



## **Building resilience and economic empowerment for women and youth in Uganda**

### **Call to Action for industry stakeholder and policy makers**

Ugandan microfinance and retail banks, policy makers, implementers, funders and other financial inclusion stakeholders came together at WSBI's Scale2Save knowledge sharing event in Kampala. Together, they discussed how financial services, in particular savings, can help build customer resilience and empower the most vulnerable such as women and young people in Uganda. The most relevant topics discussed were:

- Savings as the backbone for resilience and job creation. Saving in an effective and secure manner can open the doors to opportunities and prosperity for the most vulnerable people in Uganda. Inclusive formal savings are key for low-income people to build resilience to cope with unexpected shocks such as COVID-19. They also lay the building blocks that help create employment and boost economic activity and entrepreneurship. Savings are used for multiple purposes. Only when the industry understands how low-income people use savings, a product offer can be formulated, one that comprises a true value proposition for these customers. To achieve this goal, using the right metrics is essential because they help understand how and to what extent savings contribute to people's resilience and wellbeing.
- Digital financial services and shared platforms as catalysts for inclusion and employment creation. Digital technologies offer financial services at lower costs, fostering opportunities for large-scale inclusion by enabling institutions to serve the mass market of lower-income customers. Shared platforms can improve the offering of a range of financial and non-financial services that connect customers and providers along the entire value chain of services. Innovations play an important role towards bridging the inclusion gap, as long as risks are mitigated. Digitisation can further create an information trail to drive efficiencies in the microfinance eco-system. There's an enormous opportunity in offering digital technologies and platforms to women in marginalised/ultra-poor communities for driving inclusion and employment. Digital technologies and platforms also have huge potential as a catalyst in agri-value chains.
- Drivers of a sustainable business case for more meaningful outreach. Each stakeholder of the financial ecosystem plays a role in closing the financial inclusion gap, however reaching a viable business model for small-balance savings is often challenging. Massive outreach, high volumes of transactions and a customer centric (affordable, accessible and convenient) service offer are key elements of a sustainable business case and comprise some of the key drivers towards sustainability for small-balance savings. The institutional models matter less than the capacity to drive a savings culture and an agile agenda for change. This



agenda must put the customer at the centre and understand technology and financial products as means and enablers of wider customer goals and resilience.

Also, during this Scale2Save event in Kampala, several side workshops focused on the increasing importance of demand side aspects and presented tools and metrics for measuring customer goals and outcomes. These were the topics discussed:

- Customer outcome-based approaches that measure financial health are key to improving consumer protection. Metrics that measure financial health and resilience of customers would ideally use and refine industry indicators in order not to increase the reporting burden of the industry. It is further important to align customer outcome approach with Bank of Uganda's financial inclusion strategy and with reporting requirements.
- Customer research should focus on financial behaviour across customer segments. Ideally, research findings must look at both qualitative aspects and transaction behaviour. These must include data by age, gender, location, type and frequency of transactions, value and channels used. It will be crucial to centralise findings and encourage the industry to use them systematically for product and service development.
- Data analytics have the potential to assist in tailoring solutions that better serve the low-income market. There's no one-size-fits-all approach, and a variety of analytical models can be applied using a different data set, all of which have the potential to drive customer outcomes. The industry must ensure that investments are made in a dedicated analytics tool. Industry players must also participate in sector-level initiatives and make decision based on customer data.

The knowledge sharing event coincides with the kick-off of the next phase of the national financial inclusion strategy. We look forward to further collaboration with the Central Bank and other regulators. With this declaration, the industry recognises the challenges that policy makers face in responding to the diverse needs of all actors across the financial sector.

**The members of this coalition - WSBI, UBA, FSDU, AMFIU, FITSPA, the Mastercard Foundation** - believe that we have a collective responsibility to advocate for the policy responses that are most critical for building greater financial resilience of the most vulnerable people. We furthermore call for more collaboration by key stakeholders especially the regulators, financial service providers and mobile network operators to use this scientific approach of evaluating demand side data so as to cost effectively define the customer they seek to serve. And thus, effectively design suitable financial products and services that suit the needs of the customer. This win - win position would empower the consumer and also provide the financial provider with a longer term committed and yet active customer. This will adequately address the issues of uptake and usage of financial services as we bridge the financial inclusion gap.



We call upon the government of Uganda and all stakeholders in the financial services sector to support the scale up of agent banking services across the country through investing in expanding broadband coverage, infrastructure and digital financial literacy. This will greatly contribute to an increase in the levels of financial inclusion

Furthermore, we ask for the alignment of national policies to allow for more growth of the digital finance ecosystem as well as for the finalization of regulations to enable Microfinance Deposit-Taking Institutions and Credit Reference Bureau to participate more directly in agent banking owing to their proximity to the lower pyramid of customer segments. This will include efforts for setting up the necessary basic infrastructure.

Finally, we encourage to put strong efforts in building a safe environment for the ecosystem that addresses the risks of fraud and cybercrime.

This call to action is therefore intended to support emerging policy responses coming in the next five years. We look forward to engaging further.

We are ready to work with all stakeholders to demonstrate the commitment of the industry, particularly in times of shocks. We are also ready to continue making contributions to the empowerment of low-income customers to seize economic opportunities, build resilience and, ultimately, have a better life.

Signatories:

