



# ESASCCO's role in poverty reduction in Eswatini

**Case Study**  
ESASCCO



**Eswatini Association of Savings and Credit Cooperatives (ESASCCO) was established in 1988 to empower the Eswatini nation economically through the cooperative approach. Today ESASCCO is a parent body of Savings and Credit Cooperatives (SACCOs) in the country. It provides SACCOs with a range of services that enable them to better serve their respective members at grassroots level, improving their financial strength, while maintaining the highest ethical standards.**

## Context

Digitalisation has led to a revolution in the finance industry, mostly in the high-income countries. While modern financial products and services have become the norm for many, the landlocked African kingdom struggles to bridge the financial gap.

In a cooperative approach, the organisation is owned by its members, and they are democratically organised and run: each member has one vote, regardless of the amount of shares they hold.

ESASCCO is a not-for-profit organisation and purely member-benefit driven. Many of its members and customers are very poor and come from vulnerable groups. Given the lack of resources and financial education of

members that predominantly live in rural areas, the gap in access to modern financial products and services is exacerbated for them.

To broaden the reach, ESASCCO joined forces with the Deutscher Genossenschafts-und Raiffeisenverband e.V. (DGRV), a not-for-profit NGO, that works overseas as part of the German development cooperation to support cooperatives and cooperative structures.

Committed to improving financial inclusion, the two organisations engaged Mambu and moved the cooperative's operations to the cloud. The migration enabled ESASCCO to swap its time-intensive manual processes for digital ones, saving costs and cementing the organisation's position as the apex for cooperative financial institutions across Eswatini.

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Eswatini is a landlocked country in Southern Africa bordering South Africa and Mozambique, with a population of 1.2 million. Ranking 138th of 189 countries in the 2019 Human Development Index, the country has the 10th highest income inequality in the world, at 49 percent, while 58.9 percent of the rural population are estimated to be living under the international \$1.90 poverty line. (WFP, 2022)

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## Approach

ESASCCO engaged Mambu in 2017 and implemented its composable platform in 2018.

The cooperative turned to Mambu because it offered an affordable, cloud-native, API-enabled solution. The highly configurable platform allowed ESASCCO to configure a variety of loan and savings products per individual SACCO. Additionally, unlike previous systems that only provided monthly reporting, Mambu offers a variety of tools with up-to-date accounting data and reports.

With Mambu, ESASCCO can provide its SACCO customers with low-cost and flexible savings and loan products. Consecutively, the SACCO members have been able to access their accounts, statements and run self-loan pre-qualification assessments.

Since the implementation, ESASCCO has successfully integrated with numerous regional banks and communications apps, such as WhatsApp.

The organisation has a five year product and integration roadmap aimed at empowering members with more conventional applications and services.

- Established in

**1988**

- **10+**

SACCOs served

- **24,000+**

previously unbanked members

- **12**

employees

- **2018**

migrated to Mambu

- **Active**

in Eswatini, South Africa & Lesotho

- Deployed on

**Amazon Web Services**

<https://www.esascco.org.sz/>

## Results

Thanks to the cloud, ESASCCO is progressively easing access to banking services and products for the unbanked. At the heart of its approach is a dedicated community of more than 24,000 SACCO members. The migration to Mambu has empowered them and given them control over their finances 24/7.

Using Mambu also saves costs for the SACCOs operation, through automated mass payments and workflows, and the ability for employees to work remotely. As SACCOs are member-benefit driven, this allows them to not only offer more and better services, but also to do this at a lower cost.

### ● Simplified and modern money transfers

SACCO users can now check their incoming and outgoing payments, as well as arrange money transfers remotely. Thanks to the integrations with Mastercard (done through the Unayo Standard Bank), Africa's largest mobile network operator MTN Group, and other mobile payment gateways, transferring money between accounts both nationally and internationally is now a reality.

### ● Improved communication and connectivity

Mambu has enabled SACCOs to vastly improve both the method and speed of communication between the cooperatives and users. Communication apps, such as WhatsApp, allow SACCOs to send personalised messages and notifications to their customers.

Before Mambu's platform was implemented, those living in poorly connected towns could not access financial services. Now all financial transactions can be completed online, even in areas without internet connection, as the records automatically update as soon as connectivity is established.

### ● Secure banking

Mambu's data encryption has made financial transactions more secure. Fraudulent activities are more easily traced and flagged thanks to Mambu user signatures.

Members are confident that they can safely access their accounts from anywhere and via any device. This is key in underbanked Eswatini where the present adoption rate of banking services is low greatly, due to perceived fear of technology.

Mambu also makes the cooperative more transparent and accountable, increasing the trust in SACCOs, both of their members and third parties.

Finally, the cloud offers protection from natural disasters. ESASCCO repeatedly received positive feedback from its members that the data is not lost when the single server in the office gets stolen or is destroyed by floods, as it happened in South Africa in 2022 to a SACCO that was still using pen and paper.

## Key achievements

- SACCOs moved from paper to paperless
- Highly secure data encryption has improved traceability
- Automated regulatory reports help SACCOs to comply with regulatory requirements
- Saving costs for members in rural areas by reducing the need to travel
- Transforming grassroots SACCOs into modern financial institutions
- Cooperation with prudential authorities on the automated regulatory reports
- Establishment of a central cooperative fund and the National Cooperative Federation of Eswatini, an umbrella organisation of all co-operatives

ESASCCO plans considerable growth in the next few years; through onboarding up to 10 new institutions annually and welcoming 9,000 new users by the end of 2023. The organisation also plans further ecosystem integrations, which will positively impact more people and further increase growth. Finally, because ESASCCO is a co-operative structure, its growth benefits members without focusing on profit maximising. On the contrary, the lowering per-user cost as the number of users increases will directly benefit SACCOs' members.

## Social impact

ESASCCO demonstrates how strategic partnerships can play an important role in raising financial inclusion in difficult economic and political circumstances.

Mambu directly enables SACCOs to bank the unbanked and contribute to the Sustainable Development Goals adopted by the United Nations - promote inclusive and sustainable economic growth and make tangible efforts to reduce poverty and ensure healthy lives (SDGs 1.4, 2.3 and 8.3.)



**TARGET 8-3**



**PROMOTE POLICIES TO SUPPORT JOB CREATION AND GROWING ENTERPRISES**

**TARGET 2-3**



**DOUBLE THE PRODUCTIVITY AND INCOMES OF SMALL-SCALE FOOD PRODUCERS**

**TARGET 1-4**



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