

DIGITAL SAVINGS GROUPS (DSGs)

Glossary: Key Concepts and Terms



April 2022

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The *DSG Glossary* is a compilation of definitions related to digitization of savings groups. It draws significantly upon other glossaries in the areas of financial inclusion, digital financial services, digital identity, networks, and communications, including the [Financial Inclusion Glossary](#) of the [Center for Financial Inclusion](#); [Digital Financial Services Basic Terminology](#) of the [Alliance for Financial Inclusion](#); and [Identity](#) and [Future Networks](#) glossaries developed by [The GSMA](#).

Where applicable, we have adapted definitions to explain what they mean for savings groups and—more specifically—for DSGs. As you use the glossary, you may identify additional terms that should be included or existing definitions that you disagree with. We welcome feedback and suggestions for additions, deletions, and edits. Any feedback can be sent to info@DSGHub.org.

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ABOUT THE DSG HUB



We seek to inspire **INNOVATION**, build a **COMMUNITY** of practice, and create a **DESTINATION** for anyone who is planning, implementing, developing technology for, or studying **DIGITAL SAVINGS GROUPS (DSGs)**

The [Digital Savings Group \(DSG\) Hub](#) is an online learning and community platform aimed at facilitating thoughtful, safe, and inclusive digitization of savings groups. The overall goal of the Hub is to help actors make sound decisions about whether and how to digitize savings groups effectively. The DSG Hub contains a wide variety of practical, easy-to-find, and easy-to-use resources to support savings group members and practitioners on their digitization journeys. The DSG Hub also serves as a tool for an ongoing community engagement, allowing diverse actors from across the industry to connect with one another, share insights and experiences, and learn from successes and shortcomings in the sector. The project is funded by the [FAHU Foundation](#) and implemented by [Global Communities](#).

FAHU Foundation strives to create lasting sustainable development by supporting innovative interventions which address the root causes of poverty. The Foundation focuses on building social and economic resilience and improving the lives of poor and marginalized people in sub-Saharan Africa through the savings group model.

Global Communities works at the nexus of humanitarian assistance, sustainable development, and financial inclusion, reaching millions of people with community-based programs in more than 35 countries. We bring together local ingenuity and global insights to save lives, advance equity, and secure strong futures.

Contact. For further information, please visit www.DSGHub.org or contact us at info@DSGHub.org.

INTRODUCTION

Digital savings groups (DSGs) lie at the intersection of savings groups, financial inclusion, and technology—each with their own body of knowledge and technical language.

One of the most common barriers to the development of DSGs is that, in policy discussions and strategy development, diverse specialists spend much of their time explaining what they mean. Misunderstandings across stakeholders are also common, impeding decision-making. Stakeholders often assume that others are familiar with the body of knowledge in their respective area, and they often do not know what they should learn about other areas.

The purpose of the *Digital Savings Group (DSG) Glossary: Key Concepts and Terms (DSG Glossary)* is to facilitate more effective communication across the diverse stakeholders working in the growing area of DSGs. This includes local and international non-governmental organizations (NGOs), financial institutions, technology service providers, funders, and investors. Our goal is to enable stakeholders to use the right words and, perhaps more importantly, ask the right questions.

The *DSG Glossary* is divided into six sections 1) Digital savings groups; 2) Financial inclusion; 3) Digital financial services; 4) Identity; 5) Networks; and 6) Communication. It includes terms related to:

- **Concepts**, i.e., ideas and high-level abstractions relevant to DSGs
- **Infrastructure**, i.e., the core systems and capabilities that enable DSGs
- **Products and services** provided to **end users** (DSG members) and **institutional users** (organizations that promote or work with DSGs)
- **Use cases**, i.e., situations in which DSGs are used by end and institutional users
- **Actors**, i.e., entities involved in the promotion, coordination, and service provision to DSGs, and their roles
- **Core processes** and procedures of savings groups, as well as the DSG ecosystem
- **Enabling technologies** in the DSG ecosystem.¹

The *DSG Glossary* is a compilation of definitions that practitioners should know before starting a savings group **digitization**² project. Whether you are a savings group specialist, financial service provider, funder, investor, or technology firm, these are the key concepts and terms to navigate the world of DSGs.

¹ Adapted from *Digital Financial Services Glossary*. International Telecommunications Union, 2016.

² Many specialists distinguish the terms **digitization** (conversion of data and information from a physical format to a digital version) and **digitalization** (transformation of a business model or a process using digital technologies). As the technology industry has largely shifted to using these terms interchangeably, the DSG Hub will do the same, although we will default to using the term *digitization*.



Photo courtesy of Maximus

KEY CONCEPTS

What Are Savings Groups?

The term *savings group* refers to a small group of people who save together and borrow from their pooled savings. Rough estimates suggest that as many as 500 million people worldwide belong to savings groups, which provide access to basic, informal financial services in underserved markets. For millions of **unbanked** people in emerging markets, informal savings groups serve as their primary bank and social safety net.

Savings groups are widely promoted by hundreds of NGOs, funders, and governments across 75 countries. By the end of 2021, the SEEP Network estimated that there were at least one million of such savings groups worldwide, comprised of 20 million members. Savings groups are also popular with farming cooperatives and merchant networks, and are often started independent of sponsoring organizations.

A savings group is comprised of 15–25 self-selected individuals who save together and take small loans from those savings. Savings groups provide members the opportunity to save frequently in small amounts, access credit on flexible terms, and a basic form of insurance. Savings groups are owned, managed, and operated by their members. They are, by design, financially and institutionally sustainable, and continue to operate independently after a training period of 9–12 months.

Over the last 30 years, the model has been adopted and adapted under different names, including Village Savings and Loan Associations (VSLA), Savings and Internal Lending Communities (SILC), Savings for Change (SfC), Self-Help Groups (SHGs), and Community-Based Savings Groups (CBSGs).

On average, each savings group manages total assets of about USD 1,200, representing an important safety net that supports low-income households to meet consumption, investment, and emergency needs.

Globally, 80 percent of members in savings groups are women, and many programs are intentionally designed and implemented to narrow the persistent gender gap in financial inclusion.

A growing body of evidence³ suggests that—across countries, organizations, and projects—savings groups have a positive impact on savings, access to and use of credit, investment in income-generating activities, food consumption and security, self-confidence, and market and social support networks. There is also mixed evidence that, in certain conditions, savings groups contribute to asset accumulation, income, investment in education, leadership, and women’s empowerment.

Beyond financial inclusion, savings groups are now promoted as an economic strengthening strategy for diverse development objectives related to livelihoods, gender equality, women’s economic empowerment, health, social protection, and water, sanitation, and hygiene.

What Are Digital Savings Groups (DSGs)?

A digital savings group (DSG) is a savings group whose procedures, records or transactions are digitized in some way, typically through the use of mobile phones.

The emergence of new technologies is changing the global landscape for savings groups and the entities that engage with them. A 2018 study identified over 25 diverse technology solutions for savings groups, developed by NGOs, financial service providers, and technology service providers, serving a diverse array of

Would you like to learn more about DSGs?

Please visit the DSG Hub (www.DSGHub.org) and download a companion tool “**Digital Savings Groups (DSGs): Technology Solutions Overview.**” The overview features leading DSG solutions in a clear and succinct format. It includes information about the solutions’ functionalities, costs, requirements, reach, and institutions behind them as well as links to supporting materials. The purpose of this tool is to help savings groups actors easily identify the range of digital tools available to fit their digitization needs.

³ Gash, M. *Understanding the Impact of Savings Groups*. The SEEP Network, 2018.

functions and objectives. Since then, the market offering has only continued to grow.⁴ Some examples include digital record-keeping applications, digital wallets, customized digital financial services for savings groups, management information systems, digital data collection tools, e-learning, and online marketplaces.

Basic Components of DSG Solutions

At the highest level, there are **two types** of **DSG solutions** on the market today: digital ledgers and digital wallets.

Digital ledgers

Digital ledgers digitize the operations and recordkeeping of savings groups. They typically replace paper **ledgers** with smartphone applications (apps) that run on shared group smartphones. Digital ledger apps can be a good starting point for savings groups because they offer many benefits to **end users** and **institutional users** and require minimal changes to the way groups operate. Digital ledgers typically do not eliminate the groups' cashboxes. See Diagram A.

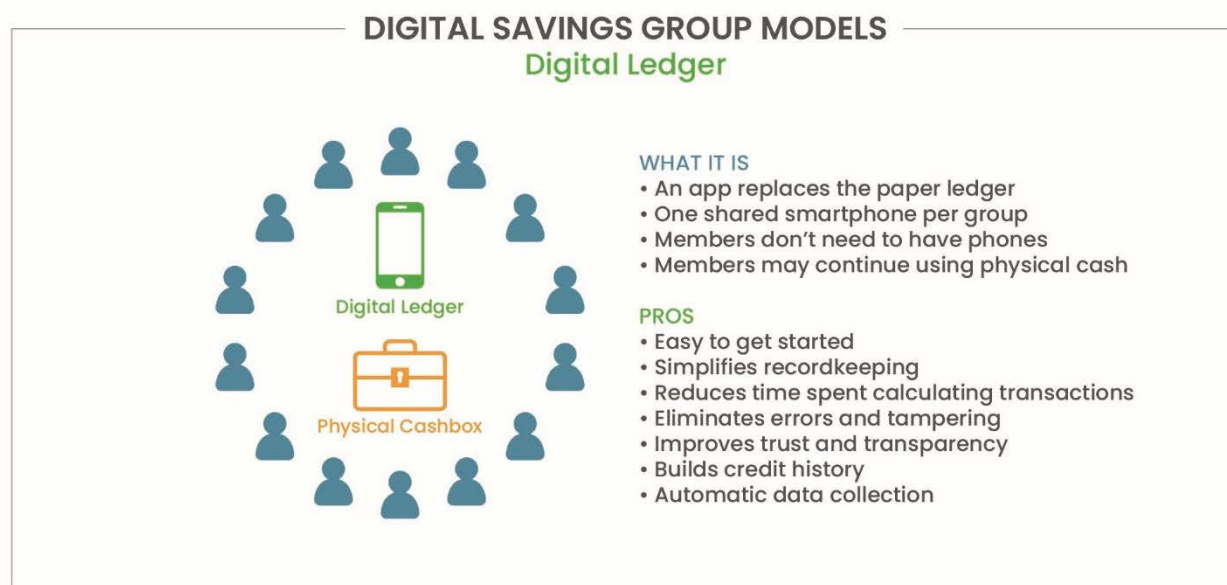


Diagram A: Digital Ledger

Digital wallets

Digital wallets digitize the financial transactions of savings groups, using **mobile money** instead of cash. They typically require all members to switch from cash

⁴ *Savings Groups Technology Directory*. The SEEP Network, 2018.

to mobile money, using their personal phones for all transactions. Digital wallets eliminate the need for cashboxes and make it easier for groups to connect to formal financial institutions. They may require groups to continue using paper ledgers for recordkeeping. See Diagram B.

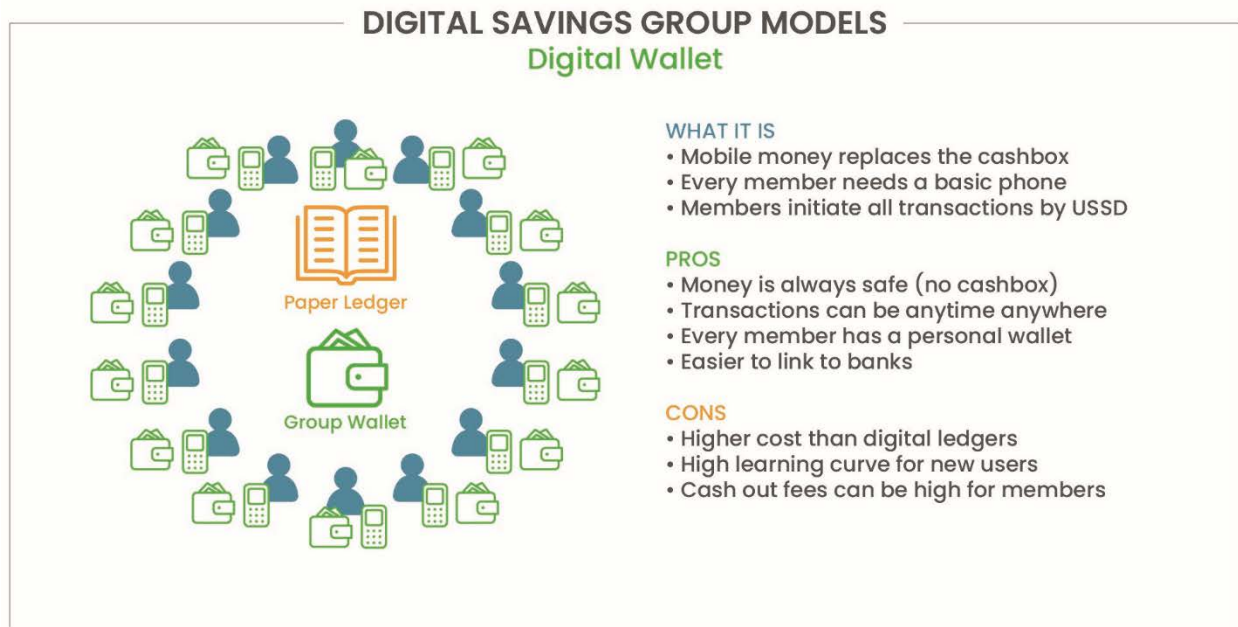


Diagram B: Digital Wallet

As DSGs evolve, we expect hybrids of the above two models to emerge on the market. Digital ledgers will begin adding group and individual wallets, and digital wallets will add more group management, recordkeeping, and personal finance features.

Most DSG solutions also have a **backend component** for data management.

Data Management Platform

Digital ledgers and digital wallets offer the ability to automatically collect and manage significant amounts of detailed data on transactions, balances, member performance, and group performance. This may reduce or eliminate the need for manual data collection while giving implementers more detailed and accurate data from their savings groups in real time. See Diagram C.

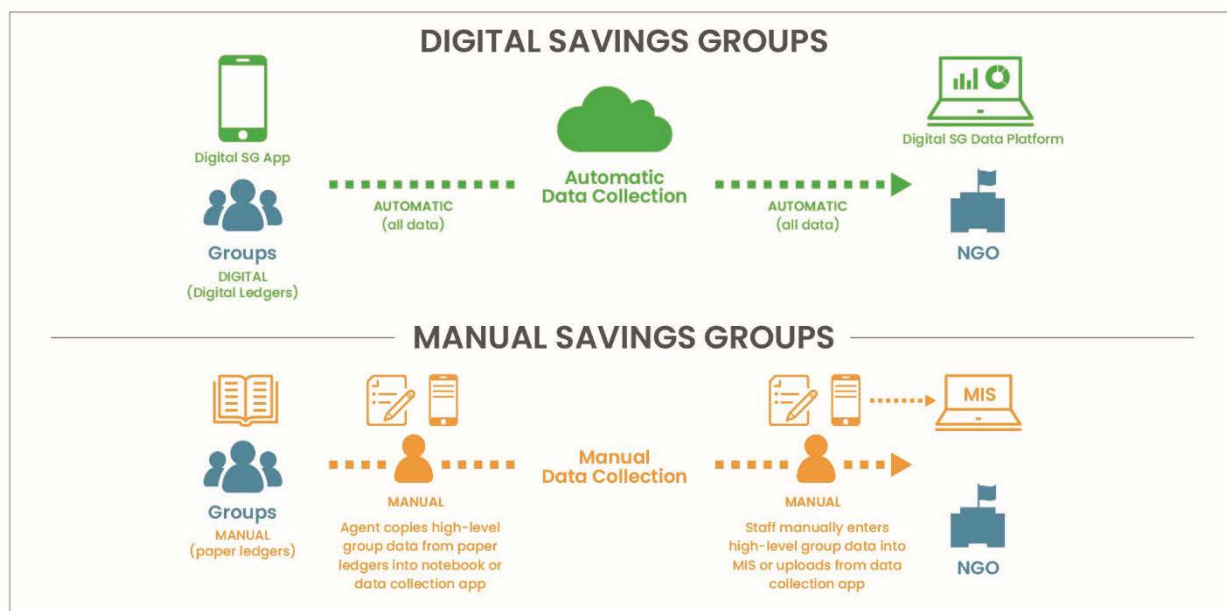


Diagram C: Digital Management Platform

Benefits and Risks of Digitization

There is much enthusiasm about the *digitization* of savings groups. DSGs may improve:⁵

- **Operational efficiency of groups** – reduced meeting times and improved accuracy of records
- **Efficiency of group mobilization** – reduced training and supervision costs
- **Financial inclusion** – more effective relationships between savings groups and financial service providers, and improved access to a full suite of financial services
- **Security** – improved data integrity and reduced risk of theft or loss of funds
- **Economic inclusion** – expanded market networks and improved participation in markets
- **Digital identity** – expanded *digital identity* of groups and members, potentially improving their ability to participate in the formal economy.

While early results are encouraging, DSG solutions remain in their infancy stage and there are many challenges and risks associated with their development and deployment, including those related to:⁶

- **Gender and social inclusion.** Digital tools may alter the ability of women and vulnerable populations to participate in, understand, and benefit from savings group activities

⁵ Staehle, M. *Digital Savings Groups*. The SEEP Network, 2020.

⁶ *Id.*

because of social norms, **digital divide**, and underlying inequalities in the distribution of power and resources. It is therefore crucial to promote **gender-responsive and inclusive digitization** efforts.

- **Costs.** While a growing number of **DSG service providers** are developing the business case for DSGs, the long-term viability and scalability of DSGs is not yet known.
- **Consumer protection.** **Digitization** of savings groups has implications for the security of electronic funds, security of data, and data privacy.

KEY TERMS:

Digital Savings Groups | Financial Inclusion | Digital Financial Services
Identity | Networks | Communication

KEY TERMS

Digital Savings Groups

Alternative credit scoring (or alternative credit history)

Analysis of information gathered from nontraditional data sources to make credit (loan approval) decisions. Examples may include geolocation data, point-of-sale transactions, device data, and social media posts. Alternative [credit scoring](#) enables users without formal credit histories to access formal financial services. By collecting, storing and analyzing large volumes of transaction and behavioral data points, DSGs can establish alternative credit histories for groups and members. (Source: *The World Bank and LGP*)

API (Application Programming Interface)

A set of published [interoperability](#) instructions that allow technologies from different vendors to work together. An "Open API" means that the API instructions are published openly for anyone to see. [DSG solutions](#) may include open APIs that allow the data they collect to integrate with common data analysis tools such as Microsoft Power BI. DSGs might also include APIs that let [implementing organizations](#) connect the DSG to other technology systems used by the implementer. (Source: *DSG Hub*)

APK (Application Package)

An application file that is installed on an Android phone. APKs are typically managed automatically through an [App Store](#), ensuring the app file is safe, verified, and updated. APKs can also be distributed outside of an app store by app vendors. For app-based [DSG solutions](#) that do not use an App Store to distribute app APKs, implementers and [end users](#) may need to go through additional processes to ensure the app is secure and that end users have a way to keep the app updated. (Source: *DSG Hub*)

App Store

A centralized distribution source for mobile apps such as the Google Play Store and the Apple App Store. In addition to simplifying the discovery and downloading of apps, App stores play an essential role in ensuring apps are verified, secure, safe, and updated. [DSG solutions](#) that are not managed through an app store may require additional security verifications and can be more costly to keep updated. Apps that are not managed through an app store are typically distributed manually through an "APK". (Source: *DSG Hub*)

KEY TERMS:

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Bank linkages (or financial linkages or savings groups' linkages)

Commercial relationships between savings groups and [formal financial service providers](#). [DSG solutions](#) can enhance bank linkages by generating credit scoring data for groups and connecting groups digitally with banks and microfinance institutions (MFIs) for external loans and other services. (Source: LGP and DSG Hub)

Born digital

A [Digital Savings Group](#) that was initially established using a [DSG solution](#). As opposed to a [paper-to-digital](#) group, which was established using traditional methods (i.e., paper records) and then digitized through the introduction of a DSG solution. (Source: LGP)

Calculation

The process of computing the savings and loan balances of savings group members, the maximum loan size of borrowers, interest payments, the balance of group funds (such as the [Loan Fund](#) and [Social Fund](#)), and any periodic payout to members (also known as the [share-out](#)). [DSG solutions](#) may allow groups to set up their desired policies, after which the DSG technology automatically calculates all transactions. Automating calculations may save time, reduce errors, and improve the integrity of group records. (Source: LGP and DSG Hub)

Community-based microfinance

The delivery of basic financial services by an unregulated provider, that is owned, managed, and operated by its member-clients. See [informal financial service provider](#). (Source: LGP)

Community-based trainer (CBT)

A trainer based in (or near) the communities that they serve, who mobilizes and trains savings groups on a voluntary basis, or for a fee paid by the groups. CBTs are not employees of the [implementing organization](#) and do not receive any payment from the organization. CBTs serve as a sustainable, local network to mobilize, train, and support groups beyond the life of a project. As of 2022, about half of the savings groups established worldwide have been trained by CBTs. Various approaches and models exist, namely Village Agents (VSL Associates), Private Service Providers (Catholic Relief Services), and Member Replicators (Oxfam America). When adopting [DSG solutions](#), CBTs still serve a key function, but their specific role may evolve to include providing support with phone usage, [mobile money](#), and other digital tasks. (Source: LGP and DSG Hub)

Community digital champion

A person who contributes to improved digital literacy in their community, either as a volunteer or a social entrepreneur. With respect to DSGs, community digital

KEY TERMS:

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Identity | Networks | Communication

champions promote the uptake of **DSG solutions** and **complementary products and services**. They may provide a combination of services, including social marketing, training, and customer support. They may also sell products such as phones, airtime, data top-ups as well as **mobile money** services, on which they earn a commission. As trusted members of the community, community digital champions serve as role models in their communities. (Sources: *Ensibuuko and LGP*)

A member of a savings group who is more comfortable with digital technology and takes on the role of assisting other group members as they transition to a DSG solution. Digital champions typically have more experience using mobile phones and/or are less intimidated by the new technology. They may have informal roles in the group or they may be elected officers. (Sources: *DreamStart Labs and DSG Hub*)

Complementary products and services (or ancillary products and services)

Products and services provided by **DSG solutions** to **end users**, beyond the core activities of savings groups. These include financial and non-financial services offered directly by the DSG service provider or by a third party. (Source: *LGP*)

Constitution

Group policy record that governs the rules, regulations, membership, leadership, and activities of a savings group. The

Constitution is developed by the members at the time of group formation and updated as required. (Source: *LGP*)

Cost

The total cost of a **DSG solution** encompasses costs to **institutional users** and end user. It includes **fixed costs** (e.g., initial cost to build or acquire the DSG solution) as well as variable costs (e.g., license and subscription fees, transaction fees, data and voice charges, training, and any other recurring costs). DSG solutions may also reduce some costs to institutional users, such as those related to manual data collection. (Source: *LGP and DSG Hub*)

Customer support

The systems and processes by which a user can report problems with DSG software and have these issues resolved. All digital solutions should have a customer support mechanism in place that is accessible for all users, recognizing the language, digital literacy, and financial literacy of users, as well as access to mobile devices and internet. (Source: *Grameen Foundation*)

Cycle

Savings groups operate in timebound periods of about 6-12 months, referred to as a cycle. At the end of each cycle, all the assets of the group are distributed to the members in a **share-out**. Members may leave the group, new members may join, and the group initiates a new cycle. (Source: *LGP*)

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Dashboard

A simple user interface or screen that displays summarized data on selected savings groups, portfolios, projects, or organizations, in tabular and/or visual formats. (Source: Grameen Foundation)

Data analytics

The science of analyzing raw data to make conclusions about that information. With respect to savings groups, data analytics refers to the analysis of individual, group, project or organizational information to improve processes, including group training, staff management, staff training, group methodology, program design, or the design and delivery of complementary services. DSG solutions can enhance data analytics for savings groups by digitizing group records, transactions, and processes and improving data collection, storage, and analysis capabilities. (Sources: Investopedia and LGP)

Data integrity

The accuracy and consistency (validity) of data. Paper-based savings groups typically have no reliable method for ensuring data integrity because records are calculated by hand and can be easily modified or tampered with. If designed properly, DSG solutions can ensure a high level of data integrity. This can be valuable for building trust within a group and is often essential for linking groups to formal financial services. Data integrity can mean that a data set that is both valid and accurate. It can also refer

to the process of ensuring validity and accuracy of a data set or all data contained in a database or other construct. (Sources: Digital Guardian and DSG Hub)

Data loss prevention

A process of ensuring that digital data is not lost, even if systems and datacenters fail. To ensure data loss prevention, DSG solutions should use multiple redundant datacenters in multiple locations, with built-in failover and recovery technologies. DSG providers should be able to provide these polices to implementing organizations, banking partners, and end users on request. (Source: DSG Hub)

Data Management Platform

DSG solutions offer the ability to automatically collect and manage significant amounts of detailed data on transactions, balances, member performance, and group performance. This eliminates the need for manual data collection and may give implementers more detailed and accurate data from their savings groups in real time. (Source: DSG Hub)

Data migration

The process of transferring the existing paper-based records—of a group, a set of groups, a project, or organization—to digital formats. Data migration—an essential component of the digitization of savings groups, and the digital transformation of the

KEY TERMS:

Digital Savings Groups | Financial Inclusion | Digital Financial Services
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organizations that work with them—must ensure data is transferred accurately and consistently. (Source: Grameen Foundation)

Data privacy

The protection of personal data from those who should not have access to it and the ability of individuals to determine who can access their personal information and under what circumstances. When adopting a *DSG solution, implementing organizations* should ensure their DSG technology provider has a “pro-consumer” data privacy policy that ensures the rights of members will be protected at all times. Note that while data privacy and *data security* are sometimes used interchangeably, they are different. Data privacy refers to the rights of individuals with respect to their personal information, and the proper usage, collection, retention, deletion, and storage of data. Whereas data security refers to policies, methods, and means to secure personal data. Data privacy is increasingly important to funders, policymakers, and regulators. Some core principles of data privacy include a) confidentiality; b) limiting the collection and retention of personally identifiable information; c) asking users’ written consent before collecting their data; and d) allowing users to opt out of data sharing. (Sources: CloudFlare, Data Privacy Manager, Grameen Foundation, and DSG Hub)

Data security

Controls, standard policies, and procedures to protect data from a range of issues,

including unauthorized access, accidental loss, or destruction. When adopting a *DSG solution, implementing organizations* should ensure that their DSG technology provider has written verification of the security technologies, policies, and practices used to ensure protection of member data. Note that while *data privacy* and *data security* are sometimes used interchangeably, they are different. Data privacy refers to the rights of individuals with respect to their personal information, and the proper usage, collection, retention, deletion, and storage of data. Whereas data security refers to policies, methods, and means to secure personal data. (Sources: Digital Guardian, Data Privacy Manager, and DSG Hub)

Declining interest rate

Interest rate calculation method based on the outstanding balance. Regardless of the original loan amount, declining interest rate loans calculate interest based on the outstanding balance. Compare and contrast with *flat interest rate*. Overall, the declining method is considered *fairer*, as the borrower only pays interest on the outstanding balance, but the flat method is much easier for savings groups using paper-based records. With *DSG solutions* that automate calculations, more groups may choose the declining method. (Source: LGP)

Digital divide

The gap between demographics and regions that have access to modern

KEY TERMS:

Digital Savings Groups | Financial Inclusion | Digital Financial Services
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information and communications technology and those that do not. The *gender digital divide* describes gender-based inequalities in access to and use of mobile and digital technologies, driven by restrictive gender norms, limited access to resources, low digital capability, and other socioeconomic factors impeding women's and non-binary people's **digital inclusion**. (Sources: *Investopedia* and *Global Communities*)

Digital inclusion

Digital inclusion is the ability of individuals and groups to access and use information and communication technologies. Factors that affect digital inclusion include, among others, the cost of digital services; hardware needed to access digital services; literacy; language; awareness of the services; gender barriers; and confidence. See also **digital divide**. (Sources: *WebJunction* and *Grameen Foundation*)

Digital learning (or eLearning)

Learning conducted via electronic media, typically on the internet. There are two main types of eLearning: synchronous and asynchronous learning. While asynchronous learning allows students to access materials, ask questions, and practice their skills at any time that works for them, synchronous learning requires simultaneous attendance at scheduled meetings, trainings, or lectures. (Sources: *Oxford Dictionary*, *idTech*, and *PowerSchool*)

Digital ledger

A **DSG solution** that digitizes the records of savings groups, replacing handwritten paper ledgers with digital ledgers in a mobile app. Moving from paper to digital recordkeeping can help groups enforce policy, automate calculations, eliminate errors, improve trust, enhance measurement and evaluation, and generate credit scores. See **Diagram A**. (Source: *DSG Hub*)

Digital literacy

The ability to use information and communication technologies to find, evaluate, create, and communicate information, requiring both cognitive and technical skills. Sometimes used interchangeably with digital capability. (Source: *American Library Association*)

Digital Savings Group (DSG)

A **savings group** whose procedures, records or transactions are digitized through the adoption and use of a **DSG solution**, typically involving the use of a mobile phone. (Sources: *LGP* and *DSG Hub*)

Digital wallet

A **DSG solution** that digitizes the financial transactions of savings groups so members can make savings and loan transactions by **mobile money** rather than cash. Moving from cash to digital wallets allows members to conduct transactions anytime from any location, improve security, link to banks, and

KEY TERMS:

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generate credit scores. Digital wallet DSG solutions can be in the form of a smartphone app or via USSD for basic phones. See [Diagram B](#). (Source: DSG Hub)

Digitization

A conversion of data and information from a physical format to a digital version. For savings groups, it refers to the process of moving from traditional paper-based methods to [DSG solutions](#). Groups may start by digitizing the operations and recordkeeping processes with a [digital ledger](#), or they may digitize transactions using a [digital wallet](#). Both would be examples of digitization. Many specialists distinguish the terms *digitization* (conversion of data and information) and *digitalization* (transformation of a business model or a process using digital technologies). As the technology industry has largely shifted to using these terms interchangeably, the DSG Hub will do the same, although we will default to using the term digitization. (Sources: LGP, Gartner Glossary, and DSG Hub)

DSG service provider

An entity that provides goods and/or services related to a [DSG solution](#). DSG service providers may be fintech vendors, non-governmental organizations with a DSG offering, or traditional financial service providers with solutions specifically designed for savings groups. (Sources: LGP and DSG Hub)

DSG solution

A set of processes, technologies, and services that digitize the core activities of savings groups. DSG solution may digitize the recordkeeping of a group through [digital ledgers](#), the financial transactions through [digital wallets](#), or both. DSG solutions typically include a [data management platform](#) which collects data as groups meet and may allow [implementing organizations](#) to analyze data for measurement and evaluation. A DSG solution may also provide [complementary products and services](#) to [end users](#) and [institutional users](#). (Sources: LGP and DSG Hub)

Encryption

A process of digitally encoding data so it cannot be viewed by unauthorized sources. To ensure the security of savings group members, [DSG solutions](#) should use strong “bank-grade” encryption and encrypt data “at rest” (while it is stored on the mobile phone or backend servers) and “in transit” (while it is moving over the network). (Source: DSG Hub)

End user

A physical person using a service or product. With respect to DSGs, the end user may refer to the group as a whole or to the individual members of a DSG. See [institutional user](#). (Source: LGP)

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Facilitating agency

A development organization (typically, a national or international non-governmental organization) that promotes savings groups and supports and coordinates the work of a network of local [implementing organizations](#). (Source: LGP)

Facilitator (or field officer)

An employee of the [implementing organization](#), who trains, coaches, and supervises savings groups. Compare and contrast with a [community-based trainer](#). (Source: LGP)

Fine

A monetary penalty paid by a member for violating a group rule, as defined in the group's [constitution](#). Fines are typically deposited into the group's [Loan Fund](#). [DSG solutions](#) can help automate the management and/or payment of fines within a group. (Sources: LGP and DSG Hub)

Fixed cost

A cost that does not change with an increase or decrease in the amount of goods or services produced or sold. With respect to DSGs, a fixed cost is a one-time cost incurred by [institutional users](#) or [end users](#) for the development or acquisition of a [DSG solution](#). Examples of fixed costs include the purchase of mobile phones, development or acquisition costs, upfront licensing fees, training, and change management. DSG solutions may also have

"[variable costs](#)" such as the cost of data, SMS, or ongoing licensing fees. (Sources: *Investopedia*, LGP, and DSG Hub)

Flat interest rate

Interest rate calculation method based on the original loan amount. Regardless of the outstanding balance, flat interest rate loans calculate interest based on the principal amount borrowed. Compare and contrast with [declining interest rate](#). Overall, the declining method is considered *fairer*, as the borrower only pays interest on the outstanding balance, but the flat method is much easier for savings groups using paper-based records. With [DSG solutions](#) that automate calculations, more groups may choose the declining method. (Source: LGP)

Gamification

The integration of game elements like point systems, leaderboards, badges, or other elements into conventional learning activities or routine tasks, in order to increase engagement and motivation. By improving user experience and engagement, 'gamified' [DSG solutions](#) may have a positive impact on the performance of savings groups, the [financial literacy](#) of their members, and any training or skills development delivered through the platform. (Sources: LGP, *Consultative Group to Assist the Poor—CGAP*, and the University of Waterloo)

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Gender-responsive and inclusive digitization

A process of considering the implications of digital transformation initiatives for people of different genders and age, and for vulnerable populations (e.g., people with disabilities or low levels of literacy and numeracy). This includes assessing and addressing barriers and risks to safe and effective digitization initiatives, such as the (gender) [digital divide](#) and [technology-facilitated violence](#). (Source: *Global Communities*)

Hardware

The physical parts of a computer and related devices. With respect to DSGs, hardware generally refers to the mobile device (smartphone, tablet, or feature phone) required for the use of the application. See [hardware requirements](#) and [software](#). (Sources: *TechTerms* and *LGP*)

Hardware requirements (or system requirements)

The minimum [hardware](#) required for the [software](#) (i.e., DSG application) to run. When evaluating [DSG solutions](#), organizations should ask about phone specifications such as phone type (smartphone or basic phone), operating system (Android or iOS), storage, and memory (typically measured in RAM). (Sources: *TechTerms* and *DSG Hub*)

Implementing organization

An organization that mobilizes and trains savings groups. Implementing organizations are typically local or international non-governmental or faith-based organizations. They may work independently or within the network of a [facilitating agency](#). (Source: *LGP*)

Institutional user

An entity (anon-governmental organization, financial service provider, government, or other organization) that employs a [DSG solution](#) to support its organizational objectives. (Source: *LGP*)

Ledger (or group ledger)

With respect to savings groups, a ledger refers to a centralized record of all group transactions, including savings deposits and withdrawals, loan disbursements and repayments, social fund contributions and payouts, and share-outs; it may include some detailed information on each transaction. DSGs using [digital ledgers](#) digitize this process, which may increase the accuracy, reliability, and transparency of group records. In addition to being more accurate and secure, digital ledgers typically record far more data about transactions than is practical with paper ledgers. (Sources: *Corporate Finance Institute*, *LGP*, and *DSG Hub*)

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Loan duration (or loan repayment period)

The amount of time a borrower has to pay back a loan. Most savings group methodologies prescribe, in the first year, a maximum loan duration of three months. **DSG solutions** may allow groups to offer and enforce multiple loan duration policies at the same time. (Sources: LGP and DSG Hub)

Loan Fund

A group fund from which members can borrow. The Loan Fund is capitalized through members' savings deposits, loan repayments, and fines. (Source: LGP)

Loan meeting

A savings group meeting at which loan transactions (loan disbursements and repayments) are conducted, in addition to savings transactions. Loan meetings last about 45-75 minutes, depending on the volume of transactions and the maturity of the group. In many **traditional savings groups**, loan meetings are held once per month for two reasons: 1) to keep weekly **savings meetings** shorter and more manageable; and 2) to simplify loan recordkeeping. (Source: LGP)

Loan size

A loan amount. Most savings group methodologies prescribe, in the first year, a maximum loan amount of three times the borrower's savings to: 1) ensure equitable access to the **Loan Fund**; 2) reduce the risk

to the group by diversifying its loans across several members; and 3) reduce the risk of **over-indebtedness** of members. With paper-based groups, these calculations can be difficult, and members may not always be confident that bookkeepers are consistently and accurately following group policy. **DSG solutions** make it easier for groups to consistently enforce their chosen policies. (Sources: LGP and DSG Hub)

Management Committee

Members of a savings group elected to specific roles to manage the group. This typically includes the following positions: Chairperson (who manages meetings and ensures that the rules of the group are respected), a Record-keeper (who records all transactions and announces opening and closing balances of group funds), a Box-keeper (who safeguards the group's cashbox between meetings), and two Money-counters (who count and verify all monetary transactions, and count opening and closing balances of group funds). In addition to the Management Committee, three Key-holders keep the keys to the padlocks of the cashbox. DSGs may vary these roles. For example, they may include a **Digital Champion**, i.e., a member more comfortable with mobile technology who can assist the group with the technology. DSGs that include **digital wallets** may also eliminate the Key-holder or Money-counter roles if there is no physical cashbox. (Sources: LGP and DSG Hub)

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Online marketplace

A website or application that facilitates shopping from many different sources. The operator of the marketplace does not own any inventory; their business is to present other people's inventory to a user and facilitate a transaction. Some **DSG solutions** include an online marketplace, where users can purchase products, financial or non-financial services of verified or partner providers. DSG providers may earn a subscription from retailers, or a commission on each transaction. (Sources: Forbes and LGP)

Paper-to-digital

A **digital savings group** which was initially established using traditional methods (i.e., paper records) and then digitized through the introduction of a **DSG solution**. As opposed to a group that was **born digital** (i.e., established using a DSG solution). (Source: LGP)

Passbook (or member passbook)

In **traditional savings groups**, passbooks are physical records of the financial position of a savings group member, including their savings and loan obligations. **DSG solutions** may offer members who have access to mobile phones the ability to replace the physical passbooks with digital versions. (Sources: LGP and DSG Hub)

Processes and procedures

Actions, steps, and operations of the group related to group meetings, financial transactions, election of the management committee, and the development of its constitution. **DSG solutions** may guide groups through their processes and procedures based upon their identified policies. (Sources: LGP and DSG Hub)

Records

The documents relating to the governance and operations of a savings groups, and the financial position of the group and its members. These may include the group **constitution**, **member passbooks**, a group **ledger**, and any oral records. **Digital ledgers** may keep an electronic version of these documents, which are viewed and managed through an application on an electronic device such as a smartphone or tablet. (Source: LGP)

Remote monitoring

Some **DSG solutions** support remote monitoring by providing **institutional users** access to group data and information in real time through mobile phone-based feedback mechanisms, in-app messaging, and other methods and technologies. Most DSG solutions also include some type of **Data Management Platform** that automates the process of collecting and analyzing data as DSGs meet. (Sources: Swiss Agency for Development and Cooperation, GSDRC, LGP, and DSG Hub)

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Rotating savings and credit association (ROSCA)

A group of individuals who agree to meet for a defined period in order to save and borrow together. ROSCAs are time-limited, operating in cycles that can be tied to seasonal cashflows in the community. At each meeting, each member contributes the same amount, and one member receives the total amount collected. The order of money distribution is determined through a lottery at the beginning of each cycle, and each member receives at least one payout. Every transaction is seen by every member during the meetings. Unlike [ASCAs](#), ROSCAs do not maintain any money inside the group, and no records are required. These characteristics make the system a model of transparency and simplicity that is well adapted to communities with low levels of literacy and weak systems for protecting collective property rights. ROSCAs are a popular [community-based microfinance](#) model, common throughout the world. ROSCAs can be compared and contrasted with [accumulating savings and credit associations \(ASCAs\)](#). (Source: *Wikipedia*)

Rules and regulations

Principles governing the group including [share price](#), [fines](#), service charge, [maximum loan size](#), maximum [loan duration](#), [cycle duration](#) and [share-out date](#), [social fund contribution](#), and social fund coverage. DSGs typically set up their preferred policies in an app, and the app enforces their rules

and regulations consistently for all members. (Sources: *LGP and DSG Hub*)

Savings and Internal Lending Community (SILC)

A savings group methodology developed by Catholic Relief Services in the early 2000s. Compared to the [VSLA](#) model, the unique characteristics of SILC are its use of a group ledger and a delivery channel based on private service providers (PSPs). (Source: *LGP*)

Savings for Change (SfC)

A savings group methodology developed by Oxfam America in the early 2000s. Compared to the [VSLA](#) model, the unique characteristic of SfC is its oral record-keeping system (no written member or group records). (Source: *LGP*)

Savings Groups Information Exchange (SAVIX)

[The SAVIX](#) is the global reporting system on savings groups. By collecting, validating, and visualizing financial and operational data from about 600,000 savings groups worldwide, covering 14 million members, it enables benchmarking and informed decision-making, critical for ensuring high-quality program results, and helps to set global, national, and sub-national norms. (Source: *Savings Groups Information Exchange*)

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Savings meeting

A savings group meeting at which members only save (no loan transactions). Savings meetings are typically weekly (or fortnightly) and last about 30 minutes, depending on the number of members and the maturity of the group. (Source: LGP)

SAVIX management information system (SAVIX MIS)

The SAVIX MIS is the standard management information system used by traditional savings group programs worldwide. The web-based SAVIX MIS allows implementers to manually enter group-level data from savings groups they support, then view that data through real-time reporting and project aggregation and comparison. The SAVIX MIS also synchronizes with the SAVIX. As of 2022, the SAVIX MIS is used by more than 1,700 organizations across 75 countries, covering over 650,000 savings groups composed of nearly 17 million members. (Sources: VSL Associates and DSG Hub)

SAVIX mobile data entry application (SAVIX Data App)

The SAVIX MIS mobile data entry application allows savings group implementers to collect and store group-level data from savings groups they support on a mobile device, while offline; and synchronizes and uploads data to the associated MIS, once network connectivity is available. The application can be downloaded from the Google Play Store or as an iOS application

for Apple devices (SAVIX Data App). While it is a valuable tool for collecting data from traditional savings groups, the SAVIX Data App is not typically considered to be a DSG solution as it does not digitize the records or transactions of a group. (Sources: VSL Associates and DSG Hub)

Seed capital

Following a share-out, a savings group may decide to reserve some of the group earnings to be added to the Loan Fund to begin the next cycle. This allows members to start taking loans earlier in the following cycle, instead of waiting several weeks for the Loan Fund to build up again. This process may take several forms, including, holding a special share purchase through which returning members have the option (or obligation) to purchase a specific (or flexible) number of shares. The amount collected is referred to as seed capital, as it initiates the new cycle with a useful amount in the group's Loan Fund. (Sources: LGP and DSG Hub)

Share

In many savings group methodologies, members save through the purchase of shares rather than direct currency. In this model, the group determines the price of a share (for the cycle) and at each meeting, each member can purchase from 1-5 shares. For example, if group sets a share price of 10 cents, at each meeting, each member can save in increments of 10 cents, between 10-50 cents. The system is simple, yet it is powerful: it enables flexible savings

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across members, and over time. It also simplifies traditional savings records, as numerical accounting is not necessary, and share purchases are recorded with a stamp, using a pictorial system. With **DSG solutions**, policy enforcement, calculations, and recordkeeping are fully automated, reducing the need for groups to use shares. While DSGs often support share-based groups for historical reasons, they also make it easy for groups to use direct currency in any denomination if desired. (Sources: LGP and DSG Hub)

Share-out

Savings groups typically operate in timebound periods of about 6-12 months, referred to as a **cycle**. At the end of each cycle, all the assets of the group are distributed to the members in a share-out. The share-out is sometimes referred to as an action-audit: it provides members an immediate verification that the system is safe and profitable, resolves outstanding issues, provides members with a lump sum of money, and enables members to leave the group as well as new members may join. After the share-out, the group initiates a new cycle. (Source: LGP)

Share price

The cost of a **share**, as determined by the group for the duration of the cycle. A group may decide to change its share price at the beginning of any **cycle**, but it must not be changed during a cycle. (Source: LGP)

Share value

An amount that each member receives at share-out, for each share that they own. **Share price** and share value are sometimes used interchangeably, but they are different. Share price refers to the *cost* of share, while share value refers to its *worth*. For instance, the share price of a group may be 10 cents; while at the end of the cycle the share value may be 13 cents. The difference represents the profits of the group, generated by service charges, fines, and any group activities. The share value is typically calculated only at the share-out, after all the assets of the group have been consolidated and counted. Some **DSG solutions**, however, calculate the share-out in real time; and provide members an estimated return on their savings, at any given time. (Source: LGP)

Social Fund (or Emergency Fund)

A basic insurance fund from which members can request a grant or no-cost loan to meet emergency needs. At each meeting, each member makes a fixed contribution to the Social Fund determined by the group. The coverage of the Social Fund is determined by the group and noted in its **constitution**, and may cover diverse emergencies and life cycle needs including medical and funeral expenses, weddings, and maternal and neonatal healthcare. **DSG solutions** typically automate this process and keep track of balances, policies, and how funds were used. Some DSG solutions also allow groups to maintain funds for other purposes such as insurance,

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education, technology, or group businesses. (Sources: LGP and DSG Hub)

Software

A general term that describes computer programs. With respect to DSGs, software refers to DSG applications that run on mobile devices. (Sources: TechTerms and LGP)

Technology-facilitated violence

The use of the internet and/or mobile technology to engage in activities that result in harm or suffering to a person or a group of people online or offline, often because of their sex or gender. It includes such acts as stalking, bullying, sexual harassment, doxing, image-based abuse, trolling, defamation, hate speech, and exploitation. Online violence is a subset of technology-facilitated violence which occurs in private or public online spaces, such as social media, email, instant messaging, group chats, as well as knowledge-sharing, dating, gaming, and other online platforms. Technology-facilitated violence is one of the risks associated with digital transformation and should be addressed in [gender-responsive and inclusive digitization](#) efforts. (Sources: *Global Communities and International Center for Research on Women*)

Traditional savings group (or analog savings group)

A savings group that operates exclusively with paper- and/or oral-based records and

processes. Compare and contrast with [Digital Savings Group](#). (Source: LGP)

User experience (UX)

The user experience (UX) refers to how a user interacts with and experiences a product, system or service. It includes a person's perceptions of utility, ease of use, and efficiency. User experience is subjective. However, the attributes that make up the user experience are objective: all the users' emotions, beliefs, preferences, perceptions, physical and psychological responses, behaviors and accomplishments that occur before, during, and after use. When evaluating [DSG solutions, implementing organizations](#) should ensure the user experience is intuitive to [end users](#) and can be used successfully on an ongoing basis without the support of the [implementing organization](#). (Sources: *Wikipedia and DSG Hub*)

Variable cost (also known as ongoing or recurring cost)

An expense that changes in proportion to how much a company produces or sells. With respect to DSGs, [institutional users](#) and [end users](#) incur variable costs based on the level of activity in the system. Examples of variable costs include, but are not limited to, licensing fees, transaction fees, SMS charges, data fees, and device maintenance and repair. See also [fixed costs](#). (Sources: *Investopedia and LGP*)

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Village Savings and Loan Association (VSLA)

A savings group methodology developed by CARE in the 1990s, and later adopted and popularized by hundreds of local and international NGOs including the Aga Khan Foundation, Plan International, World Relief, and World Vision. (*Source: LGP*)

Financial Inclusion

Accumulating savings and credit association (ASCA)

An ASCA is a group of individuals who save and borrow together. At each meeting, members save (in fixed or variable amounts), contributing to a group fund from which members may borrow. Members have no obligation to borrow; they may borrow in varying amounts in no pre-determined order or time. Unlike [ROSCAs](#), ASCAs may retain money in the group fund; ASCAs also enable members to save and borrow varying amounts, and therefore require records to track, at a minimum, member savings and loan obligations, as well as the balance of the group fund. ASCAs are a popular [community-based microfinance](#) model common throughout the world, and promoted by hundreds of national and international NGOs whose adaptations are known as [savings groups](#), Self-Help Groups, VICOBAs and village banks. ASCAs can be compared and contrasted with [rotating savings and credit associations \(ROSCAs\)](#). (Sources: *Wikipedia and LGP*)

Affordability

A characteristic of financial services; describes products for which the price is in line with the client's ability to pay for them. Affordability is considered one of the greatest barriers to access. (Source: *Center for Financial Inclusion*)

AML/CFT

An acronym for Anti-Money Laundering/Combating the Financing of Terrorism; policies to detect and reduce money laundering and terrorism financing. The term usually refers to the international standards on AML/CFT set up by the [Financial Action Task Force \(FATF\)](#), an inter-governmental body. (Source: *Center for Financial Inclusion*)

Avoidance of over-indebtedness

A [Client Protection Principle](#) that states that providers will take reasonable steps to ensure that credit will be extended only if borrowers have demonstrated an adequate ability to repay and loans will not put the borrowers at significant risk of over-indebtedness. (Source: *Center for Financial Inclusion*)

Client Protection Principles

Standards of appropriate treatment that clients should expect to receive when doing business with a microfinance institution, as agreed upon by the microfinance industry-wide effort called the [Smart Campaign](#). The Client Protection Principles include: 1) Appropriate product design and delivery; 2) Prevention of over-indebtedness; 3) Transparency; 4) Responsible pricing; 5) Fair and respectful treatment of clients; 6) Privacy of client data; and 7) Mechanisms for complaint resolution. (Source: *Center for Financial Inclusion*)

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Consumer protection (or client protection)

Financial consumer protection encompasses the laws, regulations, and institutional arrangements that safeguard consumers in the financial marketplace. See [Client Protection Principles](#). (Source: *The World Bank*)

Convenience

A characteristic of [quality](#) financial services; describes products that are easy to access and use. Convenience most often refers to the physical proximity to a banking outlet. However, it can also refer to the requirements necessary to use a financial service (such as the number of documents required to open an account) and the time it takes to complete a financial transaction. It may also include adaptations for language or literacy level. (Source: *Center for Financial Inclusion*)

Credit scoring

Credit scoring is a statistical analysis performed by lenders and financial institutions to determine the creditworthiness of a person or business. Some [DSG solutions](#) include credit scoring functionalities; by digitizing savings group transactions and member behavior, these solutions generate group and/or member credit scores, which may be made available to partner financial institutions, thus

improving the viability of [bank linkages](#). See [alternative credit scoring](#). (Sources: *Investopedia* and *LGP*)

Delivery channel

A method of providing products or services. Examples of delivery channels include traditional banking outlets such as bank branches, ATMs, or branchless banking channels, such as [mobile banking](#) and agent banking. (Source: *Center for Financial Inclusion*)

Digital financial services (DFS)

Basic financial services offered through mobile phones, point-of-sale devices, and networks of small-scale agents. Services offered digitally can dramatically lower costs for customers and service providers, but require assurance of data protection and privacy. (Source: *Center for Financial Inclusion*)

Dignity

A characteristic of [quality](#) service delivery; this term is used by the Center for Financial Inclusion in its vision and definition of full financial inclusion to mean that clients are treated in a way that is consistent with the Client Protection Principles and receive services in a respectful manner. [DSG solutions](#) that allow groups to link to banks or mobile money providers would be examples of [digital financial services](#). (Sources: *Center for Financial Inclusion* and *DSG Hub*)

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Effective interest rate

An interest rate that states the cost in terms of the fee plus the compounded interest rate. An effective APR (annual percentage rate) states the APR, or annualized interest rate, in terms of the fee plus the compounded interest rate. The effective interest rate is one of the best methods to compare the cost of credit among loan products from different institutions. (Source: *Center for Financial Inclusion*)

Electronic banking (e-banking)

A type of branchless banking that uses the internet to deliver financial services. [DSG solutions](#) can make it easier for savings groups to connect to traditional banks through e-banking services. (Sources: *Center for Financial Inclusion and DSG Hub*)

Electronic money (e-money)

A type of monetary value electronically recorded and generally understood to have the following attributes: (i) issued upon receipt of funds in an amount no lesser in value than the value of the e-money issued; (ii) stored on an electronic device (e.g., a chip, prepaid card, mobile phone, or computer system); (iii) accepted as a means of payment by parties other than the issuer; and (iv) convertible into cash. **Mobile money** is a common example of e-money provided by mobile network providers via mobile phones. DSGs that use [digital wallets](#) allow groups to move from physical cash to e-money, which can improve efficiency and security of financial transactions (Sources:

Alliance for Financial Inclusion and DSG Hub)

Electronic wallet (or digital wallet)

A place to store electronic money to allow rapid and secure electronic transactions. An electronic wallet, also known as a digital wallet, can take the form of a smart card or a mobile phone. Electronic wallets allow individuals to store money in a secure place and pay for certain products and services without carrying cash. Some [DSG solutions](#) include digital wallets for the group and for each member, allowing savings and loan transactions to take place electronically without the need to exchange and store physical cash. (Sources: *Center for Financial Inclusion and DSG Hub*)

Ethical staff behavior

A [Client Protection Principle](#) that states that staff of financial service providers will comply with high ethical standards in their interactions with microfinance clients, and providers will ensure that adequate safeguards are in place to detect and correct corruption or mistreatment of clients. (Source: *Center for Financial Inclusion*)

Excluded

A term describing individuals who have access to none of the products in the full suite of basic services (savings, credit, insurance, and payment services) from a formal financial service provider. Often used

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synonymously with [unbanked](#). (Source: *Center for Financial Inclusion*)

Financial education

The provision of education on the use of financial services. Financial education is important in the context of financial inclusion because as previously excluded populations gain access to formal financial services, they need to be able to use these services in a productive and responsible manner that will not cause them harm. Financial education may be provided by schools, financial institutions, and others, through channels ranging from classrooms to mass media and direct contact with financial institution staff. (Source: *Center for Financial Inclusion*)

Financial identity

Identification pertinent to a specific individual's financial activity linked to that individual's financial records and accounts. Account numbers, PIN numbers, passwords, and information on account balances and past transactions are all part of an individual's financial identity. Since lack of financial identity may be a barrier to access to financial services, the provision of financial identity may provide an entry for the previously excluded. (Source: *Center for Financial Inclusion*)

Financial inclusion

A state in which all people who can use them have access to a full suite of quality financial services, provided at affordable

prices, in a convenient manner, and with dignity for the clients. Financial services are delivered by a range of providers, most of them private, and reach everyone who can use them, including disabled, poor, rural, and other excluded populations. (Source: *Center for Financial Inclusion*)

Financial literacy

The ability to understand how to use financial products and services and how to manage personal, household, or micro-enterprise finances over time. Improvements in literacy levels can be achieved through [financial education](#). DSGs may support financial literacy for savings groups by giving members more visibility into setting financial goals and progress towards their achievement, and through the delivery of [in-app messaging](#) and micro-training. (Sources: *Center for Financial Inclusion and DSG Hub*)

Formal financial service provider (FSP)

An institution that provides formal financial services, is formally recognized by the government, and is often (but not necessarily) regulated. Formal providers of financial services include commercial banks, state banks, rural/agricultural banks, savings banks, and non-bank finance institutions. Other financial institutions such as microfinance NGOs and credit unions can also be considered formal financial service providers despite not always being regulated. (Source: *Center for Financial Inclusion*)

Full suite of basic financial services

A group of core financial services that includes basic credit, savings, insurance, and payments services. These four services serve different needs that each household encounters, and ensuring access to this product range is an important goal of financial inclusion. (Source: Center for Financial Inclusion)

Informal financial service provider

An unregulated provider of financial services, which is generally not legally registered with the government. Informal financial service providers may include moneylenders, pawnbrokers, [rotating savings and credit associations \(ROSCAs\)](#) and [accumulating savings and credit associations \(ASCAs\)](#). Usually, they are characterized by their community-based nature, [convenience](#), and informality. (Source: Center for Financial Inclusion)

Installment

One of many parts into which a debt has been divided so that repayment can be made at smaller and regular intervals; each installment usually includes a portion of the principal being repaid and a portion of interest. (Source: Center for Financial Inclusion)

Interoperability

The ability of diverse information technology systems to work together so

services can be provided across multiple providers. For example, interoperable ATMs allow a customer to withdraw funds from any ATM, not just those owned by her bank. Interoperability is important for scaling delivery channels such as [mobile banking](#). For [digital ledgers](#), important interoperability considerations might include which [mobile money](#) operators the [DSG solution](#) works with. DSG solutions may also include [APIs](#) that allow partners to link their solution with other technologies. (Sources: Center for Financial Inclusion and DSG Hub)

Know Your Customer (KYC)

Regulation that requires all financial institutions to ensure that they validate the identity of all of their clients. KYC regulation is part of the [AML/CFT](#) standards, and while important, can sometimes create barriers to financial inclusion. For example, new KYC regulations require that providers review identity documents for new clients which many financially-excluded clients often lack (such as a passport, identification card, or employment documentation). [DSG solutions](#) may make it easier to link savings groups to external financial service providers by collecting secure KYC information from members and supplying it (with member permission) to banks for linkage purposes. (Sources: Center for Financial Inclusion and DSG Hub)

Microfinance

The provision of financial products and services focused on serving low-income clients who often lack access to other forms

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of formal financial services. Microfinance is sometimes used as a synonym for microcredit although microfinance refers to the provision of services beyond credit, including savings, insurance, and payments. Microfinance as an industry has evolved from the first microcredit pilots a few decades ago that proved that the poor need and can use financial services. (Source: Center for Financial Inclusion)

Microfinance as a platform

The use of [microfinance](#) as a channel for increasing the access to non-financial products and services that improve lives, such as business development, health, energy or education. Financial institutions can play this role in at least three ways: 1) providing specialized loans and insurance (for example an education loan, health insurance, or a loan to purchase a solar lamp); 2) facilitating marketing and distribution of products to the institution's clients; and 3) microfranchising to provide clients with the training and resources necessary to become a retailer of non-financial products. (Source: Center for Financial Inclusion)

Mobile banking

The provision of financial services via mobile phones. Mobile banking is an alternative [delivery channel](#). Mobile banking supports payment transactions including money transfers and in some cases loan repayments. Because in many developing countries mobile penetration is growing faster than the penetration of financial

services, many point to mobile banking as one possible way to decrease the location gap and increase [financial inclusion](#). [DSG solutions](#) that include [digital wallets](#) may include mobile banking services such as external loans directly through the DSG platform. (Sources: Center for Financial Inclusion and DSG Hub)

Money transfer

A [payments](#) transaction that moves money from one person or business to another. Money transfers allow individuals or businesses to make payments from one account to another – to pay a bill, pay taxes, or purchase a good or service. Money transfers also allow government to distribute money to households (in the form of tax rebates or welfare vouchers). Money transfers facilitate payments, which are one of the four basic financial services in the [full suite of financial services](#). (Source: Center for Financial Inclusion)

Payment

Transfer of money between two parties. Payments can include the transfer of money for a variety of reasons, including purchase of goods and services, government transfer of aid, bill payment, direct deposit of salary, or sending of remittances. [DSG solutions](#) that include [digital wallets](#) may allow groups and members to make digital payments, either inside to the group or to outside recipients. (Sources: Center for Financial Inclusion and DSG Hub)

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Quality

One of the four dimensions of the [Center for Financial Inclusion](#)'s vision of financial inclusion, describing how financial services are provided. Quality financial inclusion includes the following traits: affordability, convenience, product-fit, safety, dignity of treatment, and client protection. Quality refers to product design and delivery traits that enhance the value of services to clients. *(Source: Center for Financial Inclusion)*

Redress of grievance

A [Client Protection Principle](#) that states that providers will have in place timely and responsive mechanisms for resolving complaints and problems of individual clients. *(Source: Center for Financial Inclusion)*

Transparent and reasonable pricing

A [Client Protection Principle](#) that states that the pricing, terms and conditions of financial products (including interest charges, insurance premiums, all fees, etc.) are adequately disclosed in a form understandable to clients. *(Source: Center for Financial Inclusion)*

Unbanked

Customers, usually the very poor, who do not have a bank account or a transaction account at a formal financial institution. Often used synonymously with [excluded](#). *(Source: GSMA)*

Underbanked

Customers who may have access to a basic transaction account offered by a formal financial institution, but still have financial needs that are unmet. For example, they may not be able to send money safely or affordably. Often used synonymously with partially included. *(Source: GSMA)*

Digital Financial Services

Agent

Any third party acting on behalf of a bank or other financial services provider (including an e-money issuer or distributor) to deal directly with customers. (Sources: Alliance for Financial Inclusion and GSMA)

Agent due diligence (Know Your Agent)

Measures taken by a mobile financial services provider to assess potential agents and their ability to carry out agent functions related to digital financial services. (Source: Alliance for Financial Inclusion)

Agent outlet

A location where one or several mobile money agents are contracted to facilitate transactions for users. (Source: GSMA)

Bank-based model

A mobile financial services business model in which (i) the customer has a contractual relationship with the bank and (ii) the bank is licensed or otherwise permitted by the regulator to provide the financial service(s). Compare and contrast with nonbank-based model. (Source: Alliance for Financial Inclusion)

Cash-in

The exchange of cash for electronic value (e-money). This refers to the process of individuals giving cash to a mobile money agent so that the amount can be added to their mobile money balance. Since mobile money providers want more money in their networks, these cash-in transactions are typically free. (Sources: Alliance for Financial Inclusion and DSG Hub)

Cash-out

The exchange of electronic value (e-money) for cash. This typically refers to the process of individuals going to a mobile money agent and withdrawing physical cash from their mobile money balance. Mobile money providers typically charge a fee to take cash out of their network. These fees can be relevant for groups adopting a DSG solution that includes digital wallets since members will need to account for the cost of additional cash-out fees they may incur when moving from a cash-based group to a DSG. (Sources: Alliance for Financial Inclusion and DSG Hub)

Digital financial inclusion

The use and promotion of digital financial services to advance financial inclusion. (Source: Alliance for Financial Inclusion)

Digital financial literacy

The knowledge, skills, confidence and competencies to safely use digitally delivered financial products and services, to

make informed financial decisions. (*Source: Alliance for Financial Inclusion*)

Electronic funds transfer (EFT)

Any transfer of funds initiated through an electronic terminal, telephone, mobile phone, tablet, phablet, computer system or magnetic tape for the purpose of ordering, instructing or authorizing a payment services provider to debit or credit a customer's bank or e-money account. (*Source: Alliance for Financial Inclusion*)

FinTech

A contraction of 'financial technology', FinTech refers to use of technology and innovative business models in the provision of financial services. (*Source: Alliance for Financial Inclusion*)

Fund isolation

Measures aimed at isolating customer funds (i.e., funds received against equal value of e-money) from other funds that may be claimed by the issuer or the issuer's creditors. Fund isolation, together with fund safeguarding, constitutes the primary means of protecting customer funds in a nonbank-based model. (*Source: Alliance for Financial Inclusion*)

Fund safeguarding

Measures aimed at ensuring funds are available to meet customer demand for cashing out electronic value. Such measures typically include (i) restrictions on

the use of such funds, (ii) requirements that such funds be placed in their entirety in bank accounts or government debt or any other low-risk and liquid financial instruments, and (iii) diversification of e-float among several financial institutions. Fund safeguarding, together with fund isolation, protects customer funds in a nonbank-based model. (*Source: Alliance for Financial Inclusion*)

Mobile money (m-money)

A type of electronic money (e-money) that is transferred electronically using mobile networks and SIM-enabled devices, primarily mobile phones. The issuer of mobile money may, depending on local law and the business model, be a Mobile Network Operator (MNO), a financial institution, or another licensed third-party provider. DSGs that use digital wallets allow groups to move from physical cash to mobile money. (*Sources: Alliance for Financial Inclusion and DSG Hub*)

Nonbank-based model

A mobile financial services business model in which (i) the customer has a contractual relationship with a nonbank financial service provider and (ii) the nonbank is licensed or otherwise permitted by the regulator to provide the financial service(s). Compare and contrast with bank-based model. (*Source: Alliance for Financial Inclusion*)

Payment service provider (PSP)

An entity providing services that enable funds to be deposited into an account and withdrawn from an account; **payment** transactions (transfer of funds between, into, or from accounts); issuance and/or acquisition of payment instruments that enable the user to transfer funds (e.g., checks, e-money, credit cards, and debit cards); and money remittances and other services central to the transfer of money. *(Source: Alliance for Financial Inclusion)*

users. **DSG solutions** that include a **digital wallet** will typically use USSD for mobile money transactions. App-based DSG solutions that run on smartphones may hide complex USSD codes behind easier to use app icons. *(Source: DSG Hub)*

Regulator

In the context of banking or **mobile money**, this typically refers to the regulator who has supervisory authority over financial institutions within a particular country—usually the central bank or other financial authority. While many DSGs do not require regulatory approval, DSGs that hold deposits on behalf of groups or offer direct lending to groups will typically need approvals from regulators in each country in which they operate. *(Sources: GSMA and DSG Hub)*

USSD

A protocol that allows mobile phones to access **mobile money** services. The advantage of USSD is that it does not require smartphones and can be accessed by low-cost basic phones using a set of codes. USSD also allows mobile money transactions without the use of internet data. A potential disadvantage is that USSD codes can be cumbersome to enter for **end**

Identity

Attribute

A description of a characteristic of an identity. Examples include: hair colour, age, presence status, location. Note that an attribute may be uniquely identifying the identity in which case it is an identifier. See also [identifier](#) and [identity](#). (Source: GSMA)

Authentication

Authentication is the overall process of establishing that the actor being authenticated is indeed the actor in whose name assertions are being made. The actor in question may be a human or any non-human system entity (client, server, application, etc.). For DSGs, authentication is the process of establishing that someone using a digital solution is indeed who they say they are. [DSG solutions](#) may include authentication technology to verify members or groups before making financial transactions or linking to external [financial service providers](#). (Sources: GSMA and DSG Hub)

Biometric identification

The automatic identification of living individuals by using their physiological and behavioral characteristics. (Source: GSMA)

Credentials

Personal information that is transferred, stored, and processed in order to

authenticate an individual or authorize a transaction. Credentials may be of three different types: 1) "Something you know" (e.g., a password); 2) "Something you have" (e.g., a bank card; or 3) "Something you are" (e.g., an iris reading). (Source: GSMA)

Digital identity

A digital identity is the body of information about an individual, organization or electronic device that exists online. (Source: TechTarget)

Identifier

An [attribute](#) that is unique within a defined scope. Examples are: MSISDN, email address, account number. See also [attribute](#) and [identity](#). (Source: GSMA)

Identity

The collective aspect of the set of characteristics by which an actor is uniquely recognizable or known. The set of behavioural or personal characteristics by which an actor (e.g., individual or group) is recognizable. An identity is described by its attributes, some of which may be identifiers. See also [attribute](#) and [identifier](#). (Source: GSMA)

Identity provider (IdP)

A provider that manages identity information including providing that information to other actors, on behalf of users and also provides statement of

authentication to other actors. (Source: GSMA)

Registration provider (RP)

A function that is responsible for the enrolment of physical users into the identity registry of the IdP, where the user is represented by one or more identifiers. The registration provider (RP) executes necessary controls to corroborate that the identifiers really represent the correct user, and for which the RP also may be liable. (Source: GSMA)

Networks

5G

5G (5th generation mobile networks or 5th generation wireless systems) denotes the next major phase of mobile telecommunications standards beyond the current 4G/IMT-Advanced standards. (Source: GSMA)

Mobile network operator (MNO)

A company that has a government-issued license to provide telecommunications services through mobile devices. An MNO is sometimes known as a mobile phone operator, wireless service provider, or a 'telco'. (Source: Alliance for Financial Inclusion)

Native device

Mobile devices that have out-of-the-box compatibility with IP-networks. (Source: GSMA)

Communication

Airtime

The time a user is connected to their mobile phone network. This includes making calls, retrieving messages and data use. Compare and contrast with [airtime minutes](#). (Source: Verizon)

Airtime minutes

The time a user speaks on their phone, including incoming and outgoing calls. Compare and contrast with [airtime](#). (Source: Verizon)

Airtime top-up

Purchase of airtime (including airtime minutes or data) via [mobile money](#), usually funded from a mobile money account. (Source: GSMA)

In-app message

Mobile phone applications display messages through two main channels: in-app messages and [push notifications](#). [DSG solutions](#) may open the opportunity for implementers and other service providers to send in-app messages to groups and members directly in the DSG app. These messages may offer support, training, crisis communications, or promote relevant offers. In (Sources: Intercom and DSG Hub)

In-app survey

Some [DSG solutions](#) may offer in-app surveys ([microsurveys](#)) which allow [implementing organizations](#) to send surveys to groups and members directly in the DSG app. This may give organizations an easy and inexpensive way to collect additional data from groups and members, and corollate it with demographic and financial data from the savings group. (Source: DSG Hub)

Mobile data

Mobile data is internet content delivered to mobile devices such as smartphones and tablets over a wireless cellular connection. Users often think of mobile data in terms of cost and usage because mobile data is measured separately from voice calls and can increase monthly bills. [DSG solutions](#) typically require data for two purposes: 1) Backing up records, and 2) downloading new updates to the DSG app as they become available. (Sources: TechTarget and DSG Hub)

Microsurvey

A short, easy survey that take between two to five minutes to complete. Because they are brief, microsurveys can be easily administered on a mobile device and sent to respondents to complete at their convenience, with answers provided in real time. See also [in-app surveys](#). (Source: InCrowd)

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Push notification

Mobile phone applications display messages through two main channels: **in-app messages** and push notifications. A push notification is an automated message sent by an application to a user's home screen when the application is not open. *(Source: Oxford Dictionary)*

Social and behavior change communication (SBCC)

Previously known as behavior change communication (BCC), SBCC is the strategic use of communication approaches to promote changes in knowledge, attitudes, norms, beliefs and behaviors. The terms BCC and SBCC are interchangeable, and they both refer to the coordination of messages and activities across a variety of channels to reach multiple levels of society, including the individual, the community, services and policy. *(Source: Health Communication Capacity Collaborative).*

DIGITAL SAVINGS GROUPS (DSGs)

Glossary: Key Concepts and Terms

The [Digital Savings Group \(DSG\) Hub](#) is an online learning and community platform aimed at facilitating thoughtful, safe, and inclusive digitization of savings groups. The Hub contains a wide variety of practical resources to support savings group members and practitioners on their digitization journeys. The DSG Hub also serves as a tool for an ongoing community engagement, allowing diverse actors from across the industry to connect with one another, share insights and experiences, and learn from successes and shortcomings in the sector. The project is funded by the [FAHU Foundation](#) and implemented by [Global Communities](#).

The **DSG Glossary: Key Concepts and Terms** is a compilation of definitions related to digitization of savings groups, created to help stakeholders working in the DSG sector use the right words and ask the right questions. The DSG Glossary is one of the DSG Hub's anchor resources.