

**Scale  
2Save**

# Uganda: FINCA



**Financial literacy education  
can help new customers make  
the most of their accounts**



WSBI



mastercard  
foundation

**Mobile phone banking helps  
to make small savers a viable  
banking market**

Uganda is an East African country of 44.2 million<sup>1</sup> with a young population, where most adults support themselves by subsistence farming or in the informal economy. Gross National Income per person is just US\$790, and 20.3% of people live on less than US\$1.90 a day.

With irregular cash incomes, many citizens have had little access to traditional finance. But the spread of mobile phones has bolstered mobile banking and by 2018, 62% of Ugandan adults had an account. But that still leaves more than a third of adults who need access to financial services to help them save for a better future.

# The aim was to develop low-cost savings products that could be offered across a variety of channels



► Watch the video



## Technology can simplify onboarding too

Part of a 20-nation microfinance network, FINCA Uganda was the first Microfinance Deposit Taking Institution licensed under a regulatory overhaul completed by the Ugandan government in 2003.

In July 2019, FINCA teamed up with the WSBI Scale2Save programme to leverage mobile phone and other emerging financial technologies to develop a new business model designed to mobilise the savings of low-income people. The aim was to develop low-cost savings products that could be offered across a variety of channels, including smartphones, agents and simple handsets. Digital Field Automation, a tablet-based process that simplifies account openings and loan applications, has been adopted to cut costs and simplify processes for clients and staff.

## Teaching savings and business skills turns account holders into financial service users

Together, the partners developed low-cost, mobile-based savings products designed for women, young people and entrepreneurs, including those in the informal economy, with the goal of providing accounts for 52,000 of the financially excluded. Simultaneously, FINCA also designed a financial literacy programme, providing new customers with lessons in budgeting, saving, bookkeeping and investment.

In a follow-on agreement, FINCA partnered with Centenary Bank, a Ugandan lender to share agency banking infrastructure.

## Building a new business model takes time

- The project used RCT research implemented by the parent organisation Finca International and Human Centred Design in developing its youth savings account, but the process delayed account roll-out.
- Partnering to share agents extends geographic reach, and spreads overheads across more accounts, reducing the unit cost.
- Increasing the number of agencies has helped FINCA revive accounts that had become dormant.

<sup>1</sup> For data sources, see Centenary sheet. Programme info from WSBI website World Bank