

FINANCIAL EDUCATION CAMPAIGN: Fanikisha Products for Women Entrepreneurs

1. FINANCIAL EDUCATION (FE) CONTEXT IN RWANDA

Broadening and deepening levels of financial literacy and promoting financial education is a precondition to achieving any financial inclusion targets. The financial education strategy of 2013 emphasized that a crucial component in increasing financial inclusion to 80% by 2017 is the establishment of a National Financial Education Strategy (NFES) that is aimed at deepening and broadening the financial literacy of Rwanda.ⁱ In addition, the government of Rwanda sees a key element of the financial inclusion strategy as creating an enabling environment for financial institutions and other competitors to provide a broader range of low-cost financial services to households. This includes savings and deposit products for historically excluded clients, mobile money transfers, mobile and internet banking, agent banking, micro insurance and micro leasing.

According to the Financial Capability Survey, less than 50% of Rwandans do personal plans and budgets, the majority tend to rely on mutual support and informal credit, 50% save or invest in the form of non-financial assets and only 23% are knowledgeable on how to choose financial products or service providers.ⁱⁱ

Financial education is hence important as it equips people with a set of capabilities, knowledge, skills and confidence to make and exercise informed, confident and timely money management decisions. The financial education framework in Rwanda reflects the four key elements of a multi-faceted approach aimed at increasing the effectiveness of the financial education. These elements are:

- a) Consumer awareness to sensitize people to key financial education messages provided through macro-level and micro-level actors.
- b) Direct training to equip people with knowledge, attitudes and skills needed for good money management and adoption of financial services provided through micro-level actors
- c) Reinforcement to ensure that financial education messages learned through training are retained and provided to actors at all levels, depending on the type of reinforcement needed.
- d) Practice to provide people with an opportunity to apply what they learned through interaction with micro-level actors

Regarding delivery channels of financial education, the main providers of financial education in Rwanda include development organizations, such as Access to Finance Rwanda (AFR) and New Faces New Voices (NFNV), government institutions like Rwanda Business Development Fund (RBDF), financial institutions, as well as family and friends in the form of trusted informal advisory networks. Various media such as radio, television and public meetings are common providers of financial education to Rwandans.

2. INTERVENTION APPROACH

Financial literacy needs assessment

The FinCap Survey 2012 highlighted the challenges in terms of numeracy, cash flow management, future planning and financial service use in Rwanda. It suggested a disconnect between knowledge or awareness of cash management practices and behaviour. For example, only 39% say they actually budget and fewer than half know how much they spent in the previous week. Women have lower levels of financial literacy compared to men, which affects the level of financial inclusion for Rwandan women.ⁱⁱⁱ

Since January 2016, Equity's Women in Banking project has been supporting female entrepreneurs in Kigali City, Musanze, Rwamagana, Rusizi and Muhanga districts. Following the paradigm of, "Educating a woman and you educate the entire community" the trainings undertaken by Equity Bank have played a critical role in the business sector and are supporting the Rwandan Government in its commitment to provide quality entrepreneurship programs for all. Most women, however, are limited in their ability to meet consumer demand

and run their businesses efficiently due to lack of access to knowledge and appropriate financial services to help them manage and grow their operations.

Main activity areas (goal, targets, resources & time frame) and outputs

The aim of the FE intervention was to improve the financial knowledge, skills and attitudes, and thus the financial capabilities of women entrepreneurs in Rwanda. These capacities enable the women to make and exercise money management decisions that best fit the circumstances of their lives. This must occur within an environment that includes, but is not limited to, access to appropriate financial services.

Goal	Results as of December 2018	% achieved	Comments
Research and design of a financial education campaign	Manuals and training guide developed by March 2018		Manuals provided to SCBF
Training of Equity Bank staff on financial literacy	12 staff trained	100%	Equipped staff with relevant skills needed for financial management
Train 250 Rwandan women	1'200 women were trained by Dec 2018	100%	Target was surpassed
Dissemination of FE content via branch networks (Reaching 2'000 women entrepreneurs by Y3)	13 branches were used as dissemination channels and min. 1'200 women, but most likely many more were reached through informal savings groups	60%	A wider target audience was reached.

The trainings contained cash flow planning, stock recording, bookkeeping, action plans and savings plans. They were delivered in classroom settings with selected women entrepreneurs as the main target groups. The trainings were conducted by a specifically trained group of Equity Bank trainers and the initial target was 250 women, selected using the following criteria: a) Must be literate, b) Must own a business, c) Must be a client of Equity Bank Rwanda, d) Must be over 18 years of age.

The selected venues were near the business premises of the participating women entrepreneurs, and the trainings were held between 2 - 3 PM Rwandan time. The timing of training sessions enabled the women to attend to their daily entrepreneurial activities, household chores, as well as attend the training. In total, 1'200 women were trained, out of which a sample of 75 took part in a survey on the impact of the activity.

The financial education was delivered such that only trained women can access the loan products from Equity bank under the the Fanikisha/IGIRE na Equity product. All the women benefiting from financial education have the possibility to apply for the financial product from Equity Bank. Similarly, all women applying for loan products have undergone financial literacy education training to ensure better utilization of the loan in their business.

Additional funders

There were no additional funders in this intervention and during the implementation period.

Partner financial institution(s) - Equity Bank Rwanda

Equity Bank was founded as Equity Building Society (EBS) in October 1984 in Kenya. EBS underwent various challenges, including being declared technically insolvent in 1993, before transforming into a rapidly growing retail/microfinance bank. The bank's vision is to be the champion of the socio-economic prosperity of the people of Africa. Equity Bank has been voted the best bank in retail banking several times, due to its customer dedication and talented management team. Additionally, Equity Bank has chosen to differentiate itself from the banking industry by specifically targeting mass banking. The bank's business model is based on three focal areas: (1) Market research and innovation with the objective of moving access further down the income pyramid; (2) Customer service as a key differentiator and; (3) Robust risk management practices. The Bank's business model has been a huge success, prompting the development of a regional diversification strategy.

The model has already been replicated in Tanzania, Uganda, South Sudan, Rwanda and DRC by establishing fully owned subsidiaries. The Bank’s longer-term ambition is to become a Pan African Bank championing financial inclusion and entrepreneurship across Sub-Saharan Africa. Equity Bank Rwanda Limited started its operations in Rwanda in October 2011 with seven branches: three in Kigali and the rest in Musanze, Muhanga, Rwamagana and Rubavu. The bank has over 400’000 customers, the majority of whom are small and medium entrepreneurs. 52% are women.

3. RESULTS ACHIEVED AND NOT ACHIEVED

Client level

Prior to attending the financial education training, many women ran their businesses without any form of record keeping, financial records or stock-taking. A follow-up after the training indicated that the majority of those trained had started keeping basic financial records for the business.

Support to clients	Attitude changes	Behavior changes	Impact
Financial education	Understanding that saving helps one achieve life goals	Started saving	Saving culture is adopted
Business planning	Understanding that a business plan helps the entrepreneur focus and plan effectively.	Revised their plans	Some accessed financing due to well-outlined business plans with financial projections
Business monitoring and appraisal	Understanding that if the business does not yield profits it can be reorganized	Re-organized their businesses	More profits realized compared to before the training

In terms of borrowing loans from the bank, most women had no written plan on how to utilize the loan in the most effective way nor how to repay it. After the training, the majority of women requested Equity Bank to give them time to organize their businesses operations before applying for loans from the bank. This is a testimony to the acquired knowledge in financial management.

Client profiles



Uwimbabazi Valentine (on the left) owns a small bakery business in Kamembe Town, Western Rwanda. Her business has assets worth CHF 10’000. Prior to the financial education and entrepreneurship training, Valentine never kept any record for her business. After the training, the project team caught up with her at her bakery to learn how the training has affected her business.

“I am now able to control my stock from purchasing of raw materials to selling of the finished products. I have bought a records book for proper record keeping.”

Nanette Kamariza purchases used children clothing for resale. When she started in 2015 it was a lucrative business with 100% margins. Two years later the government imposed an import tax on used clothing to promote the local clothing industry. The tax is passed down the chain and now Nannette is lucky to make 20% margins. But Nanette doesn't just give up. She attended a 3-day financial & entrepreneurial skills training at Equity Bank. As a result, she manages her cash better, by considering future requirements, and keeps accurate records. Her dream is to become a wholesaler and she knows now that there are financial products designed for women like her who require start-up capital.



“The training equipped me with financial skills which help me make more informed decisions and I learnt about products specially designed for women entrepreneurs. This is encouraging. For me, financial inclusion means accessing dreams.”

Partner financial institution level

A total of 12 Equity Bank staff members participated in the financial education training. The 12 members of Equity staff initially underwent a Training of Trainers (ToT) course in the International Labour Organization’s (ILO’s) financial literacy kit which includes one on “Start and improve your business.” The kit equipped them with the necessary knowledge on facilitation skills, financial education, and entrepreneurial training skills. An assessment was done immediately after each concluded training session plus subsequent follow up visits. Equity Bank’s client base grew from 6’191 customers in October 2016 to 6’327 in December 2017. The quality of this portfolio has been rated good. This is partly attributed to the financial education campaign. Since the start of the financial education campaign the Equity Bank brand has been promoted and gained brand visibility. Surveys by the marketing department confirm that the education campaign has contributed towards this improved brand visibility. The financial education campaign has attracted new clients, hence increasing the bank’s client base. Around 300 women opened bank accounts with Equity Bank during the financial education trainings in various parts of the country. Equity Bank ran the financial education campaign up to the end of 2017 and decided to stop due to limited resources and organisational changes.



Financial education training at Equity Bank



Equity Bank, Ramera Branch

Unfortunately, the training is not institutionalized. It has been a major challenge for the training department, to get funding to pay for venue, food & transport. Additionally, it is difficult to gather women entrepreneurs scattered across a region and convince them to stay away from their business for an entire day, or even two. Equity Bank staff nonetheless offers trainings once in a while and they regularly visit women entrepreneurs in their market stalls to sensitize them on financial topics.

4. LESSONS LEARNT

Conclusions from the intervention

- (i) Basing financial education on a culture of savings and using loan requests from the solidarity fund, there could be a way to facilitate clients in banks to access group loans. This is where women would save under the merry-go-round system and borrow from themselves thereby creating a borrowing history and track record that can be considered by a formal financial institution as a credit history in their appraisal.
- (ii) It takes non-financial services to reach sustainable financial inclusion. Women entrepreneurs need not only loans, but also a matching financial and entrepreneurial capability that enables them to appropriately apply the loan to their small businesses and realize returns. During the training, women entrepreneurs realized that there were pre-requisites to be met in their business processes before they access loans: Most women entrepreneurs requested for more time to re-organize their business after the trainings before applying for loans.
- (iii) There are issues that are more family-related than business oriented such as marital instabilities that can negatively influence the success of women entrepreneurs. One example of this is families denying women access to family owned factors of production used in the enterprises. Family related issues can cause many other problems in women's personal and professional lives, hence there is a need to come up with other alternative or integrated solutions to address them.
- (iv) Post investment management – monitoring the loan beneficiaries after disbursement of loans – is very important to ensure that small-scale entrepreneurs manage their business processes in a way that guarantees returns for the repayment of loans. Financial education helps entrepreneurs implement business process and practices that greatly increase the future sustainability of their business performance.
- (v) Change of staff as well as lack of commitment from higher management have negatively affected the outcomes of this intervention with Equity Bank.

Recommendation for similar interventions

The project had critical success in educating women entrepreneurs in financial matters and promoting an increased saving mentality among the beneficiaries. The women are now able to keep simple financial records and make some sound financial decisions.

It is critical that the programme is not run like a special project but as a normal process in the financial institution. This will encourage ownership by the bank staff of such initiatives so that they can become part of the day to day business operations, as opposed to a project that should expire and retire at some point. It calls for a clear roadmap at the onset with flexibility and credible commitment from the implementing partner.

ⁱ http://www.minecofin.gov.rw/fileadmin/templates/documents/National_Financial_Education_Strategy.pdf

ⁱⁱ <http://www.statistics.gov.rw/publication/finscope-rwanda-2016>

ⁱⁱⁱ http://www.fsd.or.tz/wp-content/uploads/2016/04/FinCapReport_11Feb16.pdf