

CASE STUDY



Workshop on money management for migrant women with partner organization Hoch3

SAVINGBUDDIES

**Promoting integration of newcomers
in Germany through savings groups**

July 2021



Co-funded by the
Erasmus+ Programme
of the European Union

The information contained in this publication
does not necessarily reflect the official
position of the European Commission.

#3

THIS IS THE THIRD OF A SERIES OF
CASE STUDIES ON FINANCIAL INCLUSION
THROUGH SAVINGS GROUPS.

ABOUT SAVINGBUDDIES

SavingBuddies e.V. is a Berlin based initiative created by an international team of seven multi-disciplinary professionals who have been working on a voluntary basis to promote the concept of saving groups since the beginning of 2015. In 2016, SavingBuddies was officially registered as a non-for-profit organization (in German: "Verein").

All founding members bring a variety of experiences to the table (civic education, impact investing, inclusive business and green economy). The team has been supported by ACAF Spain, who has vast experience in implementing savings groups in Spain and other countries. SavingBuddies can be considered as a spin-off from the Spanish ACAF in Germany.

SavingBuddies' activities are mainly targeted to financially disadvantaged individuals, at people who wish to get better at saving money or at people who want to save money with the aim of supporting others financially or investing in social projects. A core focus of SavingBuddies' work so far has been to address newcomers to Berlin with approved asylum status.

Members, donations, sponsors and public funding support our mainly voluntary work.



Our strength is our diversity.

SavingBuddies Founding Members

WHAT ARE SAVINGBUDDIES' ACTIVITIES?



Participant at a Multiplier Event

The main activities offered by SavingBuddies can be categorized as follows:

- Financial integration of newcomers:** Develop and facilitate training courses on economic and financial integration for newcomers in Berlin. The courses focus on the German economic and financial framework conditions, principles, rules and main institutions as well as personal and household finances including budgeting, starting a business and tax implications.
- Initiation of savings groups:** Provide support and information for the creation and management of savings groups to individuals and organizations interested in the concept.
- Training for multipliers:** Train members of those savings groups which have been initiated by SavingBuddies to become multipliers and help others start their own savings groups.
- Research projects:** Closely collaborate with experts and students conducting research on the topic of savings groups in Germany by sharing our experience, connect to our network of savings group members as well as to institutions working in the field of migrants' inclusion in Germany.
- Knowledge exchange:** We actively participate in events with practitioners from the financial inclusion sector to generate knowledge and visibility around savings groups.

WHAT IS A SAVINGS GROUP?

For SavingBuddies, a savings group is a group of 5-10 people who come together on a voluntary basis to motivate each other to put money aside as savings which the members can use to grant loans to their members and, in some cases, to invest in projects of social and/or environmental value.

SAVINGBUDDIES' SAVINGS GROUPS AT A GLANCE



FINANCIAL IMPACT

Total savings groups created as of May 2021 (in Germany):

6

Number of migrant-only savings groups as of May 2021:

2

Number of mixed savings groups (migrants and locals) as of May 2021:

4

Range in savings amount on avg per meeting per group (minimum to maximum amount):

5 - 50€

Range in savings amount on average per year (minimum to maximum amount):

60 - 600€



MEMBER PROFILE

Number of participants per group:

5 - 8

Age of beneficiaries:

21 - 55

Percentage of women:

68%

Nationalities represented:

5

(Germany, Syria, Dominican Republic, Paraguay, Spain)



SOURCES OF INCOME

Taking into account the social and professional profile of the existing members of savings groups initiated by SavingBuddies, most of their income comes from:

- Regular government financial welfare
- Salaries from part-time / full time jobs
- Income from freelancing activities
- Income from informal economic activities



My motivation to being part of our savings group is not solely the financial part. It is especially the human dimension, the socialising during our gatherings, that brings me joy and that enriches me personally.

**Frank, German,
Savings group member**



ACHIEVEMENTS AND RESULTS

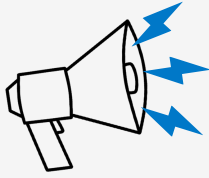
Since SavingBuddies' team came together in 2014, we have been working in close collaboration with partners and community leaders to reach the purpose for which the initiative was founded. The key results achieved in the past years can be summarized as follows:

- With financial and technical support from the Helloship Programme and Innovation Fund Integration initiated by Ashoka we have successfully brought the Spanish ACAF model of savings groups/ self-funded communities to Germany and adapted it to the local context.
- We developed the savings groups model "mixed savings groups" which means to consciously bring together individuals with very different background – both culturally and financially to set up a savings group and foster solidarity.
- We set up a savings group in 2015 with all the founding members of the organization and have managed to build a sound financial cushion to cater for personal emergencies.
- We have helped to initiate 6 savings groups in Berlin with about 35 members in total.
- We started to pilot test the idea of a second savings group model, referred to as "investment group", whereby members of the savings group come together with the purpose to invest the money into a business with social or environmental value. Once a sufficient savings amount is reached, the members jointly decide to extend a private loan out of the savings to entrepreneurs worthwhile supporting.
- We have facilitated financial inclusion workshops to approx. 30 persons.
- We have worked together with more than 10 local and international institutions to implement activities that seek to promote the concept of savings groups.
- Over time, 6 volunteers have been trained as multipliers to promote and create savings groups among the migrant community using the ACAF methodology.



Keeping a savings group record up to date.

SUCCESS FACTORS



Increasing outreach by working closely with community leaders and multipliers

The concept of savings groups is generally well-known in migrant communities. However, accessing the community of "newcomers" is not easy: upon arrival in the host country, their context and dynamics are very different from those of local residents. For this reason, SavingBuddies has focused its outreach strategy on closely working with multipliers who are connected to our target communities. Working with these multipliers has immensely helped SavingBuddies to reach newcomers' communities and in setting up most of the savings groups.

We encourage members of savings groups to be trained on the methodology and become multipliers to help others start their own savings groups. With the initial sponsoring we received through the Ashoka Innovation Fund we were able to remunerate the activities of those community leaders with an allowance for a few years. In the future, savings groups should become self-replicating and part of a social movement.



Promoting mixed savings groups to achieve integration of newcomers

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

To identify members for creating a mixed savings group, we rely on word of mouth: On the one hand, we use our own personal network of friends to invite them to create and/or join a savings group, and on the other hand, we look for newcomers through multipliers previously trained on the savings group methodology.



Talking about money to foster financial literacy

Many newcomers in Germany are confronted with the challenge of re-organizing their financial existence. There might be the need to adapt and learn new and unfamiliar ways of handling money. Especially for people who have lost their social network of friends and family who used to act as a support in emergency situations. To offer a solution to this situation and with the aim of fostering financial literacy among targeted communities, we offer educational workshops and training courses in which we deal with everyday handling of money for newcomers and people in fragile economic situations to improve their skills in dealing with e.g. potential fraud or financial traps.

But especially, with our workshops, we seek to foster critical thinking with regards to money management among the participants by exchanging approaches to budgeting, discuss challenges and motivate towards a wiser handling of money.

CHALLENGES & LESSONS LEARNED

As any organization that is developing and implementing a relatively unknown model in Europe, SavingBuddies has faced (and is still facing) a series of challenges that have hindered the scaling up of the savings groups concept using the ACAF methodology in Berlin:

With regards to the organization's management:

CHALLENGES

- **Resources:** SavingBuddies is entirely run in the spare time of its founders. This means that most of the activities are carried out without financial remuneration, especially those related to the creation of partnerships with other organizations, outreach activities and selection and training of multipliers. Therefore, (time) resources to follow up with interested partner organisations to scale up our model has been a prevalent challenge.
- **Timing:** SavingBuddies activities started amid of the European migrant crisis in 2015, when high numbers of people suddenly arrived in the European Union. By that time, the organization had more time resources/members available to run the operations, but the main target group of newcomers was mostly absorbed in a process of "arriving", including a different set of priorities, such as finding a place to live and work - thus saving money regularly was not a priority. To identify the right point in a person's arrival process poses a challenge.
- **Regulations:** Financial sector rules relating to savings and loans in Germany are strict. SavingBuddies may only act as initiator of savings groups and must not earn profits from its activities.

LESSONS LEARNED

- As the implementation of SavingBuddies' activities relies on the **voluntary work of our team**, we have learned the **importance of a coordinated team work** and elaboration of a detailed strategy and resources plan to achieve our objectives.
- It is important to be flexible with regards to the **target group** when offering savings group services. **Migrants who arrive as refugees** and have been settled in a city for some time may be more interested and be more ready to set up savings groups. In order to be successful when promoting the savings groups model in Germany, it is crucial to **have a deep and good understanding of the savings habits of the German society**, which is why investing time and resources in market research plays a key role in the success of the organization in promoting savings groups.
- The concept of savings groups has the potential to build up on the old "**Pubsaving**" tradition in Germany, where people save collectively in their favourite pub for a specific purpose such as celebrating a Christmas party.
- Savings groups models are restricted by **financial regulations in Germany**, meaning that SavingBuddies' role in the promotion and creation of such groups is only to provide initial advice for the creation of the group and match making of the members.

With regards to the creation and management of savings groups:

CHALLENGES

- **Network:** Identify the right saving groups members who are well-connected into the newcomer communities and have an inspiring and motivating character.
- **Mixing people from different cultural backgrounds** often puts cultural questions in the forefront, before money matters can be discussed – this requires more time.
- **Banks are not offering group bank accounts** to deposit the common savings, and the member's living situation is not always safe enough to keep the group money at home so a joint decision is taken which member can most safely store the money.
- **People living on social welfare** risk a payment cut if they are the owner of the bank account where the group deposits its common savings (as their right to keep savings is limited).
- **Building trust takes time.** If there is a previous relationship this helps a lot, as people may have different associations with money. It is therefore crucial to understand what builds trust – such as transparency - and what members expect from the saving groups.
- **Distance:** Berlin is a vast city. Covering physical distances is an important limiting factor when trying to set up meetings.

LESSONS LEARNED

- In order to create and build trust among savings groups members that are not coming from the same background and communities, it is important to create group contexts by bringing together people with similar profiles and interests.
- To increase outreach and be able to reach migrant communities and newcomers, it is crucial to involve them as multipliers and learn from them.
- The concept of “mixed savings groups” motivates people with different background and helps to create a social network for the newcomer while offering an opportunity to local people to participate in social projects.
- The diversification of savings group models such as the currently tested “investment groups” requires time for its evaluation in the German context due to the strict regulations.
- Although meeting regularly is an important aspect for the persistence of a group, savings groups in big cities might be advised to meet less and/or include a digital component in order to avoid the long commuting effort of their members.



“

More than having rules for the savings group, what is really important to us is to support and empower each other.

Rula, Syrian, Savings group member

SAVINGBUDDIES' OUTLOOK

In the immediate future, SavingBuddies would like to achieve the following:

- To enlarge its focus in terms of target groups and reach out to social entrepreneurs as well as migrant and German families coming from a lower income background. Here, SavingBuddies still would like to set up more “mixed groups”, consisting of persons with different backgrounds (Germans and migrants) as well as from different income segments.
- To increase the number of savings groups to at least 10, aiming at a total number of at least 50 members. This would mean having to raise new funding in order to be able to remunerate multipliers for their support.
- To study the history of “common saving” in Germany deeper: There are several traditional concepts who work on similar principles as “our” savings groups from today. Historical examples could help to better explain what savings groups are.
- To develop further into an extended approach around “Investment Groups”. The idea is to scale up and foster social networks between newcomers and locals and those who are interested to save and invest money through self-funded communities. The main activity of SavingBuddies will be to initiate and provide information on the concept of investment groups who are looking to invest into social ideas. By doing so, SavingBuddies wishes to increase its impact in empowering financial decision making.
- We aspire to working closely with other NGOs and assist them in fundraising, e.g., setting up impact saving & investment groups for other social causes.
- SavingBuddies is based in Berlin and sees its focus here. Nevertheless, we strongly aspire to support other organizations in other German cities to initiate saving groups there as well, while SavingBuddies can be a trainer, reference point and standard setter.
- Fundraising will be a crucial underlying activity to ensure continuity of activities.

GET IN TOUCH

SAVINGBUDDIES

Name of Organization: SavingBuddies e.V.

Location: Berlin, Germany

Website: www.savingbuddies.org

Email: info@savingbuddies.org

Facebook: <https://www.facebook.com/savingbuddies/>

Photos by: SavingBuddies team members & Kerstin Wetzel

ABOUT THIS CASE STUDY

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

