**The Idea.**

Across the world, there are [billions](https://www.worldbank.org/en/topic/financialinclusion/overview#:~:text=However%2C%20close%20to%20one%2Dthird%20of%20adults%20%E2%80%93%201.7%20billion%20%E2%80%93%20were%20still%20unbanked%20in%202017%2C) of people who are unable to access traditional financial services. The aims of many public blockchains are to reduce these barriers and increase access to financing for people and communities who are traditionally under-financed or un-financed. The leapfrog approach.

Robust and established systems do exist in traditional senses based on community efforts, knowledge and trust that allows for financial flows to operate locally in communities that are said to be under or unfinanced. These financial flows are often times associated or facilitated via groups, such as ROSCOs, CHAMAs, ASCAs, VSLAs or other types of [rotating credit](https://en.wikipedia.org/wiki/Rotating_savings_and_credit_association#:~:text=Bibliography-,Rotating%20savings%20and%20credit%20association,-9%20languages) systems based on regular savings and lending cycles.

These systems do not operate with external capital, but solely with internal capital from their community and members of the group. Capital is saved regularly by individuals within the group and lent out to other members of the group. Repayment by members occurs with interest attached and this repayment capital is then re-lent circularly within the group for a set period. This allows for a regular pool of capital to be lent, increase the group monetary supply, fund local MSMEs, and proportionally share the benefits with its members. These systems are generally time based and have a cycle end point in which all loans are repaid and the total savings + interest earned is shared out amongst the individual members. This share out is based on the proportion of individual savings to total group savings.

Essentially, these groups create self-sovereign micro-banks within communities that are community run, driven, operated and owned. Imagine an integrated system on Cardano that increases the opportunities for these groups and contributes to a self-sovereign economic identity.

**Why bring this system on chain?**

Bringing a system like the ones described above on chain can allow for the growth of capital within communities via other communities that operate in the same or similar system. Some of these groups operate with excess liquidity that goes un-lent to members and does not contribute to interest earned by the group. Other groups may have excess demand for loans that cannot be met by their group savings, creating opportunity costs for both groups. Creating a system for intergroup lending should be one of the eventual goals of this system, but not the first.

Prior to the creation of inter-group lending, a system must be created that allows for the digitization and verification of trust within the groups themselves. This trust currently exists within groups, but externally, verification is hard as most groups record transactions via pen and paper and manual calculations. To take these transactions, digitize for verification and allow for externally facing trust to be established, can allow for trust and eventual monetary flows between groups. This forms the basis for an inter-group lending protocol or contracts.

With the coming of sidechains to Cardano, the opportunity to bring these systems on chain is now potentially viable, and if implemented correctly, can enable increased access for services offered on chain. The use of a sidechain is needed to minimize transaction fees for savings and lending transactions internally within groups. These transactions will allow for the creation of a ‘trust score’ based on savings and loan repayments of the individuals and the group overall. A sidechain also allows for better isolation, privacy and gating of the system from non-participatory actors. This internal group layer will be the backbone of the system and must exist in all instances as the entry point for participation.

Once trust is established and maintained either at the individual level and/or group level, the inter-group lending layer can be established to allow groups to maximize their earning potential and lend to trusted peers or groups outside of their local group. Potentially, these trust scores could also be used to access other financial instruments or services on chain.

**Who am I?**

My name is Kyle Curry and I live in Zambia, though I’m American by birth. I have lived and worked in Zambia for the last ~10 years and came here as a Peace Corps Volunteer in 2014. During my Peace Corps service, I worked directly with a savings and lending group established through the [CRS SILC framework](https://www.crs.org/our-work-overseas/program-areas/savings-led-microfinance) for 2 years. This group started with ~20 women saving and earning ~$1,200 during their first 8 month cycle and grew to ~75 women saving and earning ~$25,000 during their 3rd 8 month cycle.

Post Peace Corps, my wife and I established Nature’s Nectar, a honey company focused on forest preservation through sustainable honey production. Nature’s Nectar currently works with over 3,000 small scale beekeepers that manage over 30,000 top bar beehives across Zambia.

Most of my time in Zambia has been spent living and working directly with rural communities during Peace Corps and while establishing Nature’s Nectar. I understand the issues faced by these communities as they are my direct lived experience from June 2014 through July of 2021.

Since July of 2021, I have lived in the capitol city, Lusaka and have been learning about blockchain systems and thinking about how they can be leveraged for the worlds most vulnerable communities. Having direct experience with savings and lending groups, understanding local challenges to operating a business and seeing the opportunities blockchain and public ledgers creates, allows for the opportunity to contribute meaningfully to the development and creation of the save. system.

**Interested in exploring, contributing, or sharing?**

Developers, realfi experts, defi experts, financial inclusion professionals and Cardano enthusiasts, please join the save. [discord](https://discord.gg/CFkcF44aEX) or DM me on [@mborongoma](https://twitter.com/mborongoma) on X if you are interested in learning more or contributing.

Please also share this document with anyone within or outside the Cardano Ecosystem that the has knowledge, skills or experience needed to meaningfully contribute to this project.