
In Malawi, we bring the bank to her



Who are the “unbankable”?

Few Malawians have access to a bank account. Nearly 6 million out of a total adult population of 7.6 million in Malawi are unbanked according to the 2014 Malawi Finscope Report. Access to bank accounts in rural areas, where the majority of Malawians live, is only 27 percent versus 68 percent in urban areas. Women are significantly less likely to have access than men; 27 percent of women versus 37 percent of men have bank accounts. Rural low-income women—known as the “unbankable” in banking circles—were not actively targeted by any commercial bank in Malawi.

Through in-depth focus groups with low-income women, Women's World Banking found that Malawian women are the household financial managers and savers. Women prioritize how earned money is allocated. Not only do they manage jointly-generated income, but when they

earn money independently from their husbands, they manage this money independently. Malawian women often identify themselves as providers and have an expected role in saving for the family's future.

In Malawi, low-income women are saving informally using a number of tools including village banking, savings groups and saving at home. Banks are less commonly used due to several barriers facing women, including physical and emotional distance from bank branches, low levels of literacy, the perception that banks are only for rich people and lack of identification. Despite this, having a bank account is seen as a strategy for success and aspirational for women.

With support from UNCDF's MicroLead program, Women's World Banking worked with NBS Bank in Malawi to introduce a tailored savings account for low-income, unbanked rural people, especially women. Pafupi Savings, meaning “close” savings, relies on agency banking, mobile technology and community-based marketing to reach women where they are.

With these insights, NBS Bank and Women's World Banking understood the critical banking barriers facing low-income rural women in Malawi:

- She believes banks are not for her and experiences an emotional distance from them.
- She faces obstacles to access, including distance, cost and lack of formal identification.
- She has low knowledge of how banks work but is curious to learn.

The partners worked together to develop Pafupi Savings, a mobile savings account designed to address these barriers by:

1. BRINGING THE BANK TO THE COMMUNITY:

Pafupi Savings accounts are opened in under 10 minutes by a mobile sales agent (Bwenzi La Pafupi or Pafupi Friend). The agent visits the women in their rural communities and uses mobile technology to set up the accounts quickly and easily. Reaching out in this way communicates to a woman that this savings account is for her.

2. ENABLING ACCESS:

The Reserve Bank of Malawi (RBM) approved simplified know-your-customer requirements for accounts with balance limits of MWK 50,000 (approximately USD 69). As a result, clients who do not have formal identification such as a driver's license or passport, can open accounts by providing a voter card or a letter from traditional chiefs, district commissioners or religious leaders.

3. OFFERING CONVENIENCE AND SECURITY:

Pafupi Savings accounts enable women to bank in their neighborhoods, cutting the cost of transport which makes saving at a bank prohibitively expensive. Pafupi offers transaction services through local shopkeepers who serve as bank agents using a mobile phone. The women already know and trust these shopkeepers and can now make deposits and withdrawals there rather than storing cash at home where it can 'slip through their fingers.'

4. HELPING WOMEN SAVE—REGARDLESS OF THEIR INCOME:

Women can make small deposits—as low as MWK 100 (USD .13)—and withdrawals whenever they want at local shops serving as NBS Bank agents. They also receive an ATM card that can be used at any NBS Bank ATM and agent locations. Pafupi Savings accounts have no monthly fees and balances grow with interest. Deposits are free, however there is a charge for withdrawals at Bank Pafupi Agents, Service Centers and ATMs.

5. EDUCATING NEW SAVERS:

Tailored marketing materials with financial education messages are offered in the local language of Chichewa, using informational images for clients with limited literacy. Marketing flyers and posters emphasize the key product benefits: convenience, "no amount too small" and affordability. Clients receive starter packs at account opening, including an ATM card and PIN code, which show clients how to transact. Pafupi Savings is also promoted through educational events, community radio and local leaders who women know and trust.

6. EMPOWERING WOMEN:

For many women, having a savings account is their first point of access to the formal economy. With a savings account in her own name, she can plan for her future and the future of her family, protect herself in times of crisis, and even build her business with access to loans and other offerings from the bank.

NBS Bank and Women's World Banking first launched Pafupi Savings pilots in seven branches for a period of eight months to test the product, operating model and marketing strategies. The product received high ratings from clients and reached its target among low-income clients, with whom the unique design of Pafupi Savings resonated. As of March 2016, the account was available across NBS Bank's network of 32 branches, with 315 active agents, ready to receive client transactions. NBS Bank views Pafupi Savings and the Bank Pafupi agent network as a central part of its strategic growth objective of expanding its client base to 700,000 clients over three years.

Learning More, Serving Better

With Pafupi Savings, NBS Bank gained new insights into serving low-income women and developed new delivery channels for tapping this market. However, the process was not without the expected challenges of introducing a new savings account.

Developing and bringing a proposition like Pafupi Savings to market requires vision and investment in the bank's capacity. Serving this new market well requires training and orientation to branches, managers and front-line staff, so new clients' first experience of banks is positive. It is a change of mindset for banks, from waiting for customers in branches to seeking them in the field. Additionally, offering instant account opening outside of bank branches through technology and a mobile sales team requires the business, operations, compliance and IT teams to work closely together.

Overall, women tend to take more time when adopting both new financial services and new technologies due to a variety of factors. These include lower literacy levels, informal or irregular sources of income, lack of legal identification documents or formal collateral, time constraints, as well as legal and mobility constraints in many cultural contexts. Though the features of Pafupi Savings address many of these barriers, educating

potential women clients on these features is an ongoing process. Even as winning women clients takes commitment, but once convinced, they are loyal, regular savers.

Reaching women requires targeted sales and marketing approaches and strong institutional commitment. The lessons below continue to help NBS Bank and offer similar institutions insights into how to serve more women clients.

- Institutional coordination and accountability are key to successful introduction of new financial products and channels.
- Technology has the potential to be a game-changer by reducing the cost of serving and making products more accessible to previously “unbankable” segments.
- Managing and expanding agent networks requires a dedicated field staff and investment in capacity building at all levels of the institution.
- Partnership with technical partners brings much needed expertise in project success.
- Engaging local regulators is essential to ensure the product reaches its full potential for clients.

Looking Forward

NBS Bank and Women's World Banking began this project with significant obstacles: low levels of financial inclusion across the country—especially among women—a target market that did not believe banks were for them. Pafupi Savings not only proves the value of investing in digital financial services to serve women, but it can also pave the way for regulatory changes in Malawi and across the region to help other institutions design products that bring underserved communities into the formal financial sector.

NBS Bank continues to expand its reach to low-income women. In 2016, for example, UNCDF provided further support for Women's World Banking to partner with NBS Bank to link existing microfinance groups with new

financial products. This project provided groups with a diverse set of financial services, including Tidililane, a group savings account, Pafupi Savings, an individual account; as well as access to NBS Bank's agent network for savings and loan payments. Initially developed as a service for groups belonging to CUMO Microfinance Limited, a local microfinance organization, the package enables NBS Bank to explore partnerships with other groups in Malawi.

Visit www.womensworldbanking.org to learn more about Women's World Banking's partnerships with institutions like NBS Bank around the world.



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