

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	2020-01: Matched savings and loans for youth in rural Uganda
Country / Region	Uganda
Partner Financial Institution	Opportunity Bank Uganda Ltd (OBUL)
Grantee	Opportunity International Switzerland
Overall Budget	CHF 178,533 (20 % self-contribution and third-party contribution)
SCBF Contribution	CHF 142,284 (80 % SCBF funding share)
Date of Approval	16.01.2020
Duration	02.2020 until 04.2022
Context	<p>According to the 2018 FinScope survey 78% of Ugandans are financially included, leaving 22% still excluded. Of the financially included population, 20% use informal service providers only, mainly driven by Village Savings and Loan Associations (VSLAs), 36% use both informal and formal mechanisms and 22% only use formal financial services (banks, Savings and Credit Cooperatives (SACCOs), microfinance institutions and Mobile Money Service Providers (MMSPs)). Just 11% of the population use commercial banks. The Finscope 2018 Gender and Youth Analysis found that 23% of young adults in Uganda (2 million) are financially excluded. Excluded young adults are most often rural-based and less educated than those that use financial services. More than half of young adults save – but only 9% save with a bank. Financial inclusion is driven by the need to smoothen cash flow.</p> <p>MicroSave will work with OBUL to develop savings and loans products that will enable it to become a leading provider of financial services to Uganda's rural youth population. Based on market research findings, OBUL will develop and pilot a match savings product that will incentivise group saving amongst low income youth in Mityana province. Loan products will also be adapted to the needs of the rural youth population and rolled out to 'high flyers' to support business growth. This project aligns with OBUL's social mission of reaching more rural and low income youth clients. Its experience in providing financial services in hard to reach areas make it well positioned to serve youth populations in Uganda.</p>
Current Status of the MFI	OBUL is a Tier 1 Ugandan Bank offering a full range of financial services including loans, saving and insurance facilities as well as training in entrepreneurship and financial literacy to both urban and rural micro-entrepreneurs, small and medium enterprises and smallholder farmers. It has 23 branches across Uganda's four regions. It is committed to supporting poor Ugandan households to create and sustain viable livelihoods, and to increase their financial resilience. It currently aims to grow its outreach to Ugandan youth, with the target of increasing the proportion of its clients that are youth to 60% of deposit clients and 40% of loan clients. At present, OBUL lacks the internal expertise and financial resources to strategically move this initiative forward.
Objective and Main Activities	The objective of this project is for OBUL, with technical assistance from Opportunity International and MicroSave Consulting to research, test and embed two youth products within its operations; a matched savings product and a loan product. Working with Opportunity International, they will also develop a framework for on boarding, monitoring and assessing new and existing youth clients. The products will be piloted in Mityana District where 4050 youth (average age 24, 36% female) will receive help to save through matched savings and 400 youth will receive a loan (either group or individual). Upon project completion, the financial institution should be in a position to a) build its social impact by serving more vulnerable clients b) onboard youth clients who in the longer term will mature with the bank as they grow their livelihoods, and c) become a leading provider of youth friendly financial services in Uganda.