



Savings and Loan Association Simulation

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Abridged Dewey Decimal Classification (DDC) Number: 332.3

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Savings and Loan Association Simulation

<i>Sector(s):</i>	Community Economic Development
<i>Competency:</i>	Facilitate improved access to credit and money management
<i>Training Package:</i>	Savings-led Microfinance
<i>Terminal Learning Objective:</i>	By the end of the Savings-led Microfinance training package, participants will be able to facilitate the implementation and management of Savings and Loan Associations in their own communities <i>using Peace Corps' Savings and Loan Association methodology</i>

Rationale:	Participants will experience for themselves how an actual Savings and Loan Association operates.
Target Audience:	Peace Corps Volunteers and their community work partners during IST
Trainer Expertise:	Knowledge of Saving and Loan Associations, principles and methodologies. Programs included but not limited to Village Savings and Loan Associations (VSLA), community banks, and savings clubs.
Time:	6 hours and 30 minutes
Prerequisites:	Intro to Savings and Loan Associations; Field Trip
Version:	Oct-2012
Contributing Posts:	PC/Ecuador PC/Guinea



Session: Savings and Loan Association Simulation		
Date:	Time:	Trainer(s):
<p>Trainer preparation:</p> <ol style="list-style-type: none"> 1. Read the <i>Savings and Loan Association Guide</i> ICE No. M0095 2. Post Adaptation: Adapt Handout 1 and Handout 6, so the scenarios reflect the cultural context of your post. 3. Prior to the simulation the trainer will need to calculate and prepare enough play money for the banking transactions. Detailed instructions are located in Trainer Materials 2-4 4. Prepare Passbooks and pass out during Part Two 5. Assemble the kit from the list in Trainer Material 9. <p>Training: Leaders and Elections</p> <ol style="list-style-type: none"> 6. Make the three voting cans with a hole on the top big enough to drop a bean in and paint them each a different color 7. Prepare the color cards (3) that match the voting cans 8. Prior to the Leaders and Elections session, set up the voting screen 9. Read Voting and Democratic Process in the Reference Guide <p>Training: Emergency Fund, Share Purchase and Credit Policies</p> <ol style="list-style-type: none"> 10. Prior to session two, set up the room according to the seating arrangement chart in Trainer Material 5 11. Using Trainer Material 8 as a model, create number cards for participants (1 unique number per participant) 12. Using the list in Trainer Material 9, bring the kit in order to show people the contents and what all the items are used for 13. Bring sample passbooks filled out with stamps to pass around to the participants <p>Training: First Share Purchase Meeting</p> <ol style="list-style-type: none"> 14. Decide whether you will create play money like the example in Trainer Material 1: Peace Bucks for the simulation or have participants use real currency. 15. If you will use play money, see Trainer Material 1 to calculate how many of each bill you need to make depending on the number of participants in the workshop. This needs to be determined prior to the session in order to have the right amount of money for the simulation. The advantage of using real money is that it makes the simulation seem more real. The disadvantage is that the money must be collected at the end and hopefully all be accounted for. 16. Using Trainer Material 13 as an example, draw a blank passbook page on a flip chart. 17. Cut out each number in Trainer Material 8: Member number cards. <p>Training: First Loan Meeting</p> <ol style="list-style-type: none"> 18. Cut up Trainer Material 15: Loan Request Scenarios into four slips and give them to four members with those member numbers. Make sure that one of the scenarios does not meet the criteria of the Constitution in order to spur a discussion and the importance of referring to the Constitution to make those decisions 19. In order to simulate a bank cycle, but not take months to do it, calculate the ending balance of the emergency fund and loan fund by the end of week four using Trainer Material 3. See Trainer Material 2 as 		



an example of these calculations. You will give this information to the secretary to update his/her records.

Training: First Loan Repayment

20. In order to simulate a bank cycle, but not take months to do it, calculate the ending balance of the emergency fund and loan fund by the end of week eight using [Trainer Material 3](#). See [Trainer Material 2](#) as an example of these calculations. You will give this information to the secretary to update his/her records.
21. Review [Trainer Material 18: Emergency Fund Request Scenarios](#) and adapt them. Make sure that one of the scenarios does not meet the criteria of the Constitution in order to spur a discussion and the importance of referring to the Constitution to make those decisions. Then cut them out into four slips and give them to three members with those member numbers.

Training: Share Out, Action Audit and Graduation

22. Create a flip chart of [Trainer Material 20](#).
23. Make copies of [Handout 6](#) for each participant.
24. In order to simulate a bank cycle, but not take months to do it, calculate the ending balance of the emergency fund and loan fund by the end of week forty using [Trainer Material 3](#). See [Trainer Material 2](#) as an example of these calculations. You will give this information to the secretary to update his/her records.

Materials:

Equipment

1. Voting Cans (3) with holes on the top and a different color each
2. Beans (1 per participant)
3. Three Colored Cards that match the voting cans
4. Screen for voting
5. Envelopes
6. Passbooks (1 per participant)

Handouts

- Handout 1: [Story of Valle Grande](#)
- Handout 2: [Constitution Template](#) (one per member and for each trainer)
- Handout 3: [Passbook Exercise 1 – Share Purchase and Withdrawal](#)
- Handout 4: [Meeting Procedures](#) (for the management committee members and the trainers)
- Handout 5: [Passbook Exercise 2– Loan Disbursement and Repayment](#)
- Handout 6: [Share out Exercise](#)

Trainer Materials

- Trainer Material 1: [Peace Bucks](#)
- Trainer Material 2: [Instructions for Money Calculations](#)
- Trainer Material 3: [Blank Money Calculations Tables](#)
- Trainer Material 4: [Denominations Chart](#)
- Trainer Material 5: [Seating Arrangement Chart](#)
- Trainer Material 6: [Training Meeting Agendas](#)
- Trainer Material 7: [Qualities of the Management Committee](#)
- Trainer Material 8: [Member Number Cards](#)
- Trainer Material 9: [The Kit](#)
- Trainer Material 10: [Stories about Group Rules](#)
- Trainer Material 11: [Constitution in Question Form](#)
- Trainer Material 12: [Blank Passbook Cover](#)



Trainer Material 13: [Passbook Share Purchase and Withdrawal Example](#)
Trainer Material 14: [Passbook Exercise 1 – ANSWER SHEET](#)
Trainer Material 15: [Loan Request Scenarios](#)
Trainer Material 16: [Loan Disbursement and Repayment Example](#)
Trainer Material 17: [Passbook Exercise 2 – ANSWER SHEET](#)
Trainer Material 18: [Emergency Fund Request Scenarios](#) (for 2 participants)
Trainer Material 19: [Calculating Share Value for Share Out](#)
Trainer Material 20: [Share Purchases and Share Out](#)

Simulation Learning Objective(s):

1. As a result of participating in the Savings and Loan Association Simulation, participants will be able to start, manage and close a Savings and Loan Association



Phase / Time / Materials	Instructional Sequence
<p style="text-align: center;">Training: Leaders and Elections</p> <p>Purpose of Training: In this training, participants will consider the qualities and responsibilities of each management committee member, hold a secret ballot election, and name their Association.</p> <p>Trainer Preparation:</p> <ol style="list-style-type: none"> 1. Make the three voting cans with a hole on the top big enough to drop a bean in and paint them each a different color 2. Prepare the color cards (3) that match the voting cans 3. Prior to the Leaders and Elections session, set up the voting screen 4. Read Voting and Democratic Process in Reference Guide 5. Write each participant's name on a slip of paper and put it in a bowl 	
<p>60-90 minutes</p> <p>Trainer Material 6: Agenda 1—</p>	<p>Leadership and Elections</p> <p>Participants will consider the qualities and responsibilities of the management committee and conduct secret ballot elections</p> <ol style="list-style-type: none"> 1. Welcome everyone to the simulation 2. Explain that the simulation will take the participants through all seven trainings that they will do with the members of their community in order to start a Savings and Loan Association. It will be a bit more condensed here. They will probably want to take more time when they are conducting the training with their communities. 3. Mention that each part of the simulation is included in the <i>Savings and Loan Association Guide</i>¹ as a session agenda, so they do not need to take notes on the content. <u>But</u> they may want to keep track of the facilitation techniques used during the simulation that would help them when they facilitate the same sessions for their groups. <p>Note: It may be useful at the end of the day to review with participants the different facilitation techniques that were used.</p> 4. Explain that for the simulation, the participants will be playing the role of members of the Savings and Loan Association, and you will be playing the role of Coach. 5. Start the simulation 6. Welcome members to the first training meeting for their Savings and Loan Association!

¹ Ice No. XM0095 *Peace Corps Savings and Loan Associations: Reference Guide*



Phase / Time / Materials	Instructional Sequence
<p>Trainer Material 7: Qualities of the Management Committee</p>	<p>house. The coach shouldn't choose the person who keeps the money, because the coach doesn't know the members as well as their neighbors do. They would have known if the house wasn't safe enough.</p> <p>14. Explain that an important lesson we learned from the story is that the coach shouldn't make decisions like who should keep the money. That is a decision for the group to make itself. The group did not have a management committee, did not follow meeting procedures. Disorganization resulted in the loss of money. There was no way to verify who brought what amount of money.</p> <p>15. Explain that the Savings and Loan Association is made up of its members who all have the same rights. The members of the Savings and Loan Association are called the General Assembly.</p> <p>16. Explain that to help the Savings and Loan Association transact its business, the General Assembly elects a management committee. Each member of the Assembly has a vote. And if the Assembly is not happy with the work that the management committee does, it can also dismiss the management committee for poor performance. The management committee serves for one year after which a new committee is elected. The management committee is made up of five positions – the Chairperson, the Secretary, the Box-keeper and two Money-Counters.</p> <p>17. Explain that we are going to look at the qualities needed for each position, and together we are going to think about who in our group would fill that position well. Then we will have an election.</p> <p>18. Post the Trainer Material 7 on the wall. Discuss the qualities and responsibilities of the Chairperson. Ask participants what questions why have.</p> <p>19. Continue for the each remaining role: Box-keeper, Secretary and Money Counters</p> <p>20. Answer any questions and concerns that members have about the qualities and responsibilities as well as finding someone in their group willing to fulfill these roles.</p> <p>21. Explain that we are going to move to the elections now.</p> <p>22. Ask members to propose 2-3 candidates for the position of Chairperson.</p> <p>23. As members propose a candidate, ask each candidate if they accept the nomination. If they do not accept, then ask members to propose additional candidates. If they do accept the nomination, then ask the candidate if they think they are able to fulfill the qualities and responsibilities of the nominated office.</p>



Phase / Time / Materials	Instructional Sequence
	<p>24. Remind participants about the roles and responsibilities for each committee member one by one.</p> <p>25. Say, <i>"We are going to hold a secret ballot election. So I want to make sure that everyone understands the procedure for voting."</i></p> <p>26. Explain that in a community bank, like any organization that is managed democratically, it is a priority that each member has a voice and has their opinions represented. In a discussion, it is important to express distinct ideas, because that is how the best solutions are found. Each member should vote how they think, not how their friends, the majority, or their relatives vote. When they have to decide something very important, it is useful to vote by secret ballot.</p> <p>27. Explain that each member gets a vote. Hand out a bean, seed or corn kernel to each member.</p> <p>28. Ask the 2-3 candidates for the position of Chairperson to stand at the front of the room and give each a different color card to hold.</p> <p>29. Call to the participants' attention that there is a screen. Behind the screen there are colored cans that match the color that each candidate is holding. Show the cans to the participants.</p> <p>Note:</p> <ol style="list-style-type: none"> 1) Give an example. Sara, Eric, and Dave have been nominated to be the Secretary. Sara holds a red card. Eric holds a blue card, and Dave holds a yellow card. Tell participants that if they want to vote for Sara they find the can with red card and put their bean in it. 2) Make sure everyone only gets one bean, seed, or rock. 3) Ask participants to remain quiet during voting. 4) Before beginning the vote the coach should shake each can, so that everyone knows the cans are empty. 5) More than one person to count the votes. 6) Count the votes where everyone can watch. <p>30. Say, <i>"Each of you is going to go one by one behind the screen to cast your ballot. You are going to use your bean and will place the bean in one of the three cans of your choice. When you finish voting, you are going to come back around and sit down and the next person will go behind the screen. In this way, we can each vote secretly for the candidate of our choice. Does anyone have any questions before we get started?"</i></p> <p>31. One by one call each member forward to go behind the screen and cast her/his ballot.</p> <p>32. When all have voted, ask two members to come up to the front. Take the voting cans. Empty one can at a time in front of the members. Ask each member to count the number of beans in the can. If the members do not get the same result, have them</p>



Phase / Time / Materials	Instructional Sequence
	<p style="text-align: center;">Training: Emergency Fund, Share Purchase and Credit Policies</p> <p>Purpose of Training: In this training, participants will make decisions regarding the emergency fund, set the emergency fund contribution amount, and set rules for savings and lending activities. They will also learn about the structured seating arrangements for bank meetings and how it helps members to remember banking transactions and member absences. Participants also learn about the contents of the Kit and how each item is used.</p> <p>Trainer Preparation:</p> <ol style="list-style-type: none"> 1. Prior to session two, set up the room according to the seating arrangement chart in Trainer Material 5. 2. Using Trainer Material 8 as a model, create number cards for participants (1 unique number per participant). 3. Using the list in Trainer Material 9, bring the kit in order to show people the contents and what all the items are used for. 4. Bring sample passbooks filled out with stamps to pass around to the participants. 5. Write each participant's name on a slip of paper and put it in a bowl.
<p>30 minutes</p> <p>Trainer Material 5—Seating Arrangement Chart</p> <p>Trainer Material 6: Agenda 2—Emergency Fund, Share-purchase and Credit Policies Meeting Agenda</p>	<p>Emergency Fund, Share-purchase and Credit Policies</p> <p>Participants will learn about the structured seating arrangements for banking meetings, and will make decisions regarding the emergency fund, and set rules for savings and lending activities</p> <ol style="list-style-type: none"> 1. Set up the room according to Trainer Material 5—Seating Arrangement Chart 2. Welcome everyone back from the break. <ul style="list-style-type: none"> Note: Make sure that the time keeper is following up with people who come in late or need to pay a fine 3. Post Trainer Material 6: Agenda 2—Emergency Fund, Share-purchase and Credit Policies Meeting Agenda 4. Explain that the purpose of this meeting is to learn about the seating arrangement for meetings, to decide how our Savings and Loan Association will offer insurance to members through the emergency fund; develop rules concerning how members of the Association will save money by buying shares; and set rules about how members will take loans and pay them back. <p>Seating Arrangement</p> <ol style="list-style-type: none"> 5. Explain to participants how the room is set up for the meetings and where everyone sits. <ul style="list-style-type: none"> • Point out that the management committee sits at the front of the room behind a table.



Phase / Time / Materials	Instructional Sequence
	<ul style="list-style-type: none"> Each member of the Assembly will be assigned a number, including the management committee members, and everyone will take their seat based on their number. The table has the Cash box and a Fines Bowl in front of the Chairperson and a Money-counting bowl in front of the Money Counters. There is a stool in front of the table for the person who is doing bank transactions. <p>Note: See the Diagram below for room set up. The diagram will be adjusted depending on the number of people in the Association, but the management committee always sits in the front with the Chairperson being number 1.</p> <p>6. Ask participants to guess why this seating arrangement is important</p> <p>Note: Possible Responses: It allows all members to see clearly what is happening; it ensures that all members conduct bank transactions in order. It helps members remember who missed meetings because they will remember if their neighbors (who are always the same people) were present or not, if they arrived late or not, if they saved or not, if they paid their loan payments, service charges, or fines.</p> <p>7. In the First Share Purchase Meeting, each member will be assigned a member number and asked to sit in this seating arrangement.</p> <p>8. Ask, “What questions do you have?”</p> <p>Emergency Fund</p> <p>9. Explain that many Savings and Loan Associations create an emergency fund. The emergency fund is like insurance for group members. Other Savings and Loan Associations have issued emergency fund grants to help with:</p> <ul style="list-style-type: none"> Funeral expenses Catastrophes, such as fire damage or house damage Loss of livestock <p>10. Normally the chairperson will facilitate a discussion with members, asking if the group would like to have an emergency fund. If the group would like to have an emergency fund, ask the group to decide how much the emergency fund contribution should be. Remind people that they will be making this contribution at each weekly meeting above the shares they purchase. Also ask what reasons members can request money from the Association’ emergency fund. Give participants five minutes to discuss criteria for the emergency fund.</p> <p>Note:</p> <ol style="list-style-type: none"> This is an optional service and a group may decide not to create an emergency fund It should be affordable for the poorest member of the group.



Phase / Time / Materials	Instructional Sequence
	<p>13. Say, <i>“When you do this with your community, there will more than likely be a long conversation. Give members time to think through and arrive at consensus. Make sure that their criteria for emergency fund grants are specific. When the criteria are specific, there is less conflict. However, in the interest of time, we are going to say that the group wants an emergency fund, and the weekly contribution is .10 cents. It can be requested for illness or death of member, spouse or child, and business losses.”</i></p> <p>14. Explain that:</p> <ul style="list-style-type: none"> • The emergency fund is kept separately from the Loan Fund, in its own bag. Show participants the bag. • The emergency fund is used for grants, not loans. • The Constitution, the internal rules for the group that we will work on in a later session, lists the payouts for death of the member and his or her relatives. • When we work on the Constitution, the group can decide to make payments for other types of losses if it wishes. <p>15. Ask the Secretary to write down the emergency fund contribution amount.</p> <p>Shares</p> <p>16. Say, <i>“Now we are going to talk about the Loan Fund. Members save in a Savings and Loan Association by buying shares. At each meeting, each member has the opportunity to purchase between 1 to 5 shares.”</i></p> <p>17. Explain that the group needs to decide how much the share should be.</p> <ul style="list-style-type: none"> • The amount is too big if the poorest member will have trouble regularly saving at least one share each meeting • The amount is too small if members with more income feel that five shares will still be too little. <p>18. Ask the group what the value of a share should be. Discuss. Encourage everyone to participate in the discussion. Let the group discuss for a minute or two; then say, <i>“Great. For the purpose of this simulation, let’s pretend that the group has consensus and decided on \$1.00 as the contribution amount for one share.”</i></p> <p>Note: If you notice that someone is dominating the conversation, call on someone else. If you notice that a person never speaks, try to draw them into the conversation.</p> <p>19. On a flip chart write down the amount for one share.</p> <p>20. Ask the Secretary to write down the share amount in a notebook.</p> <p>Lending rules</p> <p>21. Explain that while members can save every week <i>they can only borrow once every four</i></p>



Phase / Time / Materials	Instructional Sequence
	<p><i>weeks</i>. The reasons borrowing is done only once every four weeks:</p> <ul style="list-style-type: none"> • keeps most meetings short. • keeps record-keeping simple (loans in every meeting make records very complicated). • allows the Loan Fund to build, so that members can borrow useful amounts. <p>22. Ask the group for what purposes loans will be given. Members should not take out loans that they cannot repay easily. Give participants a few minutes to discuss.</p> <p>Note:</p> <ol style="list-style-type: none"> 1) Possible Responses: Agriculture, to start a business, school fees, house renovations 2) Some Savings and Loan Associations prioritize the use of loans, giving higher priority to business-related loans and lower priority to personal consumption loans. <p>23. Explain that <i>the amount borrowed by any member cannot be more than three times their savings</i>. This is best, to ensure everyone has fair access to loans, and that loans are not too risky.</p> <p>24. Give some examples:</p> <ul style="list-style-type: none"> • Example A: Let's say that the value of a share is \$1. If a member saves one share per week. Then at the end of the first month, she would have \$4 saved. If she wanted to take out a loan, it could not be for more than three times the value of her savings. How much would the maximum loan amount be? <p>Note: Answer: $\\$4 \times 3 = \\12.</p> <ul style="list-style-type: none"> • Example B: if a member saves five shares per week. At the end of the first month, she would have \$20 saved ($\\5×4). If she wanted to take out a loan, it could not be for more than three times the value of her savings: How much would the maximum loan amount be? <p>Note:</p> <ol style="list-style-type: none"> 1) Answer: $\\$20 \times 3 = \\60 2) Write the examples on the board. Make sure this is clear to participants before moving on. <p>25. Ask the group how long members should be allowed to take out loans.</p> <p>Note: The maximum loan duration should not be more than three months.</p> <p>26. The Secretary should record the following items in his/her notebook:</p> <ul style="list-style-type: none"> • The purposes of loans • The priorities of loans • The maximum loan term <p>Service Charge</p> <p>27. Explain that when members take out loans they have to pay a service charge every four weeks.</p>



Phase / Time / Materials	Instructional Sequence
Trainer Material 9: The Kit	<p>This is a fee paid to the Association for being able to borrow money, but this money belongs to all the members, so it ends up back in members' pockets when the Loan Fund is divided up and shared out at the end of the cycle.</p> <p>28. Explain that the monthly service charge is a percentage:</p> <ul style="list-style-type: none"> • based on the loan amount • paid every four weeks <p>29. Give an example: Example: Mary takes a loan for \$100. The service charge is 10% a month. Ten percent of \$100 = \$10. Every four weeks, Mary needs to make a loan payment and pay a service charge fee of 10% of the loan. After the first four weeks, Mary makes a payment. She pays \$20 for the loan and \$10 for the service charge for a total of \$30. She now has a loan balance of \$80. So next month, Mary will owe a service charge of $\\$80 \times 10\% = \\8.</p> <p>30. Give the following guidance:</p> <ul style="list-style-type: none"> • A service charge that is very low may tempt members to borrow more than they can easily repay. For this reason, it should not be less than 5% • A service charge which is too high will discourage members from borrowing, and make the Savings and Loan Association less useful. For this reason it should not more than 10%. • A service charge of 10% is easy to calculate. <p>31. When you do this with your community, ask the group to decide how much the service charge should be. Ask the Secretary to write this down in the notebook. To save time in the simulation, tell the participants that the service charge will be ten percent.</p> <p>The Kit</p> <p>32. Refer participants to Appendix J in the Reference Guide to see the list of items in the toolkit as well as a price list with local costs.</p> <p>Post Adaptation: The Kit should include all the items listed in the chart in Trainer Material 9. This list should be adapted to include the cost of items in the country.</p> <p>33. Pull out the contents of the kit.</p> <p>34. Congratulate the group for acquiring the contents of their kit. Explain that we will review the contents now.</p> <p>Note: Emphasize that this can go quickly because they already got an overview of the kit in the introduction session.</p> <p>35. Show the bags. Explain that one is for the Loan Fund and the other is for emergency fund money in order to keep them separate.</p>



Phase / Time / Materials	Instructional Sequence
	<p>36. Show the bowls. Explain that one is for fines (we've already started using that one). The other one is for Money Counting. We will use that one when we start saving and paying loans.</p> <p>37. Show the notebooks. The notebooks are used to keep track of ending balances and any other important notes from meetings. The Secretary has already started to use his/her notebook.</p> <p>38. Show the pens (different colors) that the Secretary will use to write in the passbooks</p> <p>39. Show the passbooks. There is one for each member of the Association. They are kept in the Cash box. The members do not take the passbooks home with them, but they look at them at each bank meeting.</p> <p>40. Show the calendar. The Secretary uses the calendar to determine which date loans are to be repaid.</p> <p>41. Show the calculator. It is used to calculate loan fund balances and service charges, and the share out at the end of the cycle.</p> <p>42. Show the ink stamp and ink pad. The Secretary uses them to mark the number of shares each member purchases in the member's passbook.</p> <p>43. Show the Cash box which is big enough to hold all of the items in the kit, all the passbooks AND will also contain the group's Constitution which we will talk about in the next training session.</p> <p>44. Show the three locks each with its own key. Explain that the group will appoint three key holders who will be responsible for bringing their key to each meeting in order to open the box.</p> <p>45. Key holders will always keep the keys, so that the box can only be opened in meetings. They can be identified by discussion and the following criteria are important:</p> <ul style="list-style-type: none"> • They must not be members of the management committee • They should not be members of the same family • They should be members who can be relied upon to attend and will always be on time <p>46. Say, <i>"When you do this training with your communities, the members will appoint three key holders. For now let's pretend the members have selected following people to serve as key-holders."</i></p>



Phase / Time / Materials	Instructional Sequence
	<p>Note:</p> <ol style="list-style-type: none"> 1) Make sure that this is very clear. The coach does not appoint the key holders. 2) One way to select the key holders in this simulation is to put all the participants' names in a bowl and draw names at random for the three positions. <p>47. Give each of the key holders a key to the box.</p> <p>48. Ask who holds the box?</p> <p>Note: Answer: The Box-keeper on the management committee</p> <p>49. Ask how many people are required to open the Cash box?</p> <p>Note: Answer: Four – the Box keeper, and the three Key Holders</p> <p>50. Emphasize that requiring four people to open the Cash Box keeps the member's money and records safe and makes sure that transactions cannot take place privately between meetings.</p> <p>51. Ask if anyone has any questions</p> <p>END OF TRAINING: EMERGENCY FUND, SHARE PURCHASE AND CREDIT POLICIES</p> <p>Note: At the end of each part of the simulation, take a break.</p>



Phase / Time / Materials	Instructional Sequence
	<p style="text-align: center;">Development of the Constitution</p> <p>Purpose of Training: In this meeting the coach helps the Association understand the importance of establishing internal rules. Analyzing sample scenarios will serve to draw out conclusions regarding useful rules for a Savings and Loan Association.</p> <p>Note: Bring the Constitution questions (Appendix D: The Constitution) and two copies of the sample Savings and Loan Association Constitution Template. Give one sample constitution to the Secretary and keep one for yourself and your community work partner.</p>
<p>60 minutes</p> <p>Trainer Material 10: Scenarios about Group Rules</p>	<p>Development of the Constitution</p> <p>In this meeting participants learn the importance of establishing internal rules and will develop the rules to guide their Savings and Loan Association in the form of a Constitution.</p> <ol style="list-style-type: none"> 1. Welcome everyone back from the break. Note: Make sure that the time keeper is following up with people who come in late or need to pay a fine 2. Explain that the purpose of the meeting is to establish the rules for our Savings and Loan Association. 3. Explain that to help the group think about some good rules for the Association, we are going to start by listening to some scenarios. 4. Read the first story from Training Material 10: Stories about Group Rules aloud and then discuss. 5. Read the second story from Training Material 10: Stories about Group Rules aloud and then discuss. 6. Read the third story from Training Material 10: Stories about Group Rules aloud and then discuss. 7. Stress that a set of written rules is vital to the smooth functioning of the association and helps members deal with situations similar to those in the scenarios. Tell participants that a well-written constitution will help prevent and resolve disputes among members when they arise. Internal rules are made by the assembly. The constitution template also includes some recommended rules. The assembly can also add other rules as needed. <p>For example, let's look at Number 6 in the Constitution.</p>



Phase / Time / Materials	Instructional Sequence
<p>Handout 2: Sample Savings and Loan Association Constitution Template</p> <p>Trainer Material 11: Constitution Question Form</p>	<div data-bbox="410 285 1510 865" style="border: 1px solid black; padding: 10px; margin-bottom: 20px;"> <p>6. ELECTION PROCEDURES</p> <p>The management committee is elected and supervised by the General Assembly.</p> <ul style="list-style-type: none"> • The maximum number of terms any one person may serve on the management committee are: _____ • Elections must be held at the beginning of each new cycle. • The minimum number of members who must be present to hold an election are: _____ • The election procedure will use a system that allows everyone's vote to be secret. • The minimum number of people that must stand for each position is two. • A candidate for election to a post must be proposed for office by another member. </div> <p>As you can see from the box above. The first and third bullets have rules with blanks that the Assembly can fill in when the Constitution is developed. The others are recommended rules so that the Savings and Loan Association runs smoothly.</p> <ol style="list-style-type: none"> 8. Pass out Handout 2: Sample Savings and Loan Association Constitution Template to each participant. <ul style="list-style-type: none"> Note: If you are using this with your community members, not all will be literate, so it might be more appropriate to read them aloud point by point using Trainer Material 11: Constitution Question Form 9. Explain to participants that in this training with their communities, the coach will lead participants through a discussion of the Constitution line by line. For today's simulation, we are going to discuss a couple of points, but then move on to save time. 10. Using Trainer Material 11: Constitution in Question Form, discuss the first question and get majority consensus on the rule. 11. When the group reaches consensus on a rule, ask the Secretary to fill in the appropriate section of the Constitution Template. Repeat steps 9 and 10 for the next six questions. 12. Give participants five minutes to read through the rest of Handout 2: Sample Savings and Loan Association Constitution Template. 13. Ask participants, "What questions do you have?"



Phase / Time / Materials	Instructional Sequence
	<p>14. Say, <i>“Now please pretend that you have completed the rest of the constitution. When the group has completed the constitution, have each member sign it or offer their thumb print.”</i></p> <p>15. Explain that this is like a contract. By signing the document all members agree to the rules set forth in the Constitution.</p> <p>16. Reinforce the following points:</p> <ul style="list-style-type: none"> • The Constitution is the Savings and Loan Association’s ultimate authority. • All members must follow the Constitution. • The group must enforce the Constitution by collecting fines for all violations. • At the end of the bank cycle if the group decides to continue the Association, then they can make changes to the Constitution if that is needed. <p>17. Remind people that they need to bring their member number cards to the next session.</p> <p>END OF TRAINING: DEVELOPMENT OF THE CONSTITUTION</p> <p><u>Note:</u> At the end of each part of the Simulation, take a break.</p>



Phase / Time / Materials	Instructional Sequence
<p>Handout 3: Passbook Exercise 1—Share Purchase and Withdrawal</p> <p>Trainer Material 14 – Passbook Exercise 1 – ANSWER SHEET</p>	<p>Note: Hint: Count the total number of stamps crossed out. Answer: 6</p> <p>4) What is the net shares end period (to be carried forward)?</p> <p>Note: Hint: this is the total shares purchased minus the total shares sold. Answer: 16</p> <p>5) Ask participants, “If the bank cycle is longer than thirteen weeks, what will be written on second page of the passbook on the line “Starting number of shares”?</p> <p>Note: Answer: 16</p> <p>13. Pass out Handout 3: Passbook Exercise 1—Share Purchase and Withdrawal</p> <p>14. Ask everyone to complete Handout 3: Passbook Exercise 1—Share Purchase and Withdrawal individually. Walk around the room answering questions and watching people’s progress. Give participants 10 minutes to work.</p> <p>15. When people have finished, show Trainer Material 14 – Passbook Exercise 1 – ANSWER SHEET on a flip chart or as a power point slide, and asking people to correct their neighbor’s work. Go around the room and help if people are having trouble.</p> <p>16. If everyone feels confident in their ability to record share purchases and withdrawals, move on to the simulation.</p> <p>17. Indicate that we are starting the simulation again.</p> <p>Note: Make sure participants have brought their number cards.</p> <p>18. Welcome members and explain that this meeting will be the first chance they have to buy shares and that you will guide them through the steps.</p> <p>19. Explain that you are there to support the management committee, which is now in charge of the meeting.</p> <p>20. Tell the group that the safety of the kit will be the responsibility of the box keeper and that (s)he must carry it to every meeting of the group.</p> <p>Note: Some groups appoint someone to escort the box keeper to and from the meetings for extra security.</p> <p>21. For this simulation we will quickly choose three key holders. Once the group has appointed three key-holders, give each key holder a key. Remind participants that when they do this training with their community members, they should take their time</p>



Phase / Time / Materials	Instructional Sequence
<p>Handout 4: Meeting Procedures</p> <p>Trainer Material 8: Member Number Cards</p> <p>Trainer Material 12: Blank Passbook Cover</p>	<p>and allow the members to discuss who should be the key holders.</p> <p>22. Explain that in this meeting they will all learn how to conduct a share-purchase meeting. Explain again that the first loan meeting will not occur for another three weeks.</p> <p>23. Pass out Handout 4: Meeting Procedures to the management committee members.</p> <p>Note: Indicate to participants that if they want to follow along, the meeting procedures are located in Appendix C in the <i>Reference Guide</i>.</p> <p>24. Tell participants, <i>“Now that we have talked about how purchased shares are recorded in passbooks, we will talk about the order in which members purchase shares.”</i> Explain that on the first savings meeting, each member is given a number using the numbers in Trainer Material 8. Then the Secretary calls members to the front of the room by number. The Secretary writes the member’s name and number on the passbook cover. Show Trainer Material 12: Blank Passbook Cover.</p> <p>25. Explain that in all future meetings, the bank members will sit in the same order. Explain that each member is responsible for remembering who sits next to them. This helps them to easily remember who is on the left and right of them and whether they were present or absent or late to meetings. This will help the group to remember who owes fines, savings and loan repayments. This is important since there are few records kept in this system. It relies a lot on the group’s ability to memorize.</p> <p>26. The coach makes sure that the management committee follows proper procedures and keeps accurate records.</p> <p>27. Members should recall the amount of the emergency fund contribution and the Secretary will confirm the amount. Each member should come forward when their member number is called, and make a contribution to the emergency fund</p> <p>28. At the end of the emergency fund contributions, the money counters count the money and report the amount to the Secretary. The Secretary should verify the amount and announce the ending balance of the emergency fund.</p> <p>Note: The total for the emergency fund can be written on a flip chart.</p> <p>29. The Secretary should then call members up by their member number. Each member should purchase shares.</p> <p>30. At the end of the Share Purchases, the money counters count the money and report the amount to the Secretary who should verify the amount and announce the ending</p>



Phase / Time / Materials	Instructional Sequence						
	<p>balance of the Loan Fund.</p> <p>31. At the end of the meeting, the Secretary enters the following in a notebook:</p> <p>Note: The amounts entered below are just an example. Make sure that the actual amounts are entered based on the simulation</p> <table><tr><td>Date</td><td>Cash in Loan Fund Bag</td><td>Cash in Emergency Fund Bag</td></tr><tr><td>10/3/12</td><td>\$30</td><td>\$10</td></tr></table> <p>32. The Secretary should remind participants that they will need to memorize the amounts in the emergency fund and the loan fund for the next meeting.</p> <p>33. Congratulate everyone on their first successful share purchases!</p> <p>END OF TRAINING: FIRST SAVINGS MEETING</p> <p>Note: At the end of each part of the Simulation, take a break.</p>	Date	Cash in Loan Fund Bag	Cash in Emergency Fund Bag	10/3/12	\$30	\$10
Date	Cash in Loan Fund Bag	Cash in Emergency Fund Bag					
10/3/12	\$30	\$10					



Phase / Time / Materials	Instructional Sequence
	<p style="text-align: center;">First Loan Meeting</p> <p>Purpose of Training: In this meeting the coach helps the Association members learn the procedure for conducting a loan disbursement meeting by guiding the Management Committee through an actual meeting step-by-step.</p> <p>Trainer Preparation:</p> <ol style="list-style-type: none"> 1. Cut up Trainer Material 15: Loan Request Scenarios into four slips and give them to four members with those member numbers. Make sure that one of the scenarios does not meet the criteria of the Constitution in order to spur a discussion and the importance of referring to the Constitution to make those decisions 2. In order to simulate a bank cycle, but not take months to do it, calculate the ending balance of the emergency fund and loan fund by the end of week four using Trainer Material 3. See Trainer Material 2 as an example of these calculations. You will give this information to the secretary to update his/her records.
<p>60 minutes</p> <p>Trainer Material 15: Loan Request Scenarios</p> <p>Trainer Material 16: Loan Disbursement and Repayment Example</p> <p>Handout 5: Passbook Exercise 2—Loan Disbursement and Repayment</p> <p>Trainer Material 17: Passbook</p>	<p>First Loan Disbursement Meeting Participants will learn the procedure for a loan disbursement bank meeting</p> <ol style="list-style-type: none"> 1. Welcome everyone back from the break. <ul style="list-style-type: none"> Note: Make sure that the time keeper is following up with people who come in late or need to pay a fine 2. Before this session starts, give Trainer Material 15: Loan Request Scenarios to four participants. They will use these during the simulation. 3. Explain that before we start the simulation, we are going to practice filling out the passbooks to show loan disbursements. This is what the Secretary will do during the bank meeting, but we all need to know how to do this because as a coach you will be training others. 4. Show Trainer Material 16: Loan Disbursement and Repayment Example. Demonstrate on a flip chart how to fill out a Loan Disbursement and Repayment. Walk participants through Trainer Material 16: Passbook Pages 1 to 4. 5. Pass out Handout 5: Passbook Exercise 2—Loan Disbursement and Repayment 6. Ask participants to complete Exercise 2 on Handout 5. Give participant five to ten minutes to complete Handout 5. Walk around the room to answer questions. 7. When people have finished, show Trainer Material 17: Passbook Exercise 2—ANSWER SHEET on a flip chart or as a power point slide, and asking people to correct their neighbor's work. Go around the room and help if people are having trouble.



Phase / Time / Materials	Instructional Sequence
Exercise 2—ANSWER SHEET Handout 4: Meeting Procedures	<p>8. If everyone feels confident in their ability to record a loan disbursement and repayment, move on to the simulation.</p> <p>9. Indicate that we are starting the simulation again.</p> <p>10. Welcome members, and say that this meeting will be the first chance they have to borrow money from the loan fund. Loans will be disbursed once the emergency fund and share purchase activities are completed by each member.</p> <p>11. Say that loans will be taken and repaid thereafter every four weeks.</p> <p>12. Explain that this is very important. Do not permit an Association to disburse loans at every meeting. This is necessary to:</p> <ul style="list-style-type: none"> • Keep most meetings short • Keep record-keeping simple and understandable for the members and the Secretary • Allow the Loan Fund to build between loan meetings <p>Note: After the Association has completed one banking cycle and has graduated, they can revisit this rule, and may decide that they want to disburse loans more frequently.</p> <p>13. Ask the management committee to conduct the meeting up to the point of asking members to recall what the closing balances were for the emergency fund and the Loan Fund before the Money Counters open the box and count the money.</p> <p>14. After the Money Counters have confirmed the amount of money in the box is the same as what members recalled, stop the simulation and say that we will fast forward now. Explain that three weeks have passed. And each week each member made the emergency fund contribution and purchased one share, so the new total for the emergency fund is \$ [redacted] and the new total for the Loan Fund is \$ [redacted].</p> <p>Note: To calculate these new beginning balances, refer to Trainer Material 3.</p> <p>15. Explain that it is important that they know how much money is in the loan fund so that they know how much money they have to make loans. That is the next step in the meeting.</p> <p>16. Explain that in the simulation, we will skip the emergency fund contributions and share purchase and will fast forward to the point in the meeting when members can make loan requests.</p> <p>17. Ask the management committee to refer to the meeting procedures and skip to the</p>



Phase / Time / Materials	Instructional Sequence
Trainer Material 15: Loan Request Scenarios	<p>loan request step. At this point the four members with scenarios from Trainer Material 15: Loan Request Scenarios should each stand up one by one and play their role. The Assembly should discuss each request (referring to the Constitution) and approve or deny each request.</p> <p>Note: One request should be denied because it does not conform to the Constitution. Remind group how important it is to refer to the Constitution to answer questions.</p> <p>18. After the Assembly grants the loans, the Secretary fills in the loan pages in the members' passbooks. Ensure that the member verifies the terms of the loan by signing the passbook. Make sure that the management committee follows proper procedures and keeps accurate records.</p> <p>19. Congratulate the group!</p> <p>20. Step out of the simulation and answer any questions participants had with the procedure for this meeting or their role as coach is in guiding the process.</p> <p>END OF TRAINING: FIRST LOAN MEETING</p> <p>Note: At the end of each part of the Simulation, take a break.</p>



Phase / Time / Materials	Instructional Sequence
	<p style="text-align: center;">First Loan Repayment</p> <p>Purpose of Training: In this meeting the coach helps the Association members learn the procedure for conducting a loan repayment meeting by guiding the management committee through an actual meeting step-by-step.</p> <p>Timing of Training: takes place four weeks after the First Loan Meeting.</p> <p>Trainer Preparation:</p> <p>25. In order to simulate a bank cycle, but not take months to do it, calculate the ending balance of the emergency fund and loan fund by the end of week eight using Trainer Material 3. See Trainer Material 2 as an example of these calculations. You will give this information to the secretary to update his/her records.</p> <p>26. Review Trainer Material 18: Emergency Fund Request Scenarios and adapt them. Make sure that one of the scenarios does not meet the criteria of the Constitution in order to spur a discussion and the importance of referring to the Constitution to make those decisions. Then cut them out into four slips and give them to three members with those member numbers.</p>
<p>30 minutes</p> <p>Trainer Material: 18: Emergency Fund Request Scenarios</p>	<p>First Loan Repayment Meeting Participants will learn the procedure for a loan repayment meeting</p> <ol style="list-style-type: none"> 1. Before this session starts, give the three members with loans their service charge payments. Make sure that they use the money they have to make the repayments indicated. Make sure that they have exact change. 2. Before the session starts, give Trainer Material 18: Emergency Fund Request Scenarios to three participants. 3. Welcome everyone back from the break. <p>Note: Make sure that the time keeper is following up with people who come in late or need to pay a fine</p> 4. Explain that in the Loan Repayment Meeting, which happens on the eighth week of the banking cycle, the management committee conducts the meeting as usual, following the same procedures they used for the Savings meeting. Explain that in this simulation we are going to fast forward. We pretend that the management committee has conducted the meeting, has asked members what the ending balance is, that all members have made their emergency fund contributions, their savings contributions, and now we are at the point in the meeting when people can make requests from the emergency fund. management committee



Phase / Time / Materials	Instructional Sequence
<p>Handout 4: Meeting Procedures</p> <p>Trainer Material 18: Emergency Fund Request Scenarios</p> <p>Trainer Material 15: Loan Request Scenarios</p>	<ol style="list-style-type: none"> 5. Ask the secretary to skip to Step No. 8 in Handout 4: Meeting Procedures for emergency fund requests. Then the three participants with emergency fund request scenarios from Trainer Material 18 should stand up one by one and make their request to the group. 6. The Assembly should consider each request, and refer to their Constitution to determine whether to approve or deny the request and to decide on the amount to disburse to each. <ul style="list-style-type: none"> Note: The Trainer will need to provide the management committee with the new emergency fund and loan fund balances. 7. Continue the meeting according to the procedures. 8. When it is time for Loan Repayments, the three members with scenarios from Trainer Material 15: Loan Request Scenarios should each stand up one by one and make their repayments according to the scenarios. 9. Ask each participant to read out loud what their loan amount was, and how much they are repaying for loan principal and service charge. 10. Step out of the simulation and ask the participants to help calculate the new loan balance and service charge for the next month. 11. Resume the simulation. The Secretary should call each member up by their loan number and enter the correct information in their passbooks. 12. Make sure that the management committee follows proper procedures and keeps accurate records. 13. Congratulate the group! 14. Step out of the simulation and answer any questions participants had with the procedure for this meeting or their role as coach is in guiding the process. <p>END OF TRAINING: FIRST LOAN REPAYMENT</p> <p>Note: At the end of each part of the Simulation, take a break.</p>



Phase / Time / Materials	Instructional Sequence
	<p style="text-align: center;">Share Out, Action Audit and Graduation</p> <p>Purpose of Training: In this meeting the coach helps the Association members learn how to calculate share out, and how to conduct the share-out meeting by guiding the management committee through an actual meeting step-by-step. The coach also assists the Association to conduct a Savings and Loan Association Assessment.</p> <p>Timing of Training: takes place on the last day of the banking cycle.</p> <p>Trainer Preparation:</p> <ol style="list-style-type: none"> 1. Create a flip chart of Trainer Material 20. 2. Make copies of Handout 6 for each participant. 3. In order to simulate a bank cycle, but not take months to do it, calculate the ending balance of the emergency fund and loan fund by the end of week forty using Trainer Material 3. See Trainer Material 2 as an example of these calculations. You will give this information to the secretary to update his/her records.
<p>60 minutes</p> <p>Handout 6: Share Out Exercise</p> <p>Trainer Material 20: Chart of Member Share</p>	<p>Share-Out/Action Audit and Graduation Meeting</p> <p>Participants will learn the procedure for conducting a share-out/action audit and graduation meeting</p> <ol style="list-style-type: none"> 1. Welcome everyone back from the break. <ul style="list-style-type: none"> Note: Make sure that the time keeper is following up with people who come in late or need to pay a fine 2. Explain that to prepare for the share-out meeting, we are going to fill out passbooks to show a cycle's worth of bank transactions for all the members. 3. Explain that each of the participants is going to take a passbook and fill out share purchases, and loan transactions. Remember that in an actual bank, individual members would NOT fill out their own passbooks. This is very important. Only the Secretary can fill out passbooks. But we are doing this in order to continue the simulation. 4. Hand out a passbook to each member. It does not matter if it is their passbook or not. 5. Pass out Handout 6: Share-Out Exercise, and ask participants to fill out the passbook based on the information in the Handout. Give participants 20 minutes to fill in their passbook. 6. While participants are working, post Trainer Material 20: Chart of Member Share Purchases. 7. When people have finished, go around and check everyone's work.



Phase / Time / Materials	Instructional Sequence
<p>Purchase</p> <p>Handout 4: Meeting Procedures</p> <p>Trainer Material 20: Chart of Member Share Purchase</p>	<ol style="list-style-type: none"> 8. Invite participants to write the total number of shares purchased by the member whose passbook they just filled out on Trainer Material 20. 9. Explain that in the Share-Out meeting, members do not make emergency fund and Loan Fund contributions. Members need to make Loan Repayments. Remind participants that all loans need to be repaid by this meeting. 10. Continue the meeting according to Handout 4: Meeting Procedures Steps 21 to 31 and Steps 49 to 66. <ul style="list-style-type: none"> Note: For the last meeting, members do not contribute emergency fund or Loan Fund contributions, but they may have loan repayments to make. For the purpose of this meeting, we assume that the loans were all repaid. For the simulation the trainer can provide the information on ending balances for the Emergency Fund and Loan Fund to the Money Counters so that they can announce the totals [this will not take into account any fines that have been collected] 11. When you get to Handout 4: Meeting Procedures Step 54 in the meeting to calculate the share out, stop the simulation. 12. Explain that at this point the Secretary needs to take each passbook and calculate the total number of shares that each member has, total the number of shares for the bank, then determine what the new share value is (it was \$1, but most likely the share value is more now), and then calculate what each member's dividend or share out is based on the number of shares she/he purchased. 13. Explain that we have helped the secretary add up the individual members' share purchases. Referring to Trainer Material 20, ask what the total shares purchased is? <ul style="list-style-type: none"> Post Adaptation: Answer: This will depend on the number of participants in the simulation and the number of shares each purchased. 14. Ask the Secretary to write the total number of shares on Trainer Material 20. 15. Ask the Secretary to write the total amount of the Loan Fund on Trainer Material 20. 16. Divide the total Loan Fund value by the total number of shares. Ask the Secretary to write it on Trainer Material 20 17. Ask each participant to take the passbook they had and multiply the number of shares by the new share value. 18. Write the dividend to be shared out next to each member on Trainer Material 20



Phase / Time / Materials	Instructional Sequence
	<p>19. Explain that the Secretary would calculate the new value of shares and calculate the amount to be shared out to each participant during the end of cycle meeting. Ask participants to consider the passbook they helped complete, and verify how much money that member should get at the end of this cycle.</p> <p>20. The secretary demonstrates putting the correct amount of money into one passbook and cancels the passbook. And calls the member to the front of the room to get their canceled passbook and verify that the money is correct.</p> <p>21. Explain that in an actual share out meeting, each member would receive their canceled passbook and their share-out portion.</p> <p>22. Explain that after all passbooks are cancelled and each participant is given their share-out portion, the members decide whether or not to continue their Association.</p> <p>23. The management committee should continue the meeting by following Handout 4: Meeting Procedures Steps 60-66. Members drop out and new ones are added.</p> <p>24. They also decide how much members should contribute to the Loan Fund to start the next cycle. Emphasize that this is the only time at which members can make one time lump sum contributions of more than five share purchases.</p> <p>25. Explain that if the Savings and Loan Association decides to dissolve permanently, then the Assembly also determines what to do with the emergency fund. If the Association decides to continue, the emergency fund is not usually shared out.</p> <p>26. Congratulate the group on the successful completion of the simulation.</p> <p>27. Answer any questions participants had with the procedure for this meeting or their role as coaches in guiding the process.</p> <p>END OF SIMULATION</p>



Handout 1: Story of Valle Grande

In the community of Valle Grande, the members decided to form a Savings and Loan Association. Starting with the first meeting, the coach collected the money, and gave it to the most responsible person in the group. That person took the money and went back to her house where she hid it under her cabinet. Her son had observed this, and waited for her to leave, then took the money and spent it.

The coach was a little late to the next meeting. When the members arrived, they put their savings on the table. Some were in a hurry so they left. When it was time to add up the money, no one wrote down the total, but everybody said that they had brought all of their savings.

- What happened to the members of the Savings and Loan Association?
- How could you avoid this problem?²

Discuss

² Programa de Ahorro y Credito – Manual de Trabajo, Primera Edicion, 2006, Peace Corps Ecuador, p.16



Handout 2: Constitution Template

Governance of the Association

1. BASIC INFORMATION OF THE ASSOCIATION

- Name of the Association: _____
- Address: _____
- Date of formed: _____
- Date of official registration: _____

2. OBJECTIVE OF THE ASSOCIATION

- The purpose of the Association is to be an independent, profitable provider of financial services for the members
- The services the Association provides to its members in order to achieve this objective are:

3. RELATIONSHIP TO EXTERNAL SOURCES OF FINANCIAL SERVICES

- The Association will not borrow from financial institutions during the first cycle of savings and lending. If it chooses to do so in subsequent cycles it will follow these principles:
 - The Association must be the borrower and not individual members
 - The Association will not allow the lender access to information on individual loans
 - Members' savings cannot be used as collateral for an external loan
 - Any borrowing by the Association must not exceed the total value of all members' paid up shares

4. WHO MAY BE A MEMBER OF THE ASSOCIATION?

- Minimum age: _____
- Gender: _____
- Residence: _____
- Other: _____

5. COMPOSITION OF THE MANAGEMENT COMMITTEE

The management committee is in charge of SAVINGS AND LOAN ASSOCIATION operations. The management



committee consists of:

- Chairperson
- Secretary
- Box keeper
- Money Counter 1
- Money Counter 2

6. ELECTION PROCEDURES

The management committee is elected and supervised by the General Assembly.

- The maximum number of consecutive terms any one person may serve on the management committee are: _____
- Elections must be held at the beginning of each new cycle.
- The minimum number of members who must be present to hold an election are: ____
- The election procedure will use a system that allows everyone's vote to be secret.
- The minimum number of people that must stand for each position in the management committee is two.
- A candidate for election to a post must be nominated for office by another member.

7. REMOVAL OF OFFICERS FROM THEIR POSITION BETWEEN ELECTIONS

- Any member of the General Assembly can call for a vote of no confidence in a member of the management committee. If a majority of the members decide that the person should be removed from the management committee, the member must step down and another member be elected to the same position.

8. MEETINGS

- The Association will meet on _____ at _____ o'clock.
- The Association will meet in the following location: _____
- To collect savings the Association will meet every _____
- To disburse loans the Association will meet every _____
- The cycle of meetings will continue for a maximum of ____ weeks. At the end of the cycle, the Association will share out its assets.

9. SAVINGS

- The value of a share will be: _____
- Each member may choose to purchase 1 – 5 shares in each meeting
- At the beginning of the next bank cycle, the members can decide to each contribute a one-time lump sum amount. Each member should contribute the same amount.



10. LENDING

- Those eligible to borrow are: _____
- The maximum amount that anyone can borrow is three times the value of his or her shares
- The maximum length of loan term is 24 weeks, but only 12 weeks during the first cycle
- The service charge rate to be charged every four weeks (month) is: ____%
- The highest priority for loans will be given for: _____
- The second highest priority for loans will be given for: _____
- The third highest priority for loans will be given for: _____
- A loan that is not repaid will be considered uncollectible after: ____ missed repayments
- When a member does not repay a loan the following principle will apply:

• If a member dies his/her loan need not be repaid.

11. EMERGENCY FUND

- The contribution to the emergency fund will be: _____
- The emergency fund contribution will be paid at every meeting
- The benefits for the death of a spouse will be: _____
- The benefits for the death of a child will be: _____
- The benefits for the death of a parent will be: _____
- The benefit to a member whose house or workplace is destroyed will be: _____
- The benefit for the wedding of a member or a member's child will be: _____
- The benefit for the birth to a member will be: _____
- The benefit for an orphan's support will be: _____



12. FINES

The following table lists the fines that can be charged for offenses committed by members.

Offense	Amount
Non-attendance at a meeting for personal reasons	
Late to meetings	
Not remembering Association rules	
Loss of member number card	
Forgetting key	
Chatting through the proceedings	
Showing disrespect to a fellow member	
Not remembering decisions and activities of the preceding meeting	
Failure of a member of the management committee to perform their duties	

13. MEMBERS LEAVING THE ASSOCIATION³

- If a member leaves the Association, the Association will calculate how much he or she is paid using the following principle:
- If a person is expelled from the Association, the Association will calculate how much he or she is paid using the following principle:

14. EXPULSION FROM THE ASSOCIATION

- The reasons for which a person should be expelled from the Association are:

15. DEATH OF A MEMBER

³ Adapted from *VSLA Programme Guide, Field Operations Manual, Version 3.1*, November 1, 2007, pp.45-47, and Peace Corps/Ecuador *Programa de Ahorro y Credito (PAC) – Bancos Comunitarios Ecuador, Cuarta Edicion*, 2003, Quito, Ecuador, and *SLA – Shortened Overview* from PC/Benin, pp.14-15.



- If a member dies the Association will calculate how much money should be given to their heirs using the following principle:

16. AMENDMENTS TO THE CONSTITUTION

- 2/3 of the members must agree before the constitution can be changed
- Anyone can propose an amendment to the constitution

The constitution is signed by its members

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

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Name: _____

Signature: _____

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Name: _____

Signature: _____

Name: _____

Signature: _____




Handout 3: Passbook Exercise 1 – Share Purchase & Withdrawal

You are the Secretary of the Peace Bank. Help Member #11, Tina Smith, to fill out her passbook.

1. Fill out the front cover
2. Tina had the following share purchase and withdrawal transactions. The Share Value is \$1. Help Tina by filling out her passbook:
 - Week 1: Purchased 1 Share
 - Week 2: Purchased 2 Shares
 - Week 3: Purchased 3 Shares
 - Week 4: Purchased 3 Shares
 - Week 5: Purchased 2 Shares
 - Week 6: Purchased 1 Share
 - Week 7: Withdrew 3 Shares
 - Week 8: Purchased 2 Shares
 - Week 9: Purchased 3 Shares
 - Week 10: Purchased 5 Shares
 - Week 11: Purchased 2 Shares
 - Week 12: Purchased 3 Shares
 - Week 13: Purchased 1 Share

Blank Passbook Cover

Savings and Loan Association
Member Share Passbook



Association Name _____

Association Number _____

Member Name _____

Member Number _____

Blank Savings Page

Single Share Value _____

Shares Bought per Meeting				

Starting number of shares	
Number of shares bought this period	
Number of shares sold this period	
Net shares end period (to be carried forward)	



Handout 4: Meeting Procedures⁴

Prepare Room

Meeting Opening

1. The Chairperson opens the meeting.
2. The Secretary takes attendance.

Emergency Fund

3. The Association recalls the closing balance from the previous meeting and the Secretary verifies the amount.
4. The Key-holders open the cash box and the Money Counters verify the balance.
5. Each member comes forward and contributes the designated amount to the emergency fund to the Money Counter and gets his/her passbook.
6. The Money Counters confirm that each member has given the correct contribution and puts it in the money-counting bowl
7. The Secretary asks if any member missed a payment to the emergency fund in the last meeting. They can pay it now.
8. The Secretary asks if any member needs a grant from the emergency fund. Members in need make their request to the Association.
9. If the majority of the members approve the grant by show of hands or consensus, the money is provided to the member according to the constitution.
10. The Money Counters tally the emergency fund in the counting bowl and announce this to the members. Everyone should remember the amount for the next meeting.
11. The Secretary writes down the amount in a notebook.
12. The emergency fund money is placed in its drawstring bag and put back in the Cash Box.

Share Purchase/Savings

13. The Secretary asks the members to recall the balance of the loan fund from the previous meeting and the Secretary verifies the amount.
14. The Money Counters remove the loan fund from the bag and announce the amount to the members.
15. Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the money counting bowl.
16. The Chairperson announces that members will now buy shares.
17. The Secretary calls each member by number. Each member who saves money buys 1-5 shares. They hand the money to the Money-Counters and their passbook to the Secretary.
18. The Money Counters count the money, place it in the money bowl and announce the number of shares purchased by the member.
19. The Secretary stamps the correct number of shares into the passbook and crosses out any unused blocks.
20. The member then checks that the number of new stamps in the passbook is correct: the passbook remains with the Secretary for the rest of the meeting. The process is repeated for each member.

Note:

If the member needs a withdrawal, they will ask for it instead of buying shares. When a withdrawal is needed, the

⁴ Modified from VSLA Field Officer Guide, Version 1.04, April 22, 2011, Hugh Allen and Mark Staehle



Secretary will cross out the number of shares from the members' passbook that corresponds to the value of the withdrawal and the money counters will give the money from the money counting bowl. The value of a share paid back to the member will be equal to its original purchase price.

Expenses

21. If any money was given for expenses in the previous meeting, the person who made the expenditure gives an account and returns any change to the money counters, who place it in the money counting bowl.
22. The chairperson asks the Secretary if there will be any necessary expenses before the next meeting. If any expenses are approved by all of the members, the Chairperson instructs the money-counters to remove the necessary amount from the money-counting bowl and give it to the member who is responsible for paying the expenses.

Loan Repayment *(skip these steps if this is not a loan meeting)*

23. The chairperson asks borrowers to identify themselves.
24. The Secretary confirms the amount due by referring to the borrowers' passbooks.
25. Members repay loans that are due.
26. The Money Counters count the payment, announce the amount and place it in the money counting bowl.
27. The Secretary enters the payment amount in the members' passbook in the paid box.
28. The Secretary then calculates the remaining balance due and enters it in the loan amount box in the member's passbook.
29. If the remaining balance due is zero, the Secretary signs the passbook and announces that the loan is repaid, cancelling the loan with a diagonal line drawn through the transactions.
30. If a balance remains, the Secretary then calculates the service charge due in the next meeting and enters it in the appropriate space. The borrower then signs in the space provided.
31. The Money Counters combine the money in the fines bowl and the money in the money counting bowl and confirm the amount with the Secretary. This new total represents the amount now available for loans.

Loan Disbursement

32. The chairperson invites loan requests, reminding members of the maximum loan term and loan amount (three times the members' savings).
33. Each member who wants a loan makes a request out loud to the Association, announcing the amount requested the purpose of the loan and over what period of time they expect to repay.
34. The Secretary then calculates the total value of the requests and announces it.
35. If the total value of loans requested is more than the money available in the loan fund, the Association must discuss adjustments to the individual loan amounts until all members are satisfied.
36. Once it is decided how much each borrower will receive, the Secretary calls each borrower to the front in order of their number.
37. The Secretary then enters the loan number, loan amount and service charge due in the members' passbook.
38. The Secretary instructs the money counters to give the borrower the loan amount from the money counting bowl.
39. The borrower counts the money, and signs the passbook.
40. The Secretary then instructs the borrower to announce out loud the total amount due and the date it is due.
41. This process is repeated until all loans have been issued.
42. The Money Counters count any remaining money and announce the amount to the Association. This



amount constitutes their loan fund.

43. The Secretary writes down the ending balances in a notebook and encourages others to do the same.
44. The Association memorizes the closing balance of the Loan Fund and the emergency fund.
45. The Money counters place the Loan Fund in its draw string bag and put it in the cash box.
46. The management committee puts everything back in the cash box and the Key-holders lock it.
47. The Association takes care of any other business.
48. The Chairperson closes the meeting.

Share Out/Action Audit *(this is only for the last meeting of the bank cycle)*

49. The emergency fund is counted, announced and put away. It does not get shared UNLESS the Association wants to dissolve the Association (in which case it gets combined with the Loan Fund).
50. Loan repayment and fines money for the meeting are combined with the loan fund.
51. If any member still owes the Association money, that amount is recovered by cancelling the number of shares in his/her passbook that equal the value of the amount owed.
52. The money counters start counting the loan fund.
53. While the money counters are counting, the Secretary uses the calculator to divide the total of the Loan Fund by the total number of shares.
54. Once the money counters are finished, the Secretary uses the calculator to divide the total of the loan fund by the total number of shares. This determines the value of a single share. It should be written down to the three decimal places.
55. Next the Secretary multiplies the number of shares in each passbook by the value of one share. The Secretary then announces the number of shares and the amount, ignoring any fractional amount, and then asks the money counters to put that amount into the passbook, which is set aside.
56. The Secretary then cancels all of the members' shares by drawing a large cross on each page of the passbook on which there are share stamps.
57. All passbooks are done the same way before anyone receives any money.
58. Once the process is complete, there may be a small amount of money remaining but there should not be a shortfall. If there is a shortfall, the process is repeated until the amounts are correct. Any small amount remaining is put in the emergency fund.
59. Members are given their passbooks with all the money. It is very important that every members' money is placed in their hand.

Preparation for the Next Cycle *(only for the last meeting of the cycle)*

60. Any member who wishes to leave the Association should be free to do so.
61. New members can now join, if all remaining members agree.
62. The continuing members now decide on the share value for the next cycle.
63. If the Association wishes to contribute a lump sum (share capital) for the next cycle, they should do so now. Everyone must contribute the same amount, including new members. It can be more than five shares on this one occasion.
64. The seed capital is then put in the loan fund bag, after being counted by the money counters and announced by the Secretary.
65. The cash box is now locked and the cycle is now formally ended.
66. Depending on the Association's Constitution, they may need to hold elections in the next meeting for the management committee and then revise their Constitution, which new members must sign.

Note:

New members may be assigned an old member to explain the Constitution. New members should fully understand the Constitution and proper meeting procedure (and why it is done in that way).



Handout 5: Passbook Exercise 2—Loan Disbursement and Repayment

You are the Secretary of the Peace Bank. Member #20 – David – is taking a loan for \$100 for three months with a service charge of 10%.

1. Fill out the passbook showing the loan amount, the service charge and that it will be for three months.
2. At the loan repayment meeting, David makes a payment of \$60. Fill out the passbook to show the loan amount balance remaining and calculate the new service charge due.
3. At the next repayment meeting, David pays \$5. Calculate the new loan amount and service charge due.
4. At the next loan repayment meeting, David makes a payment of \$55. Fill out the passbook to show the loan has been paid off in full.
5. Turn to your neighbor (David) to sign off on each repayment.

Blank Loan Page

Loans

Loan No	Item	Amount	Signed
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		



Handout 6: Share Out Exercise

1. Recording Share purchases

You are the Secretary of this Savings and Loan Association. This member has been making weekly purchases of shares. Fill in the passbook showing shares purchased each week for the entire 40 weeks of this bank cycle.

Note:

The trainer should tell you the number of shares you purchased each week. If this member has been purchasing 1 share per week, enter 1 share purchase each week. If this member has been purchasing 5 shares each week, enter 5 share purchases each week.

2. Recording Loan and Loan and Service Charge Repayment

You are the Secretary of this Savings and Loan Association. This member took a loan for \$100. At the end of one month the member paid the \$100 and the service charge of 10%. Fill in the loan portion of the passbook to show the loan repayment in full.

When you have finished entering the loan information in the passbook, turn to your neighbor (who is the member) to sign each time he/she made a service charge payment and the final loan payment.

3. Check Your Work

When you have finished filling out the passbook, exchange it with your neighbor to cross check your work.

4. Enter Total Shares Purchased

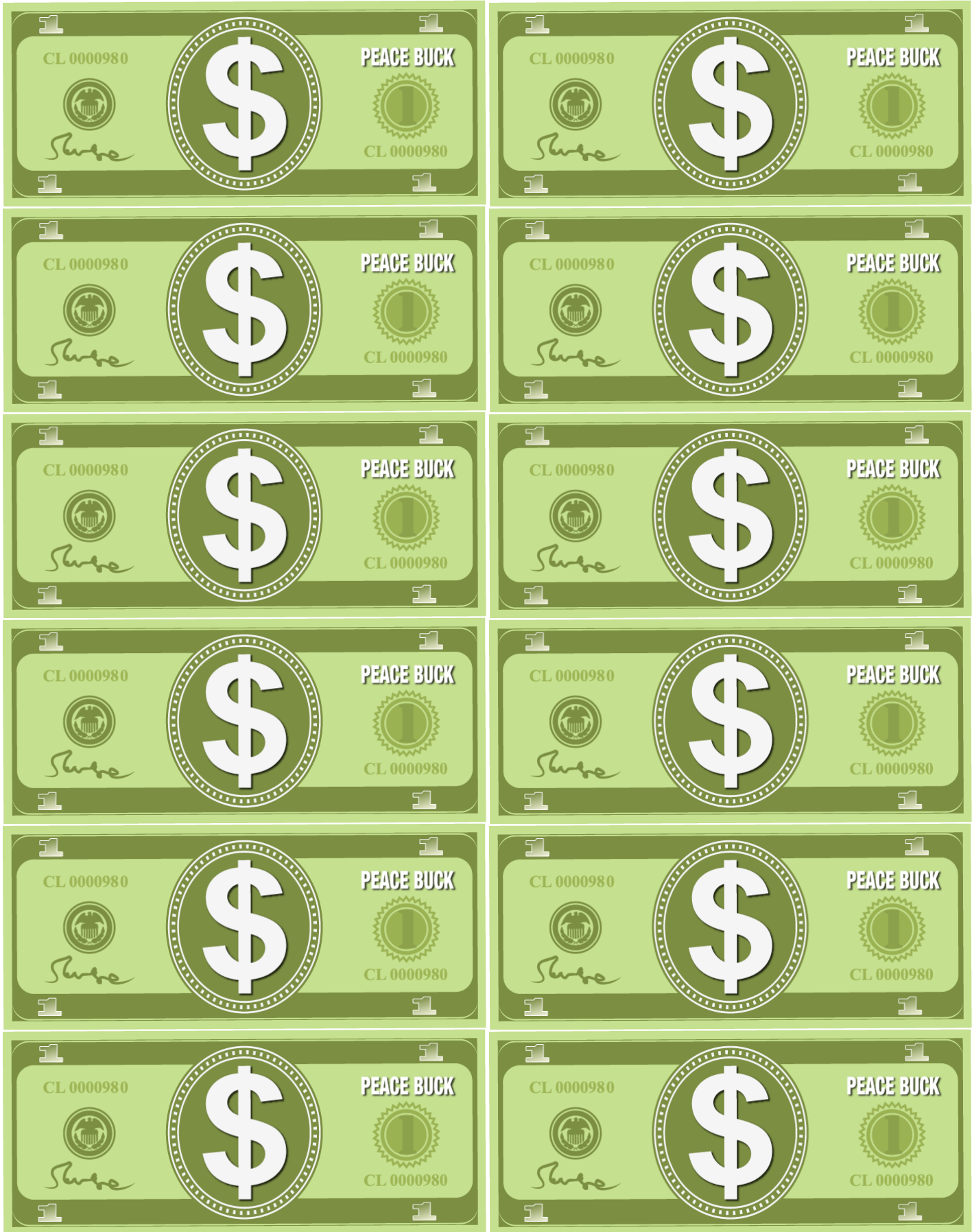
Add up the total number of shares purchased. On the flip chart on the board, enter the total shares purchased next to the member #.

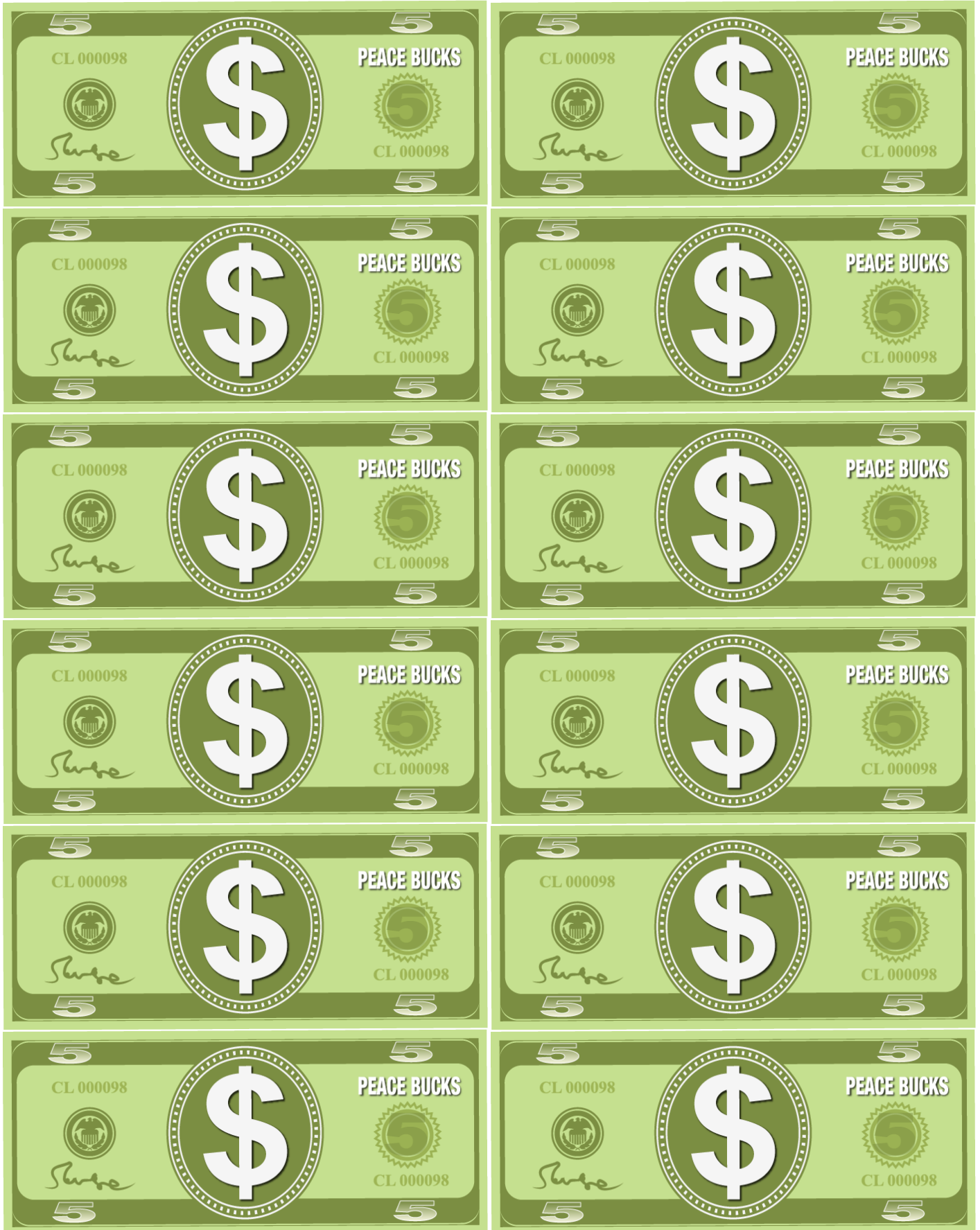


Trainer Material 1: Peace Bucks

Currency in .10 (cents) 1s, 5s, 10s, and 100s. Make sure to print the denominations on different color paper.











Trainer Material 2: Instructions for Money Calculations

Money Calculation for Simulation

This simulation is an opportunity for participants to experience what it is like to run a Savings and Loan Association by themselves. It condenses 40 weeks of banking transactions into several hours.

In order to make the simulation as realistic as possible, each participant will take the role of a Savings and Loan Association member and will make savings and loan transactions. To show people how different share purchase amounts can affect the size of loans or the share out amount they receive at the close of the cycle, it is recommended that there are two tracks with roughly half of the participants purchasing one share and half purchasing five shares.

Prior to the simulation, the trainer needs to calculate how much money would be contributed by each participant for the emergency fund contribution, and how much money would be contributed for the First Share purchase meeting, and then prepare to have that amount of play money on hand for simulation participants. The trainer also needs to calculate how much money would have been contributed between the sessions, and how much would have been contributed at the end of a 40 week banking cycle. Use the calculation tool below to assist with these calculations.

First Share Purchase Meeting

Savings Share Purchase and Emergency Fund Contributions

For the simulation, participants will be making savings and emergency fund contributions at the First Share Purchase Meeting

Emergency Fund Contribution

To calculate the money each participant will need for the Emergency Fund contribution

1. Multiply the total number of participants by the Emergency Fund contribution.
Example: 20 participants x .10 cents each ($20 \times .10 = \$2$)
2. Print currency for emergency fund contribution. Example: Print 20 ten cent pieces (one 10 cent piece for each participant)

Share Purchase Contributions

To calculate the money each participant will need for the Share Purchase

1. Multiply the number of participants purchasing one share and five shares by the total number of shares. Then multiply the total number of shares by the total value of shares.
Example: 10 participants buy one share each. Each share has a value of \$1. $10 \times 1 \text{ share} = 10 \text{ shares} \times \$1 = \$10$ (Total Value of Shares). 10 participants buy 5 shares each. $10 \times 5 = 50$ (total # of shares) $\times \$1 = \50 (Total Value of Shares)
2. Print \$1 for each participant purchasing one share and \$5 (or five \$1 notes) for each participant purchasing five shares.



First Share Purchase Meeting				
Emergency Fund Contribution	# of members	# of weeks	Total # of contributions	Total Contribution
.10	20	1	20	\$2
Share Purchase	# of members	# of weeks	Total # of shares	Total Value of Shares
Purchase 1 share	10	1	10	\$10
Purchase 5 shares	10	1	50	\$50
Totals				
Total Emergency Fund Contribution to date				\$2
Total Share Purchase to date				\$60

First Loan Disbursement Meeting

For this meeting the trainer needs to be able to tell the participants what the new balance would be for the Emergency Fund and the Loan Fund in week 8 (including week 8 contributions)

To calculate the week 8 Emergency Fund balance

1. Multiply the total number of participants by the Emergency Fund contribution by the number of weeks.

Example: 20 participants each contribute ten cents each for eight weeks. $20 \times .10 \times 8 = \16

To calculate the week 8 Loan Fund balance

1. Multiply the number of participants purchasing one share and five shares by the total number of shares. Then multiply the total number of shares by the total value of shares.
Example: 10 participants buy one share valued at \$1 for 8 weeks. $10 \times 1 \times \$1 \times 8 = \80 . 10 participants buy 5 shares valued at \$1 each for 8 weeks. $10 \times 5 \times \$1 \times 8 = \400 .
2. Add fines collected to date. Example \$12. $\$400 + \$12 = \$412$

First Loan Disbursement Meeting				
Emergency Fund Contribution	# of members	# of weeks	Total # of contributions	Total Contribution
.10	20	4	80	\$8
Share Purchase	# of members	# of weeks	Total # of shares	Total Value of Shares
Purchase 1 share	10	4	40	\$40
Purchase 5 shares	10	4	200	\$200
Total Share Purchase				\$480
Totals				
Total Emergency Fund Contribution to date				\$8
Total Share Purchase to date				\$240



First Loan Repayment Meeting

Three participants will took loans and will need to pay back their loan and a service charge during the First Loan Repayment Meeting. For that meeting, the trainer will need to calculate the service charge amount that those three participants will need for the simulation. They will not need the money for their loans, since that will come directly from the Loan Fund - generated by the Association's savings.

To calculate the loan service charges needed

1. Multiply the loan amount by 10% for each loan. Then add them together
Example: three members take loans for \$100, \$80, and \$50. $\$100 \times .10 + \$80 \times .10 + \$50 \times .10 = \$10 + \$8 + \$5 = \$23$.
3. Print money for each participant paying back a loan. Make sure that each one has exact change.

First Loan Repayment Meeting				
Emergency Fund Contribution	# of members	# of weeks	Total # of contributions	Total Contribution
.10	20	8	160	\$16
Share Purchase	# of members	# of weeks	Total # of shares	Total Value of Shares
Purchase 1 share	10	8	80	\$80
Purchase 5 shares	10	8	400	\$400
Total Share Purchase				\$480
Loan Service Charge Payment	Loan Amount	Service Charge Rate	Service Charge Amount	Total
Loan 1	\$50	.10	\$5	\$12
Loan 2	\$50	.10	\$5	
Loan 3	\$20	.10	\$2	
Totals				
Total Emergency Fund Contribution to date				\$16
Total Share Purchase to date				\$480
Total Loan Service Charge Payment to date				\$12

Share Out

Finally, at the end of the 40 weeks, the bank will “share out” all of its assets from the Loan Fund. For this meeting the trainer needs to be able to tell the participants what the ending balance would be for the Emergency Fund and the Loan Fund at the end of week 40. Keep in mind that in the Loan Repayment meeting, three people took emergency loan fund grants. That needs to be subtracted from the total Emergency Fund amount. Also, for the simulation, each member is going to record a one month loan of \$100 at 10% service charge. This will need to be included in the ending Loan Fund balance. We assume that all loans were repaid on time and in full.

To calculate the week 40 Emergency Fund balance



1. Multiply the total number of participants by the Emergency Fund contribution by the number of weeks. Then subtract any grants made from the Emergency Fund.
Example: 20 participants each contribute ten cents each for 40 weeks. $20 \times .10 \times 40 = \80 . Minus \$50 in grants. $\$80 - \$50 = \$30$.

To calculate the week 40 Loan Fund balance

1. Multiply the number of participants purchasing one share and five shares by the total number of shares. Then multiply the total number of shares by the total value of shares.
Example: 10 participants buy one share valued at \$1 for 40 weeks. $10 \times 1 \times \$1 \times 40 = \400 . 10 participants buy 5 shares valued at \$1 each for 40 weeks. $10 \times 5 \times \$1 \times 40 = \$2,000$. $\$400 + \$2,000 = \$2,400$
2. Then calculate all service charges collected on loans issued since the first loan disbursement meeting.
Example: 20 participants each take a one month loan of \$100 with a service charge of 10% per month. $20 \times \$100 \times .10 = \200
3. Add up the loan service charges collected in the First Loan Repayment meeting. Example: \$23
4. Add up any fines collected during the simulation. Example: \$12
5. Add the totals from steps 1-4 together for the Total 40 week Loan Fund Balance: $\$2,400 + \$200 + \$23 + \$12 = \$5,235$

Share-out Meeting				
Emergency Fund Contribution	# of members	# of weeks	Total # of contributions	Total Contribution
.10	20	40	80	\$80
Share Purchase	# of members	# of weeks	Total # of shares	Total Value of Shares
Purchase 1 share	10	40	400	\$400
Purchase 5 shares	10	40	2000	\$2000
Total Share Purchase				\$2,400
Loan Service Charge Payments	# of loans	Loan Amount	Service Charge Rate	Total
Loans	20	\$100	.10	\$200
Totals				
Total Emergency Fund Contribution to date				\$80
Total Share Purchase to date				\$480
Total Loan Service Charge Payment to date				\$12

Recommendations:

- To simplify calculations during the simulation, it is recommended that the simulation use \$USD or "Peace Bucks" which would have the same value as a USD. If post chooses to use local currency, drop zeros if need be to simplify calculations.



- Use round numbers for loans
- Use 10% for service charge since it is easier to calculate.
- For the purposes of the simulation, estimate that everyone that takes a one month loan during the cycle, takes it for one month, and pays it back on time. The three members who took a loan during the Loan Disbursement meeting will each take a second \$100 loan.

Simulation Banker

The simulation will need a banker to hand out money to the participants during the simulation.

Use the Simulation Calculations Table to determine the total amount of money required for the simulation and the denominations required. The Table will indicate the amounts needed for each round of the simulation.

Individual Savings and Emergency Fund Contributions

Issue simulation money in exact change to each participant.

Individual Loan Service Charges

For loan service charges for the three individual loans, ask the members with loans to visit the bank teller prior to the Loan Repayment Round to receive their service charge amount.



Trainer Material 3: Blank Money Calculations Tables

First Share Purchase Meeting				
Emergency Fund Contribution	# of members	# of weeks	Total # of contributions	Total Contribution
				\$
Share Purchase	# of members	# of weeks	Total # of shares	Total Value of Shares
Purchase 1 share		1		\$
Purchase 5 shares		1		\$
Totals				
Total Emergency Fund Contribution to date				\$2
Total Share Purchase to date				\$60

First Loan Disbursement Meeting				
Emergency Fund Contribution	# of members	# of weeks	Total # of contributions	Total Contribution
		4		\$
Share Purchase	# of members	# of weeks	Total # of shares	Total Value of Shares
Purchase 1 share		4		\$
Purchase 5 shares		4		\$
Total Share Purchase				\$
Totals				
Total Emergency Fund Contribution to date				\$
Total Share Purchase to date				\$



First Loan Repayment Meeting				
Emergency Fund Contribution	# of members	# of weeks	Total # of contributions	Total Contribution
		8		\$
Share Purchase	# of members	# of weeks	Total # of shares	Total Value of Shares
Purchase 1 share		8		\$
Purchase 5 shares		8		\$
Total Share Purchase				\$
Loan Service Charge Payment	Loan Amount	Service Charge Rate	Service Charge Amount	Total
Loan 1	\$.10	\$	\$
Loan 2	\$.10	\$	
Loan 3	\$.10	\$	
Totals				
Total Emergency Fund Contribution to date				\$
Total Share Purchase to date				\$
Total Loan Service Charge Payment to date				\$

First Loan Repayment Meeting				
Emergency Fund Contribution	# of members	# of weeks	Total # of contributions	Total Contribution
		8		\$
Share Purchase	# of members	# of weeks	Total # of shares	Total Value of Shares
Purchase 1 share		8		\$
Purchase 5 shares		8		\$
Total Share Purchase				\$
Loan Service Charge Payment	Loan Amount	Service Charge Rate	Service Charge Amount	Total
Loan 1	\$.10	\$	\$
Loan 2	\$.10	\$	
Loan 3	\$.10	\$	
Totals				
Total Emergency Fund Contribution to date				\$
Total Share Purchase to date				\$
Total Loan Service Charge Payment to date				\$



Share-out Meeting				
Emergency Fund Contribution	# of members	# of weeks	Total # of contributions	Total Contribution
		40		\$
Share Purchase	# of members	# of weeks	Total # of shares	Total Value of Shares
Purchase 1 share		40		\$
Purchase 5 shares		40		\$
Total Share Purchase				\$
Loan Service Charge Payments	# of loans	Loan Amount	Service Charge Rate	Total
Loans		\$.10	\$
Totals				
Total Emergency Fund Contribution to date				\$
Total Share Purchase to date				\$
Total Loan Service Charge Payment to date				\$



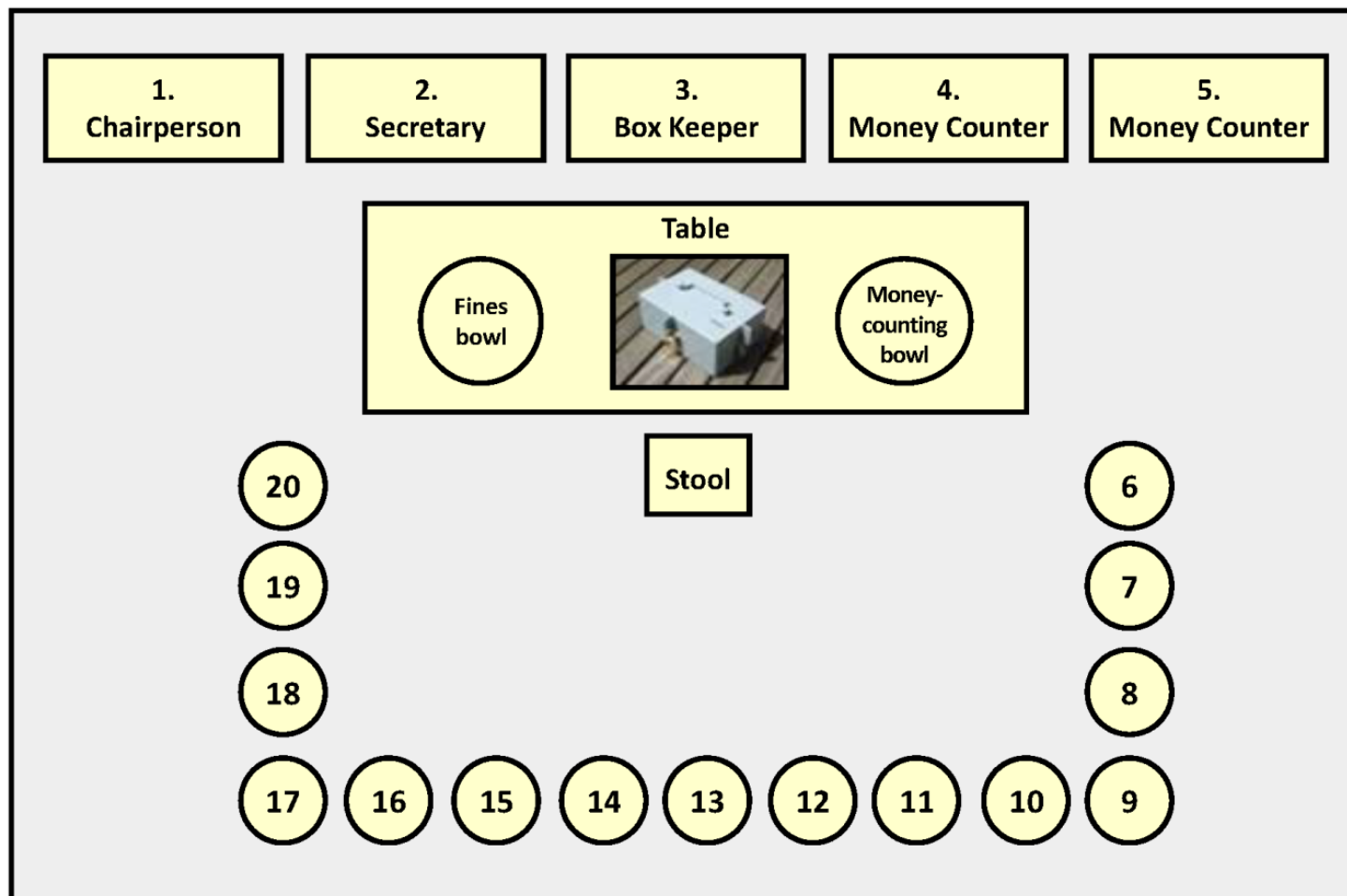
Trainer Material 4: Denominations Chart

First Share Purchase Meeting	.10	1s	5s	10s	100s
Purchase 1 share					
Purchase 5 shares					
Emergency Fund Contribution					
Total Needed					
First Loan Repayment					
Loan Service Charge					
Total Needed					
Share Out					
Total Needed					
Grand Total Needed					



Trainer Material 5: Seating Arrangement Chart⁵

Seating Arrangement



Adapted from *VSLA Field Officer Guide, Version 1.04*, April 22, 2011, p. 17

⁵ Adapted from *VSLA Field Officer Guide, Version 1.04*, April 22, 2011, p. 17



Trainer Material 6: Training Meeting Agendas

Agenda 1:

Leadership and Elections Agenda

- Review qualities of a member
- Story/Discussion
- Explanation of the Management Committee Offices
- Election of the Management Committee

Agenda 2:

Emergency Fund, Share-purchase and Credit Policies Agenda

- Seating arrangement for meetings
- Emergency Fund
- Rules for saving with share purchase
- Rules for loans



Trainer Material 7: Qualities of the Management Committee

Table: Qualities and responsibilities of the Chairperson

Qualities	Responsibilities
<ul style="list-style-type: none"> • A leader • Respected • Confident and calm when speaking in front of others • Treats everyone equally • Listens to others and asks for opinions • honest • Organized • Always on time 	<ul style="list-style-type: none"> • Calls the meeting to order and creates and announces the agenda • Acts as leader of the group • Leads discussions • Guarantees respect for the Constitution • Ensures democratic decision making processes • Finds solutions in case of conflicts between members • Represents the Savings and Loan Association to outsiders and non-members⁶ • Asks for applications for the emergency fund and asks the rest of the members to respond

Table: Qualities and responsibilities of the Secretary

Qualities	Responsibilities
<ul style="list-style-type: none"> • Good with numbers • Writes neatly • Attention to detail • Honest and reliable • Always on time • Available for training • Willing to work extra hours to train with the coach if needed • Must be able to read and write 	<ul style="list-style-type: none"> • Ensures that all transactions for the emergency fund, Share-purchase and lending take place according to procedure, and that all rules are followed • Makes all passbook entries for shares and loans • Reads the emergency fund and Loan Fund cash balances out loud at every meeting • Takes notes about all decisions made by the group in the meeting

Table: Qualities and responsibilities of the Box-keeper

Qualities	Responsibilities
<ul style="list-style-type: none"> • Trustworthy • From a household that has a good reputation 	<ul style="list-style-type: none"> • Keeps the cash box in a safe place between



(no one in that household should be considered unreliable) <ul style="list-style-type: none"> • Lives in a house with good security • Always on time 	meetings <ul style="list-style-type: none"> • Ensures that (s)he is accompanied to/from meetings as necessary • Brings the box to the meetings on time
--	--

Table: Qualities and responsibilities of the Money Counters

Qualities	Responsibilities
Able to count quickly and accurately Trustworthy Calm and organized Always on time	Counts the money at the beginning and end of the bank operations Receives all money Informs the Secretary of the correct amount to be recorded in the passbook Counts all amounts paid to, or taken from the Savings and Loan Association



Trainer Material 8: Member Number Cards

1	2	3
4	5	6
7	8	9



10

11

12

13

14

15

16

17

18



19

20

21

22

23

24

25

26

27



Trainer Material 9: The Kit

The toolkit includes all the equipment a Savings and Loan Association needs to operate

Post Adaptation:

Adapt the Local Currency column with costs in the local currency.

Item	What to use / How to get it	Approximate Cost	
		Local Currency	USD \$
Cash box	A metal or wooden box that is lockable in three places and large enough to fit a notebook and the rest of the kit. It does not have to be complicated but should be well-made and secure.	15000	\$30.00
Notebooks	bookstore or stationary store	200	\$0.40
Pens (2)	Two pens / bookstore or stationary store	200	\$0.40
Ruler	Bookstore or stationary store	100	\$0.20
Inkpad	Bookstore or stationary store	1000	\$2.00
Calendar	Bookstore or stationary store	200	\$0.40
Calculator	Bookstore or stationary store	600	\$1.20
Ink Stamp	A local artist	3000	\$6.00
Passbooks (30)	30 school exercise books / bookstore or stationary store	3000	\$6.00
Locks (3)	Three padlocks / local market	1200	\$2.40
Bowls (3)	Three plastic bowls / local market	1000	\$2.00
Cloth bags (2)	Locally made, drawstring cloth bags / Association members	200	\$0.20
TOTAL		25700	\$51.40

The Association is responsible for assembling the kit. The coach provides potential Savings and Loan Association members with the list and specifications. They will need the entire kit before you start the training.⁷

⁷ Peace Corps/Benin, *Savings and Loan Association – Shortened Overview*, p.8.



Trainer Material 10: Stories about Group Rules

First Story: Manuel is very sick and took a loan of \$50. The total of his savings is \$33.
What should happen if he dies?

Discuss

Second Story: In the Santa Martha Community Bank each member has saved \$20. Riquilda has only saved \$10. When it gets to be festival time, all the members take out their savings - \$15 each.
Can Riquilda take out \$15 like the rest? What policy should be taken in such cases?

Discuss

Third Story: Sandra is a member of the Community Bank. She rarely attends but sends her savings regularly. It is Friday – a bank meeting day, and also the day before her son’s baptism. Like usual she deposits her \$1.00 that she sends with her neighbor, but she also asks for a loan of \$25 for food for the baptism. The Bank’s Constitution states that members must attend 80% of meetings to be eligible for a loan. Sandra’s loan request is rejected and her \$1.00 savings deposit is returned.
Why do you think her loan request was denied? Why was her savings returned?

Discuss



Trainer Material 11: Constitution in Question Form

The following is a list of questions that may help members think through each part of the constitution. It can be used together with the constitution template. For instance, the Chairperson can read each question, the Assembly can discuss, reach consensus on that question and then the Secretary can write the decision in the constitution template.

1. Basic information of the Association

Name of the Association:

Address:

Date of formation:

Date of official registration:

2. Objectives of the Association

What are the objectives of the Association?

What activities will the Association do?

3. Relationship to External financial services providers

- The Association will not borrow from financial institutions during the first cycle of saving and loaning. If it chooses to do so in the subsequent cycles it will follow these principles:
- The association must be the borrower and not individual members
- The association will not allow the lender access to information on individual loans
- Members' savings cannot be sold as collateral for an external loan
- Any borrowing by the Association must not exceed the total value of all members' paid up shares.

4. Who may be a member of the Association

- Minimum age:
- Gender:
- Residence:
- Other:

5. Composition of the management committee

- Chairperson
- Secretary
- Treasurer
- Money Counter 1
- Money Counter 2

6. Election procedures

- How many cycles may a member serve on the management committee?
- When will the Association hold elections?



- The minimum number of members who must be present to hold an election is:
- The minimum number of people that must stand for each position is two (2)
- Another member must propose a candidate for election

7. Removal of officers from their position between elections

Any member of the General Assembly can call for a vote of no confidence in a member of the management committee. If a majority of the members decide to remove a member from the management committee, the member must step down and the Association must elect another member of the same position.

8. Meetings

- Which day of the week will the Association meet?
- At what time will the Association meet?
- Where will the Association meet?
- The cycle of meetings will continue for a maximum of one year before the Association shares out its assets.

9. Saving

- What is the value of one share?
- Members may purchase one to five (1-5) shares at each meeting.
- After share out, the members can decide to each contribute a lump sum amount greater than the 1-5 share value in order to build the Loan Fund for the next cycle.

10. Lending

- Who is eligible to borrow? Is someone outside the group eligible to take a loan from the Association? (It is not recommended to allow people outside the group to take loans.)
- The maximum amount that any member can borrow is three times the value of his or her shares.
- For how long will loans be taken?
- What percent will the service charge rate be on a loan?
- What reasons can a member give to access a loan?
- When the Association has limited funds, what criteria shall be used to distribute loans?
- When will a loan be considered uncollectible?
- What happens when a member does not repay a loan?
- If a member dies his/her loan need not be repaid.

11. Emergency Fund

- How much will each member contribute to the emergency fund?
- The emergency fund contribution will be paid at every meeting.
- What emergencies will the emergency fund cover?



12. Fines

The following table lists the fines that can be charged for offences committed by members (examples include tardiness, talking during meetings, etc)

Offence	Amount

13. Members leaving the association

- If a member leaves the Association, the Association will calculate how much he or she is paid using the following principle:
- If a person is expelled from the Association, the Association will calculate how much he or she is paid using the following principle:

14. Expulsion from the Association

- For what reasons should a person be expelled from the Association?

15. Death of a Member

- What happens when a member dies?
 - With a loan?
 - Without a loan?

16. Amendments to the Constitution

Two thirds (2/3) of the members must agree before the constitution can be changed. Anyone can propose an amendment to the constitution.

The Constitution is signed by its members

Name: _____

Name: _____

Name: _____

Signature: _____

Signature: _____

Signature: _____



Trainer Material 12: Blank Passbook Cover

Savings and Loan Association *Member Share Passbook*



Association Name _____

Association Number _____

Member Name _____

Member Number _____



Trainer Material 13: Passbook Share Purchase and Withdrawal Example

Print the following Blank Passbook Page on flip chart paper.

Single Share Value _____

Shares Bought per Meeting				

Starting number of shares	
Number of shares bought this period	
Number of shares sold this period	
Net shares end period (to be carried forward)	

Example 1: Use the instructions below to fill out the blank passbook page.

- Week 1: Member 5 purchased two shares. The shares are indicated by the two gray arrows. The blue line is drawn to ensure that no one writes or stamps in that row.
- Week 2: Member 5 purchases three shares indicated by the three gray arrows. The blue line is drawn through the fourth and fifth boxes to ensure that no one writes or stamps in that row.
- Week 3: Member 5 purchases two shares indicated by the two gray arrows. The blue line is drawn through the third, fourth and fifth boxes to ensure that no one writes or stamps in that row.
- Week 4: Member 5 cannot purchase any shares. In fact, Member 5 needs to withdrawal three shares. The Secretary uses the red pen to draw through three of the shares. The Secretary draws a line through the entire row in week four to indicate that no shares were purchased.
- Week 5: Member 5 purchases two shares indicated by the two gray arrows. The blue line is drawn through the third, fourth and fifth boxes to ensure that no one writes or stamps in that row.
- Week 6: Member 5 purchases three shares indicated by the three gray arrows. The blue line is drawn through the fourth and fifth boxes to ensure that no one writes or stamps in that row.



- Week 7: Member 5 cannot purchase any shares. A blue line is drawn through the entire row to ensure that no one writes or stamps in that row.
- Week 8: Member 5 purchases five shares. Arrows fill the entire row.
- Week 9: Member 5 purchases one share indicated by one gray arrow. The blue line is drawn through the remaining boxes to ensure that no one writes or stamps in that row.
- Week 10: Member 5 cannot purchase any shares. In fact, Member 5 needs to withdraw three shares. The Secretary uses the red pen to draw through three of the shares. The Secretary draws a line through the entire row in week 10 to indicate that no shares were purchased.
- Week 11: Member 5 purchases two shares indicated by the two gray arrows. The blue line is drawn through the third, fourth and fifth boxes to ensure that no one writes or stamps in that row.
- Week 12: Member 5 purchases one share indicated by one gray arrow. The blue line is drawn through the remaining boxes to ensure that no one writes or stamps in that row.
- Week 13: Member 5 purchases one share indicated by one gray arrow. The blue line is drawn through the remaining boxes to ensure that no one writes or stamps in that row.

Single Share Value USD \$1

The diagram illustrates the share ownership over 10 meetings. Grey arrows pointing right represent shares bought, and red arrows pointing left represent shares sold. Blue diagonal lines separate the grid into sections. The final state shows 16 shares owned.

Meeting	Shares Bought	Shares Sold	Net Change	Shares Owned
1	3	0	+3	3
2	3	0	+3	6
3	1	1	0	6
4	0	0	0	6
5	2	0	+2	8
6	0	0	0	8
7	1	0	+1	9
8	0	0	0	9
9	0	0	0	9
10	0	0	0	9

Starting number of shares	0
Number of shares bought this period	22
Number of shares sold this period	6
Net shares end period (to be carried forward)	16

Trainer Material 14: Passbook Exercise 1—Answer Sheet


You are the Secretary of the Peace Bank. Help Member #11, Tina Smith, to fill out her passbook.

1. Fill out the front cover
2. Tina had the following share purchase and withdrawal transactions. Help Tina by filling out her passbook:
 - The Share Value is \$1
 - Week 1: Purchased 1 Share
 - Week 2: Purchased 2 Shares
 - Week 3: Purchased 3 Shares
 - Week 4: Purchased 3 Shares
 - Week 5: Purchased 2 Shares
 - Week 6: Purchased 1 Share
 - Week 7: Withdrew 3 Shares
 - Week 8: Purchased 2 Shares
 - Week 9: Purchased 3 Shares
 - Week 10: Purchased 5 Shares
 - Week 11: Purchased 2 Shares
 - Week 12: Purchased 3 Shares
 - Week 13: Purchased 1 Share

Blank Passbook Cover

Savings and Loan Association

Member Share Passbook



Association Name Peace Bank

Association Number 1

Member Name Tina Smith

Member Number 11

Blank Savings Page

Single Share Value USD \$1

Shares Bought per Meeting				
➡				
➡	➡			
➡	➡	➡		
➡	➡	➡		
➡	➡			
➡				
➡	➡			
➡	➡	➡	➡	➡
➡	➡	➡		
➡				

Starting number of shares	0
Number of shares bought this period	28
Number of shares sold this period	3
Net shares end period (to be carried forward)	25



Trainer Material 15: Loan Request Scenarios

Cut these scenarios into strips and give them to the member that has that number card.

Note:

Change the loan amount requested depending on the calculations made in the spreadsheet in Trainer Material 2

Member 5 would like a loan for \$100 to give to her husband for his business.

Member 9 would like a loan for \$50 to pay school fees.

Member 15 would like to take a loan for \$20 to buy stock for my grocery business.

Member 16 would like to take a loan for \$50 to buy more tables and chairs for my restaurant.



Trainer Material 16: Loan Disbursement and Repayment Example

Print the following Blank Passbook Page on flip chart paper

Loans

Loan No	Item	Amount	Signed
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		



Passbook Loan Page 1:

Use the example below to fill out the blank passbook page.

Tina takes a loan for \$30 for two months. This is Tina's first loan, so the Secretary writes the number one in the Loan No. column. In this example, Tina takes a loan for \$30. Write \$30 in the "Loan Amount" column. The Constitution of this Savings and Loan Association states that any loan will have service charge of 10% per month. Since Tina took a loan for \$30, the service charge will be $\$30.00 \times .10 = \3.00 . Write \$3.00 in the box next to "Service Charge." Tina has decided she needs the loan for two months. The Secretary writes "End" next to paid on the third month. After the Secretary fills out all the information, Tina signs next to the loan amount and service charge to indicate that she agrees to the terms of the loan.

Passbook Loan Page 1

Loans			
Loan No	Item	Amount	Signed
1	Loan Amount	30	Tina
	Service Charge	3	
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
End	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		

Passbook Loan Page 2

Loans			
Loan No	Item	Amount	Signed
1	Loan Amount	30	Tina
	Service Charge	3	
	Paid	3	Tina
	Loan Amount	30	
	Service Charge	3	
	Paid		
	Loan Amount		
	Service Charge		
End	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		

Passbook Loan Page 2:

The following month Tina pays \$3, the service charge for the first month. She does not pay any of the loan amount so she still owes \$30, in addition Tina now owes a new service charge of \$3. She now owes a total of \$33. Tina signs in the "Signed" column indicating that she acknowledges the term of a loan.



Passbook Loan Page 3:

The following month Tina pays \$10. Three dollars is paid toward the service charge. The remaining \$7 is paid toward the loan amount. Tina's new loan balance is \$23. In addition, she owes a new service charge of \$2.30. Tina signs to acknowledge the new balance.

Passbook Loan Page 3

Loans			
Loan No	Item	Amount	Signed
1	Loan Amount	30	Tina
	Service Charge	3	
	Paid	3	Tina
	Loan Amount	30	
	Service Charge	3	Tina
	Paid	10	
	Loan Amount	23	Tina
	Service Charge	2.30	
End	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		

Passbook Loan Page 4

Loans			
Loan No.	Item	Amount	Signed
1	Loan Amount	30	Tina
	Service Charge	3	
	Paid	3	Tina
	Loan Amount	30	
	Service Charge	3	Tina
	Paid	10	
	Loan Amount	23	Tina
	Service Charge	2.30	
End	Paid	25.30	Ellen
	Loan Amount	0	
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		

Passbook Page 4:

The following month, Tina pays off her loan. She pays \$23 for the loan amount and \$2.30 in service charge for a total of \$25.30. Tina owes \$0. This time the Secretary, Ellen, signs the passbook acknowledging receipt of the money and the pay off of the loan. The loan is canceled with a red pen.



Trainer Material 17: Passbook Exercise 2 – ANSWER SHEET

You are the Secretary of the Peace Bank. Member #20 – David – is taking a loan for \$100 for three months with a service charge of 10%.

1. Fill out the passbook showing the loan amount, the service charge and that it will be for three months.
2. At the loan repayment meeting, David makes a payment of \$60. Fill out the passbook to show the loan amount balance remaining and calculate the new service charge due.
3. At the next repayment meeting, David pays \$5. Calculate the new loan amount and service charge due.
4. At the next loan repayment meeting, David makes a payment of \$55. Fill out the passbook to show the loan has been paid off in full.
5. Turn to your neighbor (David) to sign off on each repayment.

Loans			
Loan No	Item	Amount	Signed
1	Loan Amount	100	David
	Service Charge	10	
	Paid	60	
	Loan Amount	50	David
	Service Charge	5	
	Paid	5	
	Loan Amount	50	David
	Service Charge	5	
	Paid	55	
End	Loan Amount	0	Ellen
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		
	Loan Amount		
	Service Charge		
	Paid		



Trainer Material 18: Emergency Fund Request Scenarios

Scenario 1: I request an emergency fund grant to buy medicine for my sick child.

Scenario 2: I request an emergency fund grant to repair my roof which was damaged in the heavy rains.

Scenario 3: I request an emergency fund grant to pay for funeral expenses for my aunt.



Trainer Material 19: Calculating Share Value for Share-Out

Simple Share out Formula⁸

The simple formula for determining the dividends or share out is to take the total amount of money in the Loan Fund divided by the total number of shares equals the new share value. To calculate a member's dividend: multiply the number of shares he or she bought by the new share value.

Example – At the end of the first cycle, Sunshine Savings and Loan Association's Loan Fund value is \$2,000. The members bought a total of 1,000 shares at \$1 per share.

\$2,000 divided by 1,000 shares equals a new share value of \$2.

Total Loan Fund	Total Shares Purchased	Original Share Value	New Share Value
\$2,000	1,000	\$1	\$2

Calculating Total Loan Fund – at the end of the bank cycle, all loans and fines should be paid in full. All the money that the money counters count in the Loan Fund on the last day of the banking cycle is the total value of the loan fund.

Calculating Total Shares Purchased: To find out the total shares purchased, count up all the shares purchased in the members' passbooks. (Remember not to count any shares that were withdrawn).

Calculating New Share Value: To find out the new share value, divide the total Loan Fund value by the total shares purchased. In the example above $\$2,000/1,000 = \2 .

Calculating Individual dividends or share out: To find out what each individual member should receive in share out, take the total number of shares purchased by that member (subtracting any shares withdrawn) and multiply it by the new share value.

Example: Janet bought 64 shares (\$64). $64 \times \$2$ (the new share value) = \$128. Janet will receive \$128 at the Share out. On top of her savings (\$64), Janet receives \$64 in profit.

⁸ Savings and Loan Association – Shortened Overview from Peace Corps Benin



Trainer Material 20: Share Purchases & Share Out

	Total Shares Purchased	New Share Value	Share-Out Dividend
Member 1			
Member 2			
Member 3			
Member 4			
Member 5			
Member 6			
Member 7			
Member 8			

Total Shares	Total Loan Fund	Old Share Value	New Share Value
--------------	-----------------	-----------------	-----------------

