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Evidence on Savings Groups & Linkages

Building Pathways to Formal Financial Inclusion for Savings Groups



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More evidence, Less poverty

IPA is a global research and policy nonprofit organization, operates in 20+ countries, and committed to reducing global poverty with evidence. With a network of partners and researchers, we design and test innovative solutions, support our partners to generate and use data and evidence, and help bring proven approaches to scale across the globe.



01: Create Stronger Evidence

To deepen public knowledge on how to reduce poverty



02: Share Evidence Strategically

To influence conversations & inform decisions



03: Equip Decision-Makers to Use Evidence

To improve the lives of the global poor

Synthesis of Recent Literature

Evidence on Savings Groups

- 1. Savings Impact:** Savings groups typically help women save more money. Where total savings did not increase, women moved their savings to better, more efficient savings methods via these groups.
- 2. Credit Access:** Well-designed savings groups help women borrow money at lower interest rates and reduce their need to use expensive informal lenders; creates pathways to more formal financial services.

Evidence on Savings Groups

- 3. Income Activity:** Savings groups can boost women's business activities, especially in farming and agriculture. Evidence is mixed on if they consistently increase overall household assets or income.
- 4. Decision-Making Power:** Women who participate in savings groups often gain more say in household decisions. Improved decision-making extends to business investments, food purchases, children's education, and healthcare spending.

Evidence on Linkages

- **Uganda:** "Linkage" lending model connecting formal financial institutions to savings groups quadrupled internal lending capacity ([Burlando et al. 2020](#)).
 - When groups did receive a linked bank loan, quickly passed onto group members: during the week the group received the bank loan, the amount they lent out to members was about four times higher than usual. Growth came from more loans, not larger loans.
 - Most groups stopped borrowing after first loan likely due to high maintenance costs, bureaucracy, travel distances, and repayment challenges. Late repayments limited repeat borrowing.
- **India:** Self-help groups (SHG) linkage model reduced participants' reliance on informal lenders (friends, family, etc.), strengthened community relationships, & strengthened women's decision-making power in households ([Dutta et al. 2017](#))
 - Instead, participants primarily borrowed from the group.
 - 98% of women who accessed loans through SHGs used the funds to support their businesses.
 - On average, SHG members could gather INR 4,425.75 during emergencies, while non-members could only gather INR 2,550.42 on average.

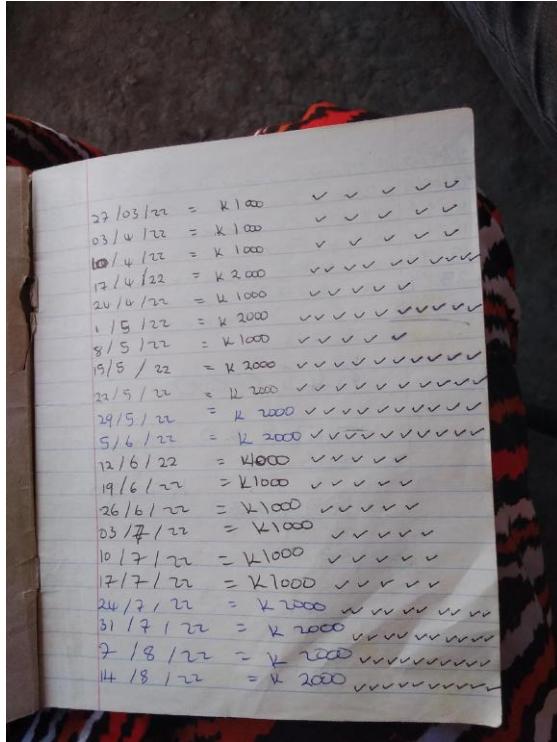
Evidence Gaps

- **Linkage with Formal Financial Institutions:** More **rigorous research** needed particularly impacts on formal credit access, repayment rates, group dynamics, and effects of external capital on defaults and cohesion.
 - How can we balance maintenance costs and beneficial impacts?
- **Barriers to Formal Financial Inclusion:** Research needed on why entrepreneurs, especially women, don't transition from savings groups to formal services—examining access barriers, product fit, & trust issues.
- **“Digitization” of Savings Groups:** Digitization has potential to improve savings group efficiency and recordkeeping.
 - Also builds digital transaction history that can serve as proxy for creditworthiness for individuals who otherwise lack a formal credit record. See ongoing work by World Vision and IPA in Malawi and Uganda.

World Vision Evaluation

World Vision Evaluation

Objective: Measure the impact of two programs aiming to accelerate financial inclusion, economic and social empowerment



FAST (linkage to Vision Fund)

Access to and appropriate utilization of financial services

Livelihood outcomes (income, food security, assets, entrepreneurship,)

Digitization of S4Ts

Functionality of S4T groups and wellbeing outcomes for participants

Inclusive participation and access to digital services among extremely poor

Key outcomes measured



Learning area	Key outcome area	IPA Baseline/ End line	WV US Admin data
Uptake of FAST services	Improving access to financial services		
	Appropriate utilization of financial services		
Impact of FAST on livelihoods	Entrepreneurship		
	Livelihood diversification		
	Consumption (food security)		
	Assets		
	Income		

Key outcomes measured



Learning area	Key outcome area	IPA Baseline/ Endline	WV US Admin data
Digitization	Frequency and length of meetings		
	Saving behavior		
	Social cohesion		
	Trust		
	Technology acceptance		

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Evidence Synthesis



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<https://bit.ly/45IC7Fm>

World Vision Project



Scan Here

<https://bit.ly/4mJYj8c>



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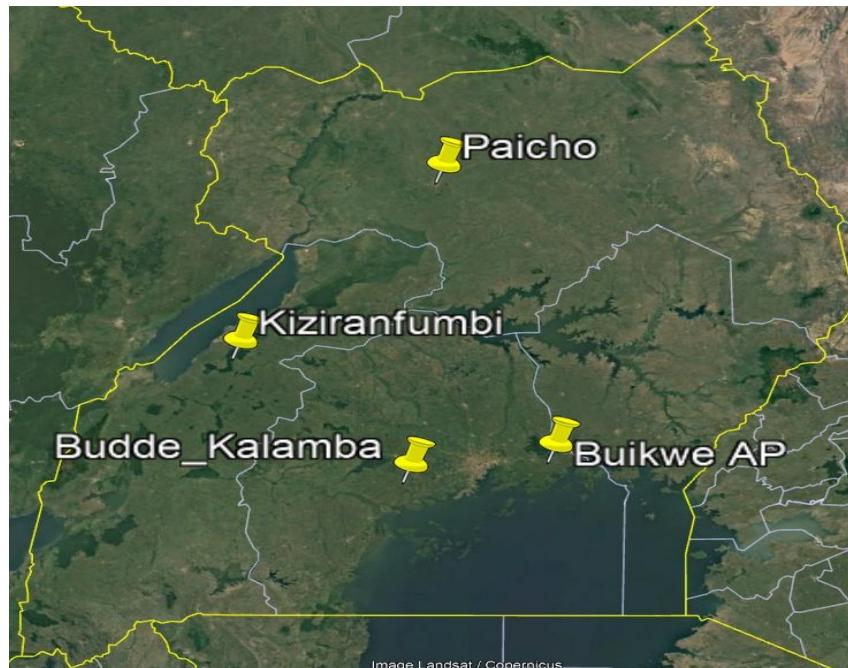
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Annex

Study location

Uganda



Malawi



Study design

Receive pool of eligible groups from WV

Randomly select 8 members in each group

Follow a replacement protocol that accounted for gender and age

Country	Uganda	Malawi
No. of individuals	1,333	1,148
No. of WV Savings Groups	168	144
No. of villages	89	134

Country	Uganda villages	Malawi villages
FAST treatment only	21	33
DreamSave treatment only	23	33
FAST and DreamSave	23	34
Control, no exposure	22	34

Research Timelines

Completed Activities

May-Sep

2024 Baseline survey data collection

Oct

2024

Randomization of study units in treatment and control study groups

Nov

2024

Roll-out of intervention

Aug- Sep
2024

Baseline administrative data collection

Oct - Nov
2024

Dissemination of results of the randomization with implementers

Apr
2025

2nd round of administrative data collection

Finalized BIGD contract securing additional funding for in-person endline

Research Timelines

