, i.e. Syrian refugees, are highly familiar with ROSCAS (Rotating Savings and Credit Associations) which is why they were open to the idea of saving groups. - The informal character and cash-nature of a saving group helped to build up trust, given there have been mixed experiences with German administration. - Mixed savings groups - Working closely with community leaders and multipliers

2.3 Target Group Personas

Target group of SavingBuddies	
Refugees and Newcomers	<p>Yasser, the highly educated entrepreneur</p> <p><i>Yasser studied modern architecture in Damascus and had to flee the country in early 2015, after he had worked about 2 years in a small renowned architect office. He is 28, a global citizen, speaks fluent English and likes to teach himself new things. After his arrival in Berlin in summer 2015, he realizes his degree is not accepted. He lives on social welfare but has enrolled in an online certification course on digital solutions to interior design. Yasser is an open and trustful person who clearly is committed to saving what he can to build up a new life. But he has less than EUR 850 per month to pay for all his expenses and needs a financial buffer in case he would suddenly need a couple of hundred euros for an unexpected expense.</i></p> <p>Characteristics: Young, academic, self-starter, committed and trustful, used to formal banking services such as an account, well connected and many friends</p> <p>Needs: financial buffer for unexpected expenses (300-500 EUR)</p> <p>Wants: Wishes to build a new life, eager to show he can be trusted and prepared to work hard.</p>
Refugees and Newcomers	<p>Yana, the cook</p> <p><i>Yana is 31 and is a very good cook. She used to work in her father's restaurant in Aleppo next to working at the local radio station. Now that she received the status as asylum receiver, she has grouped with two other Syrians to sell local Aleppo food. They hire a kitchen to prepare the food which they sell at weekend markets. At times they hire a food truck to be able to sell food at street food festivals. They wish to become more professional and are in the process of registering their business with the local authorities. They want to buy a used food truck and would need funding. Yana is well familiar with the saving group model and prepared to meet and save regularly. But the little money that she and most people she knows have is far from being sufficient to get her anywhere near the amount needed for the food truck.</i></p> <p>Characteristics: pragmatic business person, prepared to make sacrifices, striving for more professionalism</p> <p>Needs: liquidity, money for the business (about 25,000 EUR)</p> <p>Wants: Wants to be in a saving group with other entrepreneurs who can save up more money per month although she herself is conscious that her contribution will be on the lower end for the time being.</p>

**Idealistic
freelancers**

Eva, the freelancer

Eva is 37 and is consultant for sustainable corporate culture. She is married and expects her second child soon. Her social orientation also influences how she uses her money. In her life so far, she was able to save up some money and wishes to invest some of it to the benefit of another person. She tried crowd investing already but feels she could do better with her savings. She is not interested in high return on an investment but wants her money back in principle. Eva has been looking around a bit for some small direct investments or sustainable funds but has not really taken a decision on what to do with her surplus funds.

Characteristics: sustainable lifestyle, medium income, uses the money she earns in a very prudent way, good saver, but eager to do more

Needs: small investible projects or persons who have business ideas she is convinced of

Wants: Wants to invest her savings (about EUR 25,000 in total), monthly up to EUR 150.

How does SavingBuddies aim to serve this target group?

Mixed Saving Group: Bring together individuals who save little but need a financial buffer, with those who can save more but are happy if others use their savings for business ideas or small urgent personal loans.

Impact Saving Groups: Bring together people who have savings and are interested to identify a project where they can jointly invest in after joint discussion and decision making.

2.4 Mapping potential partner organizations

Based on the formulated personas, your organization identifies and maps its existing and potential partners. As part of this study, you will also contact different organizations that work with target groups that are potentially interested in joining Savings Groups.

With what kind of organizations do you work with at the moment and or have collaborated in the last years?

No.	Name of organizations	Type/category of organization	Field of activity	Service offered / received	Target group
1	ACAF	Scale-up the model	Promotion of self-funded communities	Expertise and training delivery to set up Savingbuddies concept and advisory services for the implementation of the initiative in Germany.	Migrants
2	KulturMarktHa lle	Work with refugees	Promotion of culture and integration	Organization of joint cultural events.	Refugees
3	HochDrei	Training delivery	Training delivery for youth and vulnerable groups	Joint delivery of Training of Trainers Workshops on financial integration and implementation of savings groups as a tool for economic integration.	Migrants Refugees
4	ENDEVA	Integration	Promotion of inclusive and social businesses	Facilitation of Focus Groups with Refugees on how to achieve social and financial integration.	Migrants Refugees
5	LEAD Academy Berlin	Training delivery / Private Business	Training for executives to develop leadership and digital skills	Facilitation of joint workshop on Refugees' empowerment.	Refugees

6	Ashoka – Hello Festival	Scale-up the model	Promotion of integration of refugees	Participation in the Hello- Festival acceleration program to scale-up the savings group model in Berlin, including technical capacity and funding.	Refugees
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What kind of organization could you be interested to work with in the future?

No.	Type of organization	Service offered	Target group	Added value
1	Financial institutions	Financial services, such loans and credits to newcomers and entrepreneurs for setting-up small businesses.	Migrants Refugees	Target group defined Access to the regular financial system
2	Informal savings clubs	Small scale savings	Low income individuals / individual interested saving	- Know-how on the concept of joint saving groups - Access to interested participants
3	Private Businesses	Investment	Entrepreneurs	Savings mobilization through impact investments
4	Training institution	Financial education and literacy	Migrants Local residents Refugees	Target group defined
5	Savings groups associations	Training of Trainers for methodology adaptation	Local residents	Communities and savings groups already created and running
6	Financial Advisors	Offer advice on dealing with financials	Anyone	SavingBuddies cannot act as financial advisors, as this is regulated in Germany

3. Legal framework

3.1 National Law

If the individual savings groups collect funds from their members on a monthly basis in order to pay them out later in the form of loans to individual group members following a positive group decision, this is basically two banking transactions within the meaning of the German Banking Act (KWG): The collection and administration of funds within the group is deposit business within the meaning of § 1 (1) sentence 2 no. 1 KWG; The granting of loans is lending business within the meaning of section 1 (1) sentence 2 no. 2 KWG.

Dangers/risks for our association as the initiator of savings groups arise if we do not inform the individual members of the savings groups about the limits set by BaFin with regard to the respective banking transactions or about the fact that only interest-free loans may be granted. In this case there would be a risk that we would make ourselves liable to prosecution for aiding and abetting a prohibited activity within the meaning of Section 54 of the German Banking Act (KWG).

3.2 Monitoring

§ Section 32 (1) of the German Banking Act (KWG) stipulates that anyone wishing to conduct banking business in Germany on a commercial basis or to an extent requiring a commercially organized business operation requires a license from the Federal Financial Supervisory Authority (BaFin). Without a license, the activities may therefore only be carried out if they are not carried out commercially and not to an extent that requires a commercially organized business operation. In order not to fulfil the characteristic of being commercial, the following must be observed: In connection with the collection of money, it must be ensured that neither for the acceptance and collection of money nor for any other related activity may money or other monetary advantages be accepted from the savings group.

3.3 Loans

With regard to the granting of loans, care should be taken to ensure that this only takes place interest-free and without charges. Interest-bearing loans should not be granted to third parties outside the saving group. Since this activity is intended to be repeated and thus for a certain period of time, and since the interest income would probably be assumed by BaFin to be intended to generate profits, it would no longer be possible to conduct these transactions without a license.

3.4 Savings

In order that, from the point of view of BaFin, a business operation set up in a commercial manner does not become necessary, the following should be noted: With regard to the deposit-taking business, it must be ensured that the limits set by BaFin are observed: No more than 24 individual deposits may be made in a group. This means that a maximum of 24 individuals may be members in a group and make permanent deposits. The total amount of deposits per group may not exceed €12,500. Even if the individual savings groups do not reach these limits, there is the following danger: BaFin could argue that the individual savings groups are all organized and advised by SavingBuddies e.V., which would result in a large savings group network, which in its entirety would then possibly exceed the minimum limits. Apart from that, it could be argued that such an organizational unit requires a commercially oriented business operation in any case. In order to prevent this and thus the acceptance of a business requiring a license, it is important that the association keeps a low profile with regard to organizational processes. Addressing fugitives and making the proposal to found a savings group or to become a member of such a group, as well as providing certain documents, should still be permissible in principle. It becomes problematic when the association provides permanent advice and sustained organizational support for the individual savings groups. In addition, it is possible that BaFin is more inclined to assume that our association will promote membership of the savings groups on the basis of a commercially oriented business operation.

3.5 Fiscal consequences

The individual saving group could open so-called trust accounts. A selected member of the group becomes the account holder (the so-called trustee). The trustee manages the money of the trustors, i.e. all members of the savings group. Although the trustee, i.e. the owner of the account, is also the owner of the managed money, he is bound to the trustors' specifications by a trust agreement, which would have to be negotiated between the managing group member and the members of the savings group. If the trustee violates his obligations towards the individual members of the savings group, he will be liable for damages. Such an account could also be opened by migrants, as since 19.06.16 they have been entitled to open a basic account at any bank. However, such a model does not protect against the person managing the money, the trustee, making dispositions that do not correspond to the will of the trustors. There is therefore always the risk that the holder of the account will not use the money in the interests of the group.

The members of the individual savings groups also have the option of opening a joint account, which can include different numbers of people as account holders depending on the contract. The account can be structured in such a way that only all account holders are jointly entitled to dispose of the available money. However, since this is not a basic account, there is a risk that the banks will refuse to open such an account. However, we have not checked the exact requirements for opening the respective accounts. This depends on the conditions of the individual bank.

Discussion of legal framework

The legal framework conditions mean for SavingBuddies that the role of the organization in connection to the savings group it initiatives must be clear: No financial connection between savings groups and SavingBuddies shall be given (i.e no payment of any services from SavingBuddies) and it must be clear that the organization does not provide financial advisory (which is a regulated profession in Germany).

4. Mapping risk factors for Savings Groups members

According to the following categorization, SavingBuddies sees the following risk and according mitigation factors for members of saving groups that were initiated through SavingBuddies.

In the table below, the risks and mitigation strategies are presented:

Risk	Severity	Likelihood	Mitigation
Loss of money because of fraud by (one of the) members	Severe	Possible	Reduce possibilities of fraud by clear procedures that guarantees transparency and build trust: e.g. only persons known well by at least one member are introduced to a group.
Loss of the cashbox with all the money	Severe	Possible	A maximum amount of money shall be saved in one box. Above a certain limit, a second box will be introduced.

Disbandment / disintegration of the savings group	Significant	Possible	With an umbrella organization that has an overview of the existing saving groups, members of a dissolving saving group can be integrated into another one.
Low participation rate of members, threatening the sustainability of the group	Possible	Severe	Rules and processes should be easy and flexible to adapt to the needs of a group. For Berlin, digital means of conducting group meetings are needed to mitigate the challenge of physical distance.
Strong differences in financial strength of group members in mixed groups	Possible	Moderate	To avoid some members feel inferior because they contribute less, the clear objective of mutual support and a match of different interests of members must be insured and made transparent from the outset.