

What financial institutions get wrong when they link up with savings groups

Four financial service providers spent an hour naming their hardest, least flattering problems on purpose so the sector doesn't have to relearn them one at a time.

Panelists: Martina Crailsheim (VisionFund International, host) · Gerry Lanigan (FINCA Uganda) · Brice Kezimana (Turame Community Finance, Burundi) · Sbongile Mthembu Shongwe (Imbita Women's Finance Trust, Eswatini)

How this session came about

VisionFund opened a two-part series sharing lessons from years working on savings group linkages. Session one was built around a single rule: panelists could only name problems, not solutions. Solutions were saved for the audience and for part two, on September 28th 2026, with everything captured for [continued discussion](#) on the DSG Hub.

Four products, four ways of reaching groups

Before the problems, each lender described what they'd actually built.

VisionFund

Global, via VSLA linkage program

Started with individual loans backed by a group guarantee. Loan sizes were too small and the administrative burden too high for that model to hold, which reshaped how the program approached groups afterward. VisionFund developed “FAST” (Financial Accelerating Savings Transformation), a cash-into-the-box loan to the whole group with no collateral required, mobile money disbursement, embedded health insurance, and financial literacy training.

Individual-guarantee model retired in favor of cash-box lending under the group's own savings methodology



FINCA®

Rural Uganda, with Ensibuuko (Chomoka)

Credit-only lending to VSLAs, from 500,000 to 30 million shillings over 3–6 months at roughly 3.25% monthly. Ensibuuko handles digitization and appraisal; FINCA handles disbursement and collections.

~800 groups is the volume where the model turns viable



Burundi, a Hope International MFI

“FAST” — a group-level liquidity loan, not an individual one, based on lessons learned from VisionFund's model. Loan terms are pegged to the time remaining



IMBITA SWAZILAND WOMEN'S FINANCE TRUST

Eswatini, piloted since 2025

Group-only lending aligned to each group's sharing structure and constitution, layered on top of capacity-building support for groups that aren't yet loan-ready.

until a group's share-out, so repayment always lands before the group cashes out. Groups are trained and prepared by Hope International, while funds are disbursed and managed by Turame.

Typical loan: US\$2,000–3,000 at 3–5% monthly, lower than what the group charges its own members internally

Partners with VisionFund for technical expertise: World Vision prepares and trains the groups, while Imbita also forms some groups itself and handles the lending.

64 loans to 64 groups (960 members), \$49,174 disbursed to date

Where it actually breaks down

The group isn't a legal entity

Regulators deal in persons, not informal groups. A savings group has no account-opening documents, and in some markets a group legally cannot hold a single SIM card — which rules out the mobile-money rails lenders already use for individual clients in remote areas.

Practical takeaway: Start the regulatory no-objection process before you lock in a pilot timeline, and confirm early whether your disbursement channel legally requires an individual, not a group, account.

The group's own records don't hold up

Irregular attendance, proxy representation through friends or relatives, unwritten bylaws, and informal verbal agreements on interest rates and penalties. When the group is the credit file, a weak constitution or incomplete ledger becomes the lender's problem too.

Practical takeaway: Build a lightweight group-readiness check — constitution on file, consistent attendance, a real ledger — into onboarding, and provide capacity-building support before extending credit, not after. Digital ledgers can help fill the gap.

Digital tools don't replace behavior on their own

Handing a group a digital ledger doesn't mean they'll use it. Consistent app usage required an entire layer of paid, trained community agents working inside the group's own social structure — not a training session treated as a checkbox.

Practical takeaway: Budget for a paid, trained community-agent layer from day one as core infrastructure, not a one-time training cost, and don't underestimate how long real behavior change, including digital financial literacy, actually takes. Design the team's incentives and loyalty alongside the product itself.

Reaching the group costs more than reaching a person

A two-hour motorbike ride each way makes routine client assessment unsustainable at the unit economics of a small group loan. Some NGO-linked groups also arrived expecting per diem payments for attending training, which FSPs weren't set up to offer.

Practical takeaway: Hire locally from the communities you serve to cut down on travel costs, and agree with NGO and local-authority partners up front, not after the fact, on what the MFI will (and won't) provide.

Practical takeaways at a glance

The same lessons above, distilled into what to do before you launch a savings-group linkage product.

- ✓ Treat regulatory approval as a 4–6 month critical-path item, not a formality — start it before the pilot clock starts.
- ✓ Screen groups for governance quality (constitution, attendance, records) before lending, and fund capacity-building where they fall short.

- ✓ Build the credit product around the savings group's own methodology, not the MFI's existing lending product — it very likely won't match the group's needs or capacity.
- ✓ Budget for paid, trained community agents as a permanent cost line, not a launch-phase expense, and don't underestimate how long real behavior change, including digital financial literacy, takes.
- ✓ Prepare the group before disbursing: digital and financial literacy, loan management, and more — not just an eligibility check.
- ✓ Hire locally from the communities you serve to cut down on travel costs, and agree with NGO and local-authority partners up front, not after the fact, on cost-sharing and on what the MFI will (and won't) provide.
- ✓ Size loans conservatively against a group's last share-out — it's the single biggest driver of the high repayment rates below.

The twist: repayment is not the problem

Despite the list above, every panelist reported repayment rates most individual-lending portfolios would envy.

97%

FINCA Uganda — VSLA credit pilot

95–100%

Turame — group liquidity loans

135%

Imbita — total collected vs. disbursed

99%

VisionFund — global program

The panel's read: loans sized conservatively against a group's last share-out, mutual guarantee among members, and repayment schedules that finish before a group's cash-out date all push losses down — the risk sits in reaching and qualifying the group, not in whether it repays once linked. (Imbita's 135% is total interest, fees, and principal collected against the amount disbursed, not a standard portfolio-at-risk calculation.)

Open questions the room raised

Who pays to digitize a VSLA, and does that hold up long-term?

FINCA pays its platform partner, Ensibuuko, directly as a service cost folded into the loan business. VisionFund instead routes digitization cost through the NGO partner's own project, linking the group to the MFI only once it's already digitized — two different ways of keeping the cost off the lender's own books.

Does lending to VSLAs quietly undercut SACCOs?

Raised but not resolved. VisionFund had tried a comparable group-lending approach for SACCOs in Asia and dropped it — cumulative credit didn't fit a SACCO's ongoing membership model the way it fits a VSLA's cyclical share-out. FINCA is testing the inverse instead: letting an individual VSLA member graduate to an individual loan using the group's own data, without leaving the group.

What's next

Part two: the solutions webinar

September 28 — the same panel returns to discuss what's worked, or what the sector could build together.