

## 2020-14 | Developing the Business Case for Low-Balance Savings in Uganda

Partner Financial Institution:	<a href="#">FINCA Uganda</a>	SCBF Contribution:	CHF 124'571 (15%)
Country:	Uganda	Matching Contribution:	85%
Duration:	December 2020 – December 2022	Theme:	Financial Capability
Potential Outreach:	50'000 savers	Product:	Savings
Thereof Women:	50%	Target Group:	Multiple

### CONTEXT

Uganda's [National Financial Inclusion Strategy 2017 – 2022](#) (NFIS) states that all Ugandans have access to, and use of, a broad range of quality and affordable financial services which helps ensure their financial security. The NFIS seeks to reduce financial exclusion from 15 to 5% by 2022. FINCA Uganda will contribute to these efforts by developing a business case for low-balance savings mobilization and usage for low-income savers in Uganda. In a rapidly changing environment where technology is revolutionizing the way financial institutions interact with customers, FINCA Uganda will transform its business model and leverage digital innovations to make its savings products more relevant, accessible, and affordable for the poor. FINCA is using a human centered design approach and intends to reach 50'000 savers, mostly via mobile technology by 2022. Digital channels, such as mobile-based products delivered via a smartphone, handset, agent or tablet, will be developed and deployed. FINCA will create digitally enabled financial literacy modules which will be deployed over the devices. The project will decrease barriers to physical access, increase product usage and will enhance customer understanding, facilitating customers' ability to realize their savings goals.

FINCA Uganda, as the 2nd largest MFI in the country, and the first in Uganda to be granted a license as a deposit taking institution, is well placed to spearhead this initiative.

### CURRENT STATUS OF THE MFI

FINCA Uganda has a gross loan portfolio of \$27 million, deposits of \$25 million and 112'500 customers. FINCA operates 27 branches and two sales offices throughout the country; the vast majority of borrowers are located in rural areas and 45% are women. FINCA Uganda's mission and purpose is to be an unconventional community-based financial services provider that profitably and responsibly provides innovative and impactful financial services to enable low-income individuals to invest in their future. FINCA Uganda's product offering includes microloans (agricultural, solar, school fees, educational, village banking and individual loans), money transfers and remittances, and a menu of seven savings products.

Capacity building support from SCBF will be instrumental in helping FINCA Uganda create the internal capacity to develop the most appropriate digital products, deliver them to the target market, and dispatch financial literacy tips and nudges that will encourage savings – furthering FINCA's mission as a provider of sustainable financial services for the low-income.

### OBJECTIVES AND MAIN ACTIVITIES

As part of this project, FINCA will conduct a human centered design exercise to prototype and test low-balance savings product(s) to be delivered via digital means; create the ability for customers to open savings accounts in real time outside the branch with tablets; create a third party agency banking platform facilitating the ability to make deposits and withdrawals at 4'000 locations countrywide; and deliver financial coaching and education through a digital platform ultimately improving the financial health of customers.

Upon project completion, FINCA should be in a position to offer appropriate and affordable low balance savings accounts to at least 50'000 savers annually, with the potential to reach 150'000 savers by 2025.

#### Partnering with:

