

**Panel IV: Case Studies Promising Practices in New Product Development.**

**Savings mobilization: Formalizing ROSCAS in Jamaica**

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DRAFT: ONLY FOR COMMENTS

## **INTRODUCTION**

Providing savings services to small savers has largely been overlooked by financial institutions. This is especially true in rural areas where the common wisdom holds that the people are too poor to save and the costs associated with mobilizing numerous small accounts is prohibitive. This case study analyzes one approach that was utilized by the Workers Bank of Jamaica to provide savings services for lower-income individuals on a large-scale basis.

The case study will examine how Workers Bank designed a product by mimicking informal savings schemes, how this instrument operated, and the costs of managing this type of small scale savings product. Finally, some conclusions and recommendations of how other financial service providers in Latin American and Caribbean can utilize the experiences of Workers Bank to offer cost-effective savings services for small savers in their countries.

### **1. MACROECONOMIC ENVIRONMENT**

The macroeconomic situation in Jamaica has been fragile through much of the 1990s. Although the total economic output grew an average of 1.7% per year between 1980 and 1989, the economy grew by an average of only 0.1% in the 1990s and has been declining for the past three years, contracting 1.8% in 1996, 2.4% in 1997, and 1.5% in 1998.<sup>i</sup> This decline continues to be caused by developments at the macro and micro economic levels.<sup>ii</sup> The fiscal account deteriorated from a surplus of nearly 3% of GDP in 1995/96 to a deficit of 7% in 1997/98. The deterioration of the fiscal accounts continues to reflect the overall economic slump the country has faced in the last few years. The government of Jamaica has continued to maintain a tight fiscal monetary policy, which has succeeded in reducing inflation from 25.6% in 1995 to 7.9% in 1998. However, high reserve requirements and a collapsing financial sector have contributed to high nominal and real interest rates. Wage adjustments are over-shooting inflation in the absence of any gains in overall productivity.<sup>iii</sup> Surprisingly, gross national savings as a percentage of GDP rose from an average rate of 13.29% in the 1980s to an average of 25.33% in the 1990s.<sup>iv</sup>

**Table A1-1 Financial Indicators 1993-1998**

Indicator	Unit	1994	1995	1996	1997	1998
Real Growth	% against previous year	1.1	0.5	-1.7	-2.4	-0.7
Inflation	% against previous year	26.8	25.6	15.8	9.2	7.9
Budget Balance	% of GDP	-4.0	-2.0	-7.4	-9.0	-8.0
Current Account	% of GDP	-0.5	-4.6	-5.9	-9.1	-7.5
Treasury Bill Rates	6 month	29.4	42.5	28.8	28.1	23.5
Nominal Lending Rate		46.0	49.0	42.0	35.0	34.0
Real Lending Rate		19.0	23.0	26.0	26.0	26.1
Commercial Bank Deposit Rate	Average weighted deposit rate	27.9	26.2	20.8	14.1	15.5

*Source: The World Bank, Planning Institute of Jamaica, Bank of Jamaica, Inter-American Development Bank*

## **2. CHARACTERISTICS OF THE FINANCIAL SERVICES SECTOR IN JAMAICA**

Jamaica has a large formal and informal financial services sector. Some 200 financial institutions make up the financial sector including six commercial banks, merchant banks, credit unions, building societies, several insurance companies and people's cooperative banks. There are also several semi-formal and informal financial service institutions including finance companies, pawn brokers, and financial NGOs. The commercial banks operate out of 150 branches island-wide, mostly in urban and secondary towns. Financial services are also provided through 247 of the island's post office branches, which are located in mostly rural areas.

Commercial banks operate under the Banking Act and are allowed to conduct all types of banking services. Merchant banks operate under the Financial Institutions Act and are allowed to provide certain restricted banking services. Their lower minimum reserve requirements, capital requirements, and liquidity requirements encouraged a rapid growth in the number of these institutions in the 1980s and early 1990s. These institutions are now coming under closer scrutiny and will have similar regulatory requirements to commercial banks by the end of 1999. Building societies came under the control of the Bank of Jamaica in 1995 when most of the building societies were on the verge of collapse. Credit unions provide financial services in rural as well as urban parts of Jamaica and are not subject to banking supervision. Although they provide financial

services to a large number of Jamaicans, their overall market share is around 6% of the banking sector's total assets.

Jamaica's financial system was modeled on the British system, which required a strict separation between commercial banks and other financial institutions. This specialization eroded over the years in Jamaica. This was accelerated by the fact that it was possible to circumvent the rigorous provisions of the Banking Act by founding non-bank financial intermediaries.<sup>v</sup> This has changed with regulations tightening up the differences between commercial banks and other non-bank financial institutions.

**Table A2-1 Supervised Financial Institutions**

Financial Institution	December 1996	December 1997	December 1998	*Projected Dec. 1999
Commercial Banks	9	9	9	6
Merchant Banks	28	27	18	14
Building Societies	14	10	10	7
Totals	51	46	35	27

Source: Bank of Jamaica

Due to the problems in the financial sector, the Government of Jamaica established the Financial Sector Adjustment Company (FINSAC) which injected capital into insolvent banks, strengthened the asset portfolios by replacing non-performing loans with securities, and managed mergers between non-banks and commercial banks. Four commercial banks, five merchant banks, and four building societies were to be merged into a single commercial bank – 'Union Bank', which is controlled by FINSAC. It is planned that the bank will be subsequently divested to private interests. Despite the problems faced by the sector during the past few years, commercial banks actually recorded a growth in their assets; however, this was mainly due to public sector holdings, which accounted for 34% of the asset portfolio or J\$55 billion by December 1998. Private sector loans, as a percentage of total assets, declined to 23% of the asset base. This was mainly as a result of the exchange of FINSAC securities for non-performing loans.<sup>vi</sup>

**Table A2-2 Market Share of Financial Institutions 1996-1998**

Financial Institution	December 1996		December 1997		December 1998	
	In bn US\$	% market	In bn US\$	% market	In bn US\$	% market
Commercial banks	3.96	70%	3.92	73%	4.33	74%
Building Societies	1.05	19%	1.04	19%	1.19	20%
Merchant Banks	0.60	11%	0.44	8%	0.32	6%
Total	5.61	100%	5.40	100%	5.84	100%

Source: Bank of Jamaica

### 3. REGULATION AND SUPERVISION

The regulation of commercial banks, merchant banks, and building societies is governed by three acts: the Banking Act, the Financial Institutions Act, and the Building Societies Act. Pursuant to the Bank of Jamaica Act, the Financial Institutions Supervisory Division (FISD) of the Bank of Jamaica (Jamaica's Central Bank) is in charge of supervising all three types of institutions. These responsibilities include regular on-site and off-site examination of the institutions with a view to ensuring sound and prudent practice of all banking regulations.

The Banking Act of 1992 sets forth the licensing procedures and prudential requirements for commercial banks. Minimum reserve requirements are set and changed by the Bank of Jamaica from time to time. During the mid-1990s, minimum reserve requirements for commercial banks were very high by international standards. Under the Financial Institutions Act, minimum reserve requirements and minimum capital requirements for merchant banks were much lower. This created an incentive to establish merchant banks in order to avoid higher reserve requirements and to potentially engage in riskier ventures. This difference in reserve requirements is now being changed and it is expected that merchant banks and commercial banks will operate under similar regulations by the summer of 1999. Other shortcomings within the Banking Act and the Financial Institutions Act, especially those regarding related party lending, are being resolved by a task force within the Bank of Jamaica.

***Table A3-1 Minimum Liquid Assets Ratio for Commercial and Merchant Banks***

Financial Institution	1995	1996	1997	1998
Commercial Banks	47-50%	47%	47%	43-47%
Merchant Banks	17-25%	25-30%	30-35%	35%

*Source: Bank of Jamaica*

In 1998, the Deposit Insurance Act was passed and the Jamaica Deposit Insurance Corporation (JDIC) started operations in August of 1998. The deposit insurance scheme was created with three objectives in mind:

- ? To provide protection to the small uninformed depositor who is not in a position to assess the risks of financial institutions;
- ? To assist in the restoration of confidence and the overall stability of deposit-taking institutions;
- ? To provide the Government with a more formal mechanism for dealing with problem financial institutions, with a view to protecting depositors.<sup>vii</sup>

Under the Act, all deposit-taking institutions (policyholders) are required to pay an annual premium of 0.1 % of insurable deposits. Payments would be made out of the fund to every qualifying depositor, if a policyholder's license is revoked, the insurance cancelled, or in the event that a winding up order has been made by the court or the Minister. The maximum coverage is J\$200,000 (US\$5,168) per depositor. At this level of coverage, 97% of number of depositors would be covered. The limited coverage is intended to instill market discipline and ensure that depositors would discriminate between safe and unsafe banks.<sup>viii</sup>

#### **4. BANKING CRISIS**

The rapid expansion of credit between 1990 and 1995 saw increases in private sector loans averaging 42.6% a year or 489.6% during the period. However, high reserve requirements, high interest rate policies, overall declining economic growth rates, combined with cases of widespread mismanagement, the lending boom of the early to mid 1990s, and widespread related party lending, all led to the collapse of the banking sector during the late 1990s.

Various factors were to blame for the collapse of the banking sector including the regulatory environment and various institutional problems:

##### **Regulatory Issues**

- ? **Legal Ambiguities** The legal framework was less clear than it should have been; leaving bank regulatory requirements open to interpretation.
- ? **Regulatory Forbearance** By the mid-1990s, there were signs that the banking sector was having problems. However, the authorities did not take firm action for fear of precipitating a bank run. In addition, bank regulators had to seek approval of the Ministry of Finance before stepping in to sanction banks, which further delayed action.

##### **Institutional Problems**

- ? **Poor Credit Practices.** The lending bubble of the early 1990s was precipitated by higher valuations in the real estate market. Credit decisions were based on collateral rather than on cash flow analysis.
- ? **Poor Management Practices.** There were large mismatches between assets and liabilities due to weak management practices. Banks owned by financial conglomerates increased the tendency to lend to related parties.<sup>ix</sup>

## **B. BACKGROUND ON INSTITUTION**

### **1. PROFILE**

Name:	Workers Savings and Loan Bank (Workers Bank), now part of Union Bank
Organizational Type:	Commercial Bank
Date Founded:	Government Savings Bank established in 1870, Workers Savings and Loan Bank established by Act of Parliament in 1973, privatized in 1991, merged into Union Bank in 1998.
Governance Structure:	Previously privately owned commercial bank governed by board of directors, now partially owned by Jamaican Government

### **2. HISTORY OF WORKERS BANK**

The Workers Savings and Loan Bank (Workers Bank) grew out of the Government Savings Bank (Postal Savings Bank), which was initially established in 1870 and operated out of the post office network, making the bank the second oldest bank in Jamaica. Workers Bank was established by an Act of Parliament in 1973, with the Government of Jamaica (GOJ) and several trade unions being the major shareholders. Having been created by trade unions and growing out of the Postal Savings Bank, the new bank was seen as the ‘people’s bank.’ This image of the bank did in fact attract thousands of small savers that built a foundation, which continues today.<sup>x</sup>

After several years of operating at a loss, the bank was divested by the GOJ and sold to private investors in the Corporate Group of Companies which comprised a merchant bank, an insurance company, a building society, a hotel division, and other businesses. The bank experienced dramatic growth and made a profit in 1994; however, it declined dramatically in 1996-97, along with most of the rest of the national commercial banks. High interest rates, the continued economic decline in the country, mismanagement, and related party lending led to the collapse of Workers Bank. In early 1998, FINSAC took over the management and ownership of the bank along with three other national commercial banks that were merged into Union Bank.

Since the inception of the Government Savings Bank in 1870, rural Jamaicans were encouraged to open up savings accounts in their local post offices. This tradition of post office banking dates back to the British colonial days when small savings accounts collected through post offices were invested in government securities. In most rural and many smaller urban areas, the post office provided important services to lower and middle income groups. Apart from providing mail services, the post office was the center of communication by providing telegraph services that were the most important means to communicate with those in rural areas up until the late 1980’s. Post office banking was seen as a secure place for most people to save in rural areas. In some rural communities, farmers and their families were the most important savers with large net inflows observed

during the harvest time and large outflows during the planting season. The post office was also active in promoting savings in schools, with teachers assisting students to open their first savings accounts.

When the Workers Bank was created in 1973, it took over the Government Savings Bank under an agreement with the GOJ Post Office Service. Under this agreement, Workers Bank paid a cess (fee) on the net transaction volume collected through the post office network (Note: this was increased to 3% from 2% in 1996). Postmasters and clerks collect deposits and withdrawals from approximately 77,000 savers. The bank also launched a new micro-loan product in some post offices on a pilot basis in 1996. Today, the Union Bank continues to provide savings services through 247 post offices and loan services through 10 pilot post office branches.

**Table B2-1 Postal Savings Accounts 1995-1998**

Postal Savings Products	1995		1996		1997		1998		May 1999	
	US\$ 000	#	US\$ 000	#	US\$ 000	#	US\$ 000	#	US\$ 000	#
Gold Stamp Savings	8,070	91,036	8,406	83,223	9,424	81,777	9,114	74,118	8,625	74,469
<i>Partner Savings Plan*</i>					264	2,606	425	2,451	630	2,932
<b>Total</b>	<b>8,070</b>	<b>91,036</b>	<b>8,406</b>	<b>83,223</b>	<b>9,688</b>	<b>84,383</b>	<b>9,539</b>	<b>76,569</b>	<b>9,255</b>	<b>77,401</b>

Source: Workers Bank

\*Partner Savings Plan introduced in Post Offices in 1997

### 3. PRODUCT/SERVICE DELIVERY DESCRIPTION

Workers bank offered a large variety of savings instruments to its customers including current accounts, time deposit facilities, regular savings accounts, and an innovative contractual savings account that was especially attractive to small savers. The bank followed many of the ‘best practices’ in designing the savings products they offered their clients.

- ? The bank provided a mix of different savings products that responded to the characteristics and needs of various market segments. These products offered an array of liquidity and return. It offered higher interest on fixed deposit accounts with higher balances and lower interest on semi-liquid and liquid savings products.
- ? Simple designed products existed alongside more complex market-oriented savings products. Products were often designed with an interest of appealing to those both familiar with traditional bank products (such as checking, passbook savings, and certificates of deposit) and for those more familiar with informal products (such as with Rotating Savings and Credit Associations (ROSCAs)).

- ? Low minimum opening balances were available on several bank products, making it easier for lower-income groups to save.
- ? The bank also focused on creating unique trademarks and product labels that proved to be very attractive to different market segments. These trademarks helped distinguish the bank's products from their competitors and helped win new customers.
- ? Market studies were seen as an important tool to develop, test, and introduce new savings products.
- ? Marketing strategies for savings products was seen as key to the bank's success in attracting new borrowers. Investments were made in developing a 'saving's culture' by developing savings instruments for students and marketing products through schools.

### 3.1 GOLD STAMP SAVINGS

The gold stamp savings were offered as an alternative to the passbook savings in the post office network. The only difference between the early passbook savings and the new gold stamp savings product was a life insurance policy that matched the total outstanding savings balance of a depositor in the event of death (up to a maximum of J\$50,000 (US\$1,320)). This addition to the traditional passbook savings product was added after an informal study by the bank discovered that insurance coverage in rural areas was generally not available. Insurance companies were unable to provide basic health insurance for two reasons: earnings of the rural poor were not consistent and it was difficult to collect regular premiums. The bank therefore added this feature to the passbook savings product. The insurance was automatic for all primary account holders up to the age of 65 and required no forms to be filled out. This served to provide a small amount of insurance coverage and acted as an incentive for savers to maintain higher savings balances.

The account is easily opened with a minimum deposit of J\$50 (US\$1.32) and a photo identification card. The interest bearing account provides depositors with a secure savings account and a nominal interest rate that was generally slightly less than the national average deposit rate.

**Table B3-1 Gold Stamp Savings Interest Rate, Commercial Deposit Rate, Inflation**

Indicator	1994	1995	1996	1997	1998	May 1999
Gold Stamp Savings Rate	15	15	15	15	13	12.5
Average Savings Deposit Rate – Commercial Banks	18.75	17.82	17.96	13.02	12.13	12.33
Inflation	26.8	25.6	15.8	9.2	7.9	6

Source: Union Bank, Bank of Jamaica

Investment income tax is automatically withheld when interest is paid. It should be noted that interest is paid only twice a year and is calculated on the monthly minimum balance, which reduces the effective rate paid on deposits. This system makes it easier to manage numerous small-scale savings accounts. First, it is fairly easy to calculate. Second, it reduces administrative and interest expenses. Third, it could be seen as a way of motivating depositors to increase the size of the deposits and maintain larger balances. However, for this motivation to work, clients would need to be aware of the policy of paying on the minimum monthly balance and understand how this worked, which was not normally the case.<sup>xi</sup>

Overall, Gold Stamp Savings amounted to only about 8-9% of the overall deposit base of Workers Bank between 1996-1998 but accounted for roughly 33-36% of the outstanding number of accounts. This form of passbook savings instrument was seen as an important service in areas where other formal financial institutions did not operate branches. This was especially important for those living in rural communities and in high crime inner-city communities where no other bank branches were operating.

### **3.2 PARTNER SAVINGS PLAN**

In 1993, the Workers Bank was looking at ways to encourage and boost savings deposits in its banking network. Competition at the high end of the market place pushed the bank to introduce new and innovative ways to mobilize savings. The bank had always been viewed as the ‘small man’s bank’ and they were looking at a new product that was geared toward this niche. The bank wanted a product that could motivate small savers to deposit increasingly larger amounts in the bank. The new product, the *Partner Savings Plan*, was inspired by research from the University of the West Indies and one of the bank managers who were analyzing the Jamaican ROSCA – the partner – and why it was such an attractive form of saving for most low-income Jamaicans.

#### **3.2.1 MARKET RESEARCH**

The study by the University of the West Indies identified the partner as the most important source of cash savings and providing credit for low-income persons. The typical partner is organized by a ‘partner banker’ who manages a pool of funds. The contribution to the partner pool is termed a ‘hand’. Members to a partner pool funds on a periodic basis, generally weekly, and the ‘banker’ disburses the pool at the end of each period to one of the members. This disbursement is termed a ‘draw.’ Each period, a different member receives his or her draw with the process repeating itself until every member has received his or her turn.<sup>xii</sup>

The study found that 65.2% of all households in the areas surveyed were involved in a partner. 75.1% of those involved in the partner were women and that 69.1% of the partner groups were between 25-44. The mean number of years of involvement in

partner arrangements was nine years with the range of one year to fifty-eight years. According to the study, the most popular reason for involvement in partner arrangements was savings. Of the respondents involved in the study, 59.3% listed savings as the primary reason for being involved in a partner with 10.8% stating that they were involved for the ‘convenience/ease of involvement’ and 7.2% stating that the primary reason was to ‘purchase a household item’ (in fact another form of savings).<sup>xiii</sup>

This study was supplemented by research conducted by the bank using summer interns. The students, under the direction of the marketing department of the bank, traveled to several communities to ask people about their use of the partner as a form of savings. They also asked about whether people were in fact interested in saving with a bank if they could save using the partner approach. The study revealed that a number of people had problems with their informal partner arrangements and were interested in the sense of security a bank could offer in providing the same type of contracted savings service.

The bank theorized that micro and small businesses as well as regular salaried workers provided a fertile ground for mobilizing vast amounts of savings. The bank was faced with one main question:

With such a vast proliferation of banks and other financial service institutions, what accounted for the continued survival of informal savings and credit schemes – namely the partner - outside the formal banking sector?

The bank investigated this question and found that the partner continued to be used because of various advantages that the formal sector did not offer. These were:

- ? The ease of access for conducting both savings and credit transactions
- ? The informality of the business transactions (no taxes, no complicated forms)
- ? Flexibility of informal savings arrangements
- ? Geographical convenience
- ? Low transaction costs
- ? Familiarity with people involved in the partner

### **3.2.2 DESIGNING THE *PARTNER SAVINGS PLAN* PRODUCT**

Once the advantages of the informal savings techniques of the partner were identified, the bank was faced with another question:

What kind of mobilization strategy could the bank use to capture savings generally held within the informal sector?

It was obvious that this could only be achieved through “copying” the key features of the partner. In order to mimic the partner scheme as a means to mobilize savings, the bank came up with an innovative strategy. It designed a contracted savings product that built on the practices of the partner by utilizing the terminology of the partner. The contracted

savings product was called the *Partner Savings Plan* and regular contributions to the bank were termed ‘hands’ with a ‘draw’ being arranged at a set point in time. The bank called itself the ‘banker’ for the partner arrangement and marketed itself as more secure than the traditional partner. They also added interest, which they called a ‘bonus,’ and offered the chance to win ‘big prizes’. The contractual arrangements were set at 16, 24, 36 and 48 weeks with minimum contributions of J\$200 (slightly over US\$5).

The market study also revealed that most people did not like the fact that withholding tax was automatically deducted from the interest payments on their normal passbook savings accounts. The bank therefore promoted the *Partner Savings Plan* as a ‘tax-free account,’ even though it was not tax-free. The bank simply paid the required withholding tax on the account and did not include it on the partner passbook. So the ‘bonus’ paid was actually net interest after withholding taxes were already paid.

This form of contracted savings was seen as advantageous to the bank and the customer. From the customers’ standpoint, the following advantages should be highlighted:

- ? **Instilling discipline** – depositors were strongly attracted to the regular savings discipline that the partner instilled. The bank so successfully built on the partner concept that the clients felt the incentive to regularly build up their savings as if they were participating in an informal partner.
- ? **Security** - The bank was seen as a more secure ‘banker’ than the traditional partner banker, since the bank would not ‘run away’ with funds as happened in some cases with the partner banker in the informal sector and ‘draws’ would always be paid on a timely basis.
- ? **Bonuses** - Partner savers in the bank received a ‘bonus’ (interest) if all payments were made as agreed upon and were given the chance to participate in a drawing for cash prizes. The bonus was seen as an important difference between the bank and the informal partner, since none of the informal partner arrangements paid interest and most required a contribution to the partner banker, usually in the form of one weekly contribution or ‘hand.’
- ? **Better cash management** - Partner clients were also better able to plan the withdrawal of their funds at the point when they most needed it. One of the disadvantages of the partner in the informal sector was that there was not perfect synchronization between the receipt of funds by the members and their expenditure plans. With the *Partner Savings Plan*, the clients could choose between four options – 16, 24, 36, and 48 weeks. Contributions or ‘throws’ could be made to suit the needs of the client since the bank allowed weekly, fortnightly, and monthly contributions.

For Workers Bank, the *Partner Savings Plan* offered certain advantages in comparison to regular passbook savings, such as:

- ? **Better treasury cash management** - predictable deposits and withdrawals should make money management easier and hence reduce administrative costs in comparison with regular savings accounts.
- ? **Larger savings balances** – contracted regular savings deposits, using the ROSCA concept, encouraged savers to save larger amounts and maintain larger outstanding savings balances.
- ? **Screening** – Use of the *Partner Savings Plan* as a way to screen potential borrowers. Clients who demonstrated their ability to pay regular sums to a contracted savings account would presumably be better credit risks since they could demonstrate their ability and willingness to make regular periodic payments at fixed times.

The *Partner Savings Plan* demonstrates that savings products can be designed using informal methods of savings mobilization that are more familiar to clients who would normally participate only in ROSCAs or other informal savings instruments.

### 3.2.4 ESTABLISHMENT OF PROCEDURES

Establishing operating procedures for the partner savings account was initially a bit difficult for the bank since the product was not really a traditional savings instrument and was really designed with the client in mind. From the client’s standpoint, it was an easy product to understand. It sounded and acted like the informal product they were used to with a simple ‘bonus’ that was a straightforward percentage of one ‘hand.’

The predetermined bonuses for each type of plan are:

- ? 20% of one ‘throw’ for a 16 week period
- ? 50% of one ‘throw’ for a 24 week period
- ? 100% of one ‘throw’ for a 36 week period
- ? 200% of one ‘throw’ for a 48 week period

For the bank, this method of setting interest rates caused problems. Instead of setting interest rates and adjusting them slightly due to changes in the market place, the interest rate could not be so easily adjusted and was not that consistent among different payment methods. Hence, a 16-week product with 16 weekly ‘throws’ of US\$5 or 8 fortnightly contributions of US\$10 or 4 monthly contributions of US\$20, all paid the same bonus at the end – US\$1 (or 20% of one weekly throw). This, however, resulted in slightly different annual percentage rates. (See section **FINANCIAL COSTS OF THE PARTNER ACCOUNT**).

The other difference between a normal savings account and the partner account was that in order to qualify for the bonus; clients had to make all payments as scheduled. Late payments were allowed as long as they did not exceed a predetermined number of ‘missed throws.’ Clients were allowed:

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- ? 1 late ‘throw’ for a 16 week account
- ? 2 late ‘throws’ for a 24 week account
- ? 3 late ‘throws’ for a 36 week account
- ? 4 late ‘throws’ for a 48 week account

If the number of late contributions exceeded these parameters, the customers were penalized. For example, no bonus was paid on the 16-week account if the client was late more than once. However, if a client decided to close a longer account before the agreed period, then a bonus was paid for each completed period. The 16-week bonus was paid for 24-week accounts, only if the 16-week period elapsed and payments were on time and the allowable late payments were not exceeded. The same was true for 36 and 48-week partner accounts.

This caused countless difficulties, especially for the management information system (MIS) staff who had to make adjustments to the database system used by the bank. Since this type of contracted savings product had never been used by the bank, the MIS staff had to spend quite a bit of time making adjustments to the database program. They found that, by making adjustments to the program that managed interest-bearing checking accounts, they could adapt the system to count the number of misses similar to the way it already tracked minimum balances in order to allow interest to be paid. According to bank staff, this required quite a bit of time in order to function properly.

### **3.2.5 LAUNCHING THE PRODUCT & MARKETING STRATEGY**

It is normally recommended that financial institutions should follow a series of pilot tests at one or two branches when offering new savings products. This allows a financial institution to fully analyze the demand and costs for the new products. After initial pilot tests, priority should be given to make necessary price and product adjustments, focus on staff training, plan logistics, and make changes to the management information systems. When the product, pricing, logistics, information system, and staff training are completed, the new product is ready to be gradually expanded throughout the branches of the institution. Only after the product has been successfully expanded to all branches should the emphasis be switched from one of expansion to one of market penetration. This involves the development of a systematic approach to the identification of potential depositors; implementation of a staff incentive system based on performance; the development of effective methods of intra-bank communication; more extensive market research; a major public relations effort; and massive staff training.<sup>xiv</sup>

Instead of following the approach outlined above, Workers Bank launched the product through all of its 12 branches and 6 sub-branches in May of 1994. The marketing campaign that served to introduce the *Partner Savings Plan* was indeed quite unique for a bank product in Jamaica. Even before the launch of the *Partner Savings Plan*, the bank placed several teaser ads in the press stating that “the Partner is coming!” No one knew what the ‘Partner’ was at the time, but the campaign was one that created a lot of interest

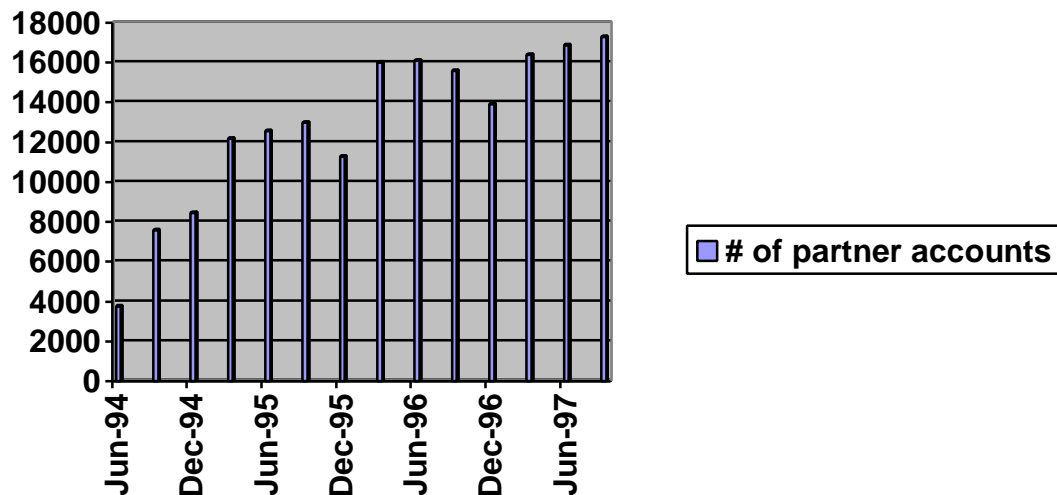
in the product well before it was offered in bank branches. The bank also hired a local reggae artist who sang a catchy jingle that played on both the radio and television. Having a reggae star introduce a new product was considered a ‘culturally friendly’ approach to marketing that utilized the ‘every-day’ language of Jamaicans. Promotional materials and advertisements in the press used cartoon characters depicting relevant family or business situations. They were also the first banking brochures and advertisements that used Jamaican dialect. The marketing department learned from the client group what they wanted and then incorporated this information into both the product and their advertising campaign. The product already built on the informal partner and these elements were included in the promotional materials. The bank also built on two important distinctions between their product and the informal partner, security and return. The promotional material and advertisement campaign all began with the slogan “A Partner you can ‘count’ on.” The bonus and chance to win cash prizes were also promoted in all materials.

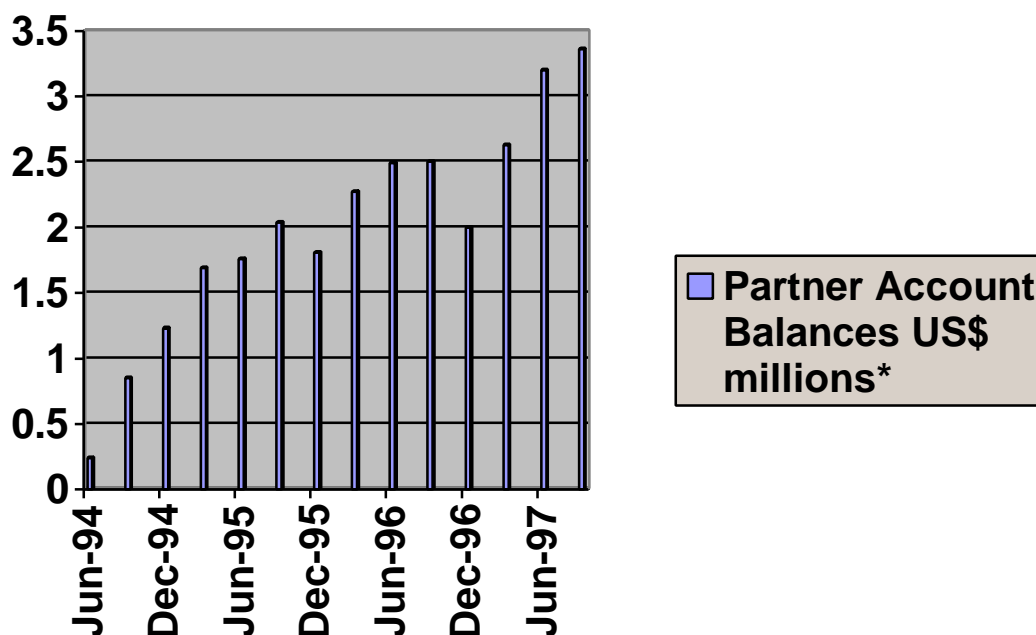
It is interesting to note that the account was attractive to those who saved for particular purposes. According to bank officials, those in rural areas generally timed their ‘draws’ to coincide with planting cycles and those in urban areas timed their accounts to generally coincide with the Christmas season, hence the noticeable decline in the value and number of accounts every year in the last quarter.

#### 4 PERFORMANCE ANALYSIS

##### 4.1 OUTREACH INDICATORS

The publicity campaign and the introduction of the new *Partner Savings Plan* were considered successful. Between May of 1994 and September of 1997, the number of accounts increased to 17,292 and the dollar value of deposits increased to US\$3.36 million.





\*Bank of Jamaica average annual exchange rates were used to calculate balances in US\$.

However, after September 1997, there were reports about the bank's mounting losses and the growing problems in the financial sector. As one would expect, Workers Bank suffered from these reports and the number and amounts of its depositor base declined. By December 1997, the number of partner savings accounts decreased to 12,184 with an outstanding balance of US\$2.47 million dollars. By December 1998, the total number of outstanding accounts decreased to 9,298 and the balance stood at US\$1.7 million dollars. Surprisingly, the number and amount of partner savings accounts increased to 12,800 with an outstanding balance of US\$2.22 million dollars by June 16, 1999.

It is interesting to observe that during the height of the banking crisis Workers Bank introduced the *Partner Savings Plan* in 65 of the post office branches. The number of deposits increased to 2,932 accounts with an outstanding balance of around US\$630,000 within two years. This amounted to approximately 4% of the number of accounts in the post office network, but 7% of the total \$ value.

A random sample analysis of *Partner Savings Plan* accounts in the post office network taken at the end of May 1998 and May 1999 showed that the number of accounts grew rapidly in the first twelve months and that average balances were more than 65% higher than the regular Gold Stamp Savings accounts held by the same client group. Average balances in May 1998 were US\$198 compared to US\$119 for Gold Stamp Savings and by May 1999, *Partner Savings Plan* account balances were US\$215 compared to US\$116 for Gold Stamp Savings.

Although 20-28% of all *Partner Savings Plan* accounts in the post office network were held in rural areas, the rural deposits only accounted for less than 2% of the outstanding balances.

**Table B4-1 Analysis of Partner Accounts – Post Office Network**

	May 1998		May 1999	
	# Of accts.	\$ Of accts.	# Of accts.	\$ Of accts.
Rural	20%	1.16%	28%	1.83%
Urban	80%	98.84%	72%	98.17%

Source: Workers Bank Post Office Division

This random sample of Partner Savings accounts revealed that smaller deposits (those below \$300) accounted for between 78-80% of the number of accounts but amounted to less than 45% of the \$ value of such deposits.

**Table B4-2 Partner Savings Plan – PO Accounts Outstanding Balances in US\$ May 1998**

Balances	#	%	\$	%
Under \$100	136	46.90%	\$194,140	10.67%
\$101-\$200	63	21.72%	\$301,500	16.57%
\$201-\$300	34	11.72%	\$301,920	16.59%
\$301-\$400	17	5.86%	\$198,150	10.89%
\$401-\$500	17	5.86%	\$271,500	14.92%
Over \$500	23	7.93%	\$552,200	30.35%
Total	290	100.00%	\$1,819,410	100.00%

\*Random sample of 290 accounts out of 2,782

**Table B4-3 Partner Savings Plan – PO Accounts Outstanding Balances in US\$ May 1999**

Balances	#	%	\$	%
Under \$100	118	40.14%	\$133,950	6.35%
\$101-\$200	67	22.79%	\$374,330	17.75%
\$201-\$300	45	15.31%	\$433,500	20.55%
\$301-\$400	27	9.18%	\$351,300	16.66%
\$401-\$500	16	5.44%	\$276,400	13.11%
Over \$500	21	7.14%	\$539,500	25.58%
Total	294	100%	\$2,108,980	100%

\*Sample of 294 accounts out of 2,932

## 4.2 COST ANALYSIS

All financial institutions, especially those providing microfinancial services, should undertake periodic cost studies to allow the institution to adjust both the product and the delivery system in order to improve overall cost efficiency. These adjustments could include changes in interest rates or conditions of the product. Workers Bank analyzed

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their *Partner Savings Plan* product in 1996 and quickly realized that the initial interest rates along with administrative costs were too high and that the bank was losing money on the product. The interest or ‘bonus’ was reduced on the *Partner Savings Plan* to lower costs and make the product more profitable. The bank is now analyzing the possibility of increasing the minimum contribution to J\$ equivalent of US\$13.15 up from the minimum amount of J\$ equivalent of US\$5.26.

It is important to note that making changes to the basic design of a savings product, such as changing liquidity or reducing the return, need to be done carefully by balancing cost savings with the potential impacts on client behavior.<sup>xv</sup> A detailed cost analysis of savings products can be conducted in a variety of ways. One approach is to look at five major cost elements: (1) financial costs, (2) variable operating costs, (3) fixed operating costs, (4) indirect costs (general overhead), and (5) organizational costs (such as set-up expenses).<sup>xvi</sup> This type of study can be very useful although it is often difficult to accomplish, unless the institution sets up a system that allows it to more easily track expenses related to different types of accounts.

For financial institutions planning to introduce microsavings products, the numerous small transactions can significantly increase the costs of maintaining and offering such products making them unprofitable. One of the great advantages to a contracted savings product, like the *Partner Savings Plan*, is that the costs associated with numerous transactions can be easily tracked and analyzed. This also permits a better analysis of the costs of this type of product at an early stage and allows a bank to make adjustments that would promote higher balances, something that is normally more difficult to attempt with regular passbook savings. The size and number of each deposit can be determined and analyzed in advance so as to provide the financial institution a unique opportunity to determine the minimum amounts needed in order to make a product cost effective.

#### **4.2.1 FINANCIAL COSTS OF THE PARTNER ACCOUNT**

The *Partner Savings Plan* was designed in such a way as to make the product easier to understand for clients to compute returns in advance. The interest paid on the account, or ‘bonus’ as it was referred to by the bank, was a percentage of the weekly contribution or ‘hand.’ Bonuses were 20% for 16-week *Partner Savings Plans*, 50% for 24-week plans, 100% for 36-week plans, and 200% for 48-week plans. Hence someone contributing J\$1,000 weekly for 16 weeks would receive J\$16,000 plus a bonus of J\$200 at the end of the plan for a total of J\$16,200 (an annual percentage rate (APR) of 9.88 – 11.43%, depending on whether the client paid weekly, fortnightly, or monthly.)

**Table B4-4**

**Financial Costs for Different Partner Products**

Partner Products	Bonus as a % of weekly contribution	Effective APR* weekly payment	Effective APR* Fortnightly payment	Effective APR* Monthly payment
16 week	20%	9.88%	10.59%	11.43%
24 week	50%	10.67%	11.16%	11.36%
36 week	100%	9.30%	9.58%	9.41%
48 week	200%	10.28%	10.51%	10.16%

\* Effective interest rate includes additional 15% paid by bank on withholding tax

#### 4.2.2 VARIABLE OPERATING COSTS

Variable operating costs are actually the transaction costs associated with the savings account. These would include the transaction time associated with the teller, materials, opening and closing costs.

Since it would be difficult to analyze the *Partner Savings Plan* as it was offered through the post office network, this paper will instead analyze the transaction costs of the *Partner Savings Plan* in the branch network. The number of total accounts held by all Workers Bank branches as of September 1997 was used to estimate the number of monthly transactions. Although the product was designed to allow weekly, fortnightly, and monthly contributions, most accounts were weekly. The exact number of accounts broken down by frequency of contribution could not be determined and the estimates below were made based on estimates derived from discussions with personnel within the Workers Bank.

**Table B4-5**

**Number of Accounts**

Number Of accounts	Partner Products	Weekly	Fortnightly	Monthly	Average # of Transactions per month
7250	16 week	70%	20%	10%	3.30
5837	24 week	70%	20%	10%	3.30
1905	36 week	70%	20%	10%	3.30
2300	48 week	70%	20%	10%	3.30
17292		70%	20%	10%	57064

Determining average balances for each different type of account proved to be more difficult since the bank had not maintained historical information by partner product. The estimates below were made based on the average contribution of approximately J\$708 (US\$18.62). It should be noted that minimum contributions for fortnightly and monthly contributions were actually J\$400 (US\$10.52) and J\$800 (US\$21.04), respectively.

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**Table B4-6****Average Outstanding Balances**

Partner Product	Weekly	Fortnightly	Monthly	Average Outstanding Balance per account
16 week	\$18.62	\$18.62	\$18.62	\$122.90
24 week	\$18.62	\$18.62	\$18.62	\$184.36
36 week	\$18.62	\$18.62	\$18.62	\$275.60
48 week	\$18.62	\$18.62	\$18.62	\$367.78
Average	\$18.62	\$18.62	\$18.62	\$193.02*

\*Weighted average balance

In order to estimate the transaction costs associated with making deposits, the bank analyzed the costs of opening accounts, closing accounts, and accepting regular deposits.<sup>xvii</sup> Below are tables associated with some of the findings of that study converted into US\$.

**Table B4-7****Transactions Costs**

Minutes for each deposit – Teller	3.75
Minutes for each deposit - Proof	0.50
Minutes for each deposit - Current A/c Clerk	0.25
Salary per minute – Teller	\$0.04
Salary per minute – Proof	\$0.04
Salary per minute – Current A/C clerk	\$0.04
Average salary cost per transaction	\$0.18
Cost of materials	\$0.01
Total cost per transaction	\$0.19

**Table B4-8****Costs to open and close accounts**

Activity	Time
<b>STAFF COSTS</b>	
Customer Service Representative	13
CSR Supervisor	1
Teller	3
Current Accounts Clerk	0.25
Proof Clerk	0.5
Total time to open a Partner Savings Account	18
Per minute salary cost – CRS Rep	\$0.03
Per minute salary cost – CRS Supervisor	\$0.05
Per minute salary cost – Teller	\$0.04
Per minute salary cost – Current A/Cs Clerk	\$0.04
Per minute salary cost – Proof Clerk	\$0.04

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<b>STATIONERY COSTS</b>	
Signature card	\$0.03
Deposit slip	\$0.01
Copier – application form	\$0.27
Copier – ID	\$0.27
Partner booklet	\$0.21
Black light	\$0.08
Booklet plastic cover	\$0.15
Withdrawal slip	\$0.01
Salary Costs to open a Partner Savings Acct.	\$0.59
Material Costs to open an account	\$1.02
Costs to close an account	\$0.47
Total costs to open & close a Partner acct.	\$2.08
Pro-rated opening and closing cost 16 week	\$0.52
Pro-rated opening and closing cost 24 week	\$0.35
Pro-rated opening and closing cost 36 week	\$0.23
Pro-rated opening and closing cost 48 week	\$0.19

From the above analysis, it can be observed that the cost of opening and closing accounts is much more expensive for the shorter-term partner accounts rather than the longer-term accounts. Since the account is a rotating type of account, with many customers closing their accounts at the end of the contracted period only to open a new account the following week, the bank could save on opening costs by just providing a new book rather than entering all data again. Certain expenses are not duplicated once a new account is opened, such as signature cards being kept on file, identification cards only needing to be copied once, etc.

#### **4.2.3 FIXED OPERATING COSTS**

Although it was not possible to get operating cost details, except for estimating publicity and promotion costs, it is an important feature that needs to be analyzed. Fixed operating costs do not change with the volume of transactions; however, branches that manage small accounts, such as the partner, spend a significant portion of their time, infrastructure, and other operating costs to provide this service. Below is only an estimate of a normal year of publicity and promotion costs. It should be noted that Workers Bank originally spent large sums on TV, radio, and newspaper publicity that were reduced to almost nothing after the product was operational. The lottery and prize figure estimates an amount of just over J\$200,000 or US\$50,000 for annual prizes awarded around Christmas time.

**Table B4-9**  
**Cost of Publicity and Promotion**

Activity	Monthly Costs
Lottery & Prizes	\$5,400
Brochures	\$1,100
Radio, TV, Newspaper	\$2,700
Total Publicity	\$9,200
Number of Transactions Monthly	57,064
Prorated Costs of Publicity and Promotion per Transaction	\$0.013

#### 4.3.4 TOTAL COSTS OF THE PARTNER SAVINGS PLAN ACCOUNT

From this preliminary analysis, one can observe that operating a contracted savings account like the partner is expensive. Weighted average costs including interest expense, variable costs, and estimates for fixed annual expenses (which in this case were limited to estimated costs of promotion and publicity) were running at 18.24% of the average balance of partner accounts. This is at the higher end of the 15-18.75% interest rates paid of larger, long-term fixed deposit accounts paid by commercial banks in April 1999.

**Table B4-10**  
**Direct Fixed and Variable Costs for the Partner**

Partner Product	Cost per Transaction including fixed and variable costs	Number of Transactions Per month	Fixed and Variable Costs per month	Costs to Open and Close accounts	Total Operating Cost per account	Average Balance	Operating Costs As a % Annual Balance	Annual Average Interest Expenses	Total Costs as a Percentage of the Average Annual Balance
16 week	\$0.203	3.30	\$0.67	\$0.519	\$1.190	\$122.89	11.62%	10.18%	21.80%
24 week	\$0.203	3.30	\$0.67	\$0.346	\$1.017	\$184.34	6.62%	10.84%	17.46%
36 week	\$0.203	3.30	\$0.67	\$0.231	\$0.902	\$275.58	3.93%	9.37%	13.29%
48 week	\$0.203	3.30	\$0.67	\$0.189	\$0.860	\$367.75	2.81%	10.31%	13.12%
Average	\$0.203	3.30	\$0.67	\$0.321	\$0.992	\$193.02	7.91%	10.33%	18.24%

As a general rule of thumb, the combined operating and interest costs of savings should be below the average fixed deposit rates paid by the financial institution. Comparing Workers Bank to two other types of financial institutions that operate in Asia, the Lembaga Perkreditan Desa in Kuta, Indonesia and Small Farmers Cooperative of Chhatre Deurali of Nepal, it can be observed that the *Partner Savings Plan*, as operated by the bank, was higher in comparison to what the bank paid on fixed deposits.

**Table B4-11 Comparative Savings Costs**

	Workers Bank of Jamaica	SFDP Chhatre Deurali of Nepal	LPD Kuta of Indonesia
Average amount of savings (in US\$)	\$180	\$29	\$141
GNP per Capita in 1997	\$1,560	\$220	\$1,110
Average Operating Expense – Savings	7.9%	7.3%	4.4%
Average Interest Expense – Savings	10.3%	9.0%	12.0%
Total Expense – Savings	18.2%	16.3%	16.4%
Total Interest Expense – Time Deposits	16%	16.4%	18.0%

\* Figures from *Microsavings: What we can learn from informal savings schemes, 1999*

The results of this analysis show that unless the bank makes changes to this innovative product, the costs of mobilizing small-scale savings using this approach would be higher than attempting to mobilize larger fixed-term deposits. In order to minimize costs, the bank would need to either require larger minimum contributions, such as increase the minimum weekly contribution to the J\$ equivalent of US\$12.90 (up from the present contribution of US\$5.17). This step alone would decrease the number of smaller savings transactions. In order not to discourage smaller savers, the bank could look at encouraging people to open joint accounts with a friend, relative, or colleague. As in informal partners, some clients could save with another person with each throwing ‘half a hand.’ The bank could also look at reducing interest paid on 16 and 24-week partners by reducing the ‘bonus.’ Even though the bonus rate was reduced significantly in 1996, the number of accounts actually increased rather than decreased, showing the relative attractiveness of this product and the lack of interest rate sensitivity. The accounts with longer terms (36 to 48 weeks) had much lower administrative costs averaging 3.93 – 2.81% instead of the average 11.62 – 6.62% costs of 16 to 24 week plans.

### **LESSONS LEARNED FROM WORKERS BANK AND THE *PARTNER SAVINGS PLAN***

There are many lessons to be learned from the Workers Bank case study and the *Partner Savings Plan*. Formal financial institutions looking to provide small-scale savings accounts should realize that the mobilization of these type of accounts is costly; however, these costs can be reduced to manageable levels. The keys to successful savings mobilization effort are outlined below:

**Infrastructure:** Workers Bank’s *close physical proximity* to customers was seen as a key factor in being able to offer savings services to lower-income clients, especially in rural

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areas. Their strategic alliance with post office network allowed the bank to reach deep into areas that would have been too costly to reach if the bank had to set up its own offices. *Formal financial institutions seeking to provide financial services in rural areas should seek strategic alliances and possibly utilize existing infrastructure to minimize costs. These might be post office branches or supermarket chains.*

**Market Analysis:** Market analysis is seen as an important tool in designing and introducing savings instruments. *Studies on informal savings instruments*, especially the ROSCA, provide an insight into what are considered to be the most important priorities for why and how people save, allowing the bank to more appropriately design a demand-oriented savings product. The example of the Workers Bank demonstrates how studies can be used to design products that build on the discipline associated with contractual savings arrangements widely used in informal ROSCAs. Since ROSCAs are widely practised in most developing countries, they are commonly understood and hence can be mimicked to attract those who normally do not regularly save in banks. Since ROSCAs also have several disadvantages (such as being more rigid, you can't always plan when you will receive your money, and the problems associated with the security of the product, the organizer of the group running away with funds), a bank can mimic informal ROSCAs while at the same time being able to market the advantages of participating in a similar type of product with a formal bank. In the Workers Bank example, this included the prospect of saving for a particular date in an amount determined by the client alone and not the group and building on the added security that a bank could offer. *Proper market studies examining how and why people save is essential in designing market-driven savings services for rural areas.*

**Designing the Savings Product:** Workers Bank's *Partner Savings Plan* provides a good example of a microsavings instrument patterned after the practices of informal savings groups. It is a *simple savings product that coexists with more complex market-segment-oriented savings products*. *Low minimum opening balances* reduce the barriers for lower-income individuals to access savings products. *Contractual savings schemes* have the additional advantage of encouraging the practice of regularly contributing to a savings account, hence allowing clients to hold larger balances than might otherwise be maintained in regular passbook savings accounts. This helps the bank attract larger outstanding balances than would normally exist in regular passbook savings accounts from the same target population. The *unique trademark of both the bank and the product* was also seen as important in attracting customers and in distinguishing the products from competing institutions.

**Better treasury management:** *Predictable deposits and withdrawals* associated with contractual savings schemes can make money management easier and hence reduce administrative costs and liquid reserves normally associated with regular savings accounts.

**Screening of potential credit customers:** Use of contractual savings schemes can also be viewed as a way to *screen potential borrowers*. Clients who demonstrated their ability to pay regular sums to a contracted savings account would presumably be better credit

risks since they could demonstrate their ability and willingness to make regular periodic payments at fixed times.

**Establishing Procedures:** *The Partner Savings Plan demonstrated the importance of establishing procedures that are transparent and easy to understand for clients. Products that sound and act like informal products can be more attractive than more traditional bank products such as passbook or time deposit accounts. However, this example also demonstrates the difficulty banks face when designing products that deviate from normal savings instruments. Banks seeking to design products that deviate from regular savings instruments should be aware that establishing internal procedures for these ‘new’ type of savings services will oftentimes be more time consuming and difficult to formulate initially; hence, banks should allow adequate time to develop and test such procedures.*

**Launching the product:** *It is normally recommended that financial institutions offering new savings service should follow a series of pilot tests at a few branches over a period of a year or more before formally launching the product. This allows a financial institution to fully analyze the demand and costs for the new products. After initial pilot tests, priority should be given to make necessary price and product adjustments, focus on staff training, plan logistics, and make changes to management information systems. When the product, pricing, logistics, information system, and staff training are completed, the new product is ready to be gradually expanded throughout the branches of the institution. Only after the product has been successfully expanded to all branches should the emphasis be switched from one of expansion to one of market penetration. Although fairly successful in launching the Partner Savings Plan, the Workers Bank example demonstrates the difficulties associated with introducing an untested savings product that differs from more traditional savings instruments.*

**Marketing strategy:** *The Partner Savings Plan demonstrates the importance of a properly designed marketing campaign. The importance of posters, brochures, advertisements on television and radio that built on the local dialect and were ‘culturally friendly,’ were key to the successful introduction of the product. Through the use of marketing studies, the bank was able to learn from the client group what they wanted and then incorporated this information into both the product and their advertising campaign.*

**Cost analysis:** *Banks planning to introduce new microsavings products should do so with a monitoring plan in place that will allow for periodic cost studies to allow the institution to adjust both the product and the delivery system in order to improve overall cost efficiency. One approach to conducting a cost study is to look at five major cost elements: (1) financial costs, (2) variable operating costs, (3) fixed operating costs, (4) indirect costs (general overhead), and (5) organizational costs (such as start-up expenses). It is important to note that making changes to the basic design of a savings product, such as changing liquidity or reducing the return, need to be done carefully by balancing cost savings with the potential impacts on client behavior.*

For financial institutions planning to introduce microsavings products, the numerous small transactions can significantly increase the costs of maintaining and offering such

products. Hence, there is a significant advantage in introducing contracted savings schemes, like the *Partner Savings Plan*, as the costs associated with numerous transactions can be easily tracked and analyzed. This type of product also allows for better cost analysis during the design phase allowing a bank to make adjustments that would promote higher balances and analyze the number of transactions associated with such types of accounts.

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<sup>i</sup> Selected Data on Latin America and the Caribbean, IDB, 1998.

<sup>ii</sup> Partner Early Draw Bank – A New Microfinance Institution in Jamaica, Frontier Finance, 1998.

<sup>iii</sup> Caribbean Economic Review, World Bank, 1998.

<sup>iv</sup> Latin America and the Caribbean Selected Economic Data, USAID, 1998.

<sup>v</sup> Partner Early Draw Bank – A New Microfinance Institution in Jamaica, Frontier Finance, 1998.

<sup>vi</sup> Annual Report 1998, Bank of Jamaica.

<sup>vii</sup> The Deposit Insurance Scheme Ministry Paper # 16/98.

<sup>viii</sup> Economic and Social Survey of Jamaica, PIOJ, 1998.

<sup>ix</sup> Partner Early Draw Bank – A New Microfinance Institution in Jamaica, Frontier Finance, 1998, Economic and Social Survey of Jamaica, PIOJ, 1998.

<sup>x</sup> Workers Bank at 21, Mark Ricketts, Money Index Magazine January 17-24, 1995.

<sup>xi</sup> Partner Early Draw Bank – A New Microfinance Institution in Jamaica, Frontier Finance, 1998.

<sup>xii</sup> Rotating Savings and Credit Associations in Jamaica: Some Empirical Findings on Partner, Claremont Kirton, 1995.

<sup>xiii</sup> *Id.*

<sup>xiv</sup> Introducing Savings Mobilization in Microfinance Programs: When and How?, Marguerite S. Robinson, 1995.

<sup>xv</sup> Banking Service for the Poor, Robert Christen, 1997 (see chapter 5).

<sup>xvi</sup> *Id.*

<sup>xvii</sup> Cost-Benefit Analysis of Workers Bank Products, 1996.

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## ANNEX

### PERSONS INTERVIEWED

Francisco Baquero, Deputy Representative, Inter-American Development Bank/Jamaica  
Robert Kestell, Country Representative, Inter-American Development Bank/Jamaica  
Desomand Thomas, Economist, Inter-American Development Bank/Washington  
George Smart, USAID/Jamaica  
Vernita Fort, USAID/Jamaica  
Dr. Noel Watson, MicroBanking Unit, Workers Bank/Union Bank  
Glenroy Bernard, MicroBanking Unit, Workers Bank/Union Bank  
Roderick Bogle, Post Office Division, Workers Bank/Union Bank  
Loren Harrison, Workers Bank/Union Bank  
Norma Russell, (former manager) Post Office Division, Workers Bank  
Hector Valor, Chief Operations Officer, Union Bank  
Loren St. A Edwards, General Manager, Banking Services, Citizens Bank/Union Bank  
Colbert Bryan, Union Bank  
Michael Witter, Economics Department, University of the West Indies  
Maureen Webber, PSOJ & President, Development Options Ltd.  
Errol Graham, Economist, World Bank Jamaica Resident Mission  
Maurene Simms, Director, Financial Institutions Supervisory Division, Bank of Jamaica  
Robert Stennett, Senior Economist, Research Services Department, Bank of Jamaica  
John W. Robinson, Chief Economist, Monetary Analysis & Programming, Bank of Jamaica  
Louise Brown, Director, Economic Information & Publications Dept, Bank of Jamaica  
Myrtle D. Halsall, Division Chief, Research & Economic Programming Division, Bank of Jamaica  
Monica Brown, Financial Institutions Supervisory Division, Bank of Jamaica  
Kim Brown, (Formerly of Frontier Finance/Washington)

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