



Bringing
banking
to the people



FSDT CASE STUDY

Equity Bank Agent Banking and
Financial Education Programme
Across Tanzania

Contributions from Daniel Mhina, Advisor - Digital Finance, FSDT
Bright Mziray, Retail Marketing & Communication - Equity Bank

Contents

OVERVIEW	4
PROGRAMME PARTNERS	6
The Financial Sector Deepening Trust	6
Equity Bank	8
PROGRAMME OBJECTIVES	10
MOTIVES BEHIND THE PROGRAMME	12
CHALLENGES, RISKS AND SOLUTIONS	14
PROGRAMME DESIGN AND IMPLEMENTATION	16
PROGRAMME IMPACT	18
THE HUMAN FACES	20

Abbreviations

FSDT	Financial Sector Deepening Trust
FSPs	Financial Service Providers
KYC	Know Your Customer
MFS	Mobile Financial Services
MNO	Mobile Network Operator
NPS	National Payment Systems
P2P	Person to person
RTGS	Real Time Gross Settlement

Bringing
banking
to the people



Women in rural Zanzibar apply for bank accounts with a visiting bank agent.

The Financial Sector Deepening Trust (FSDT) combined forces with leading East African financial services provider Equity Bank to expand the bank's retail agency banking network in Tanzania. This would make more financial access points available to people being under-served because of their distance away from bank branches, their poverty or marginalisation. It would make it easier and more affordable for them to open accounts and use financial products.

The \$2.5 million programme, which kicked off in July 2015 and concluded in January 2018, also recognised that the absence of financial knowledge within the targeted communities contributed to the low uptake of banking products and services. It therefore planned to provide financial literacy training for potential bank customers alongside the expansion of agent banking to ensure people understood the saving, budgeting and borrowing aspects of banking.

This programme aimed to establish a network of 3,260 Equity Bank agent bankers and had succeeded in recruiting, training and deploying 1,573 agent bankers across Tanzania by its conclusion. The agent banking network -- based on a "hub-and-spoke" model of agents (spokes) reporting into a bank branch (hub) -- reached customers as far as 100km from branches.



2,055 recruited & trained agent bankers

Banks find it costly to establish bricks-and-mortar branches across disadvantaged areas where the physical and technical infrastructure is lacking. The model of recruiting "freelance" agents – e.g. shop keepers -- to act as proxy staff enables affordable expansion. Customers are attracted to using financial services when they do not have to travel long distances and queue for long periods of time.

Agent bankers perform regular banking functions such as deposit-taking and withdrawals, disbursing and also repayment of loans, payments of salaries, pay-outs of pensions, transfer of funds and issuing statements.

One of the key characteristics of this programme is that Equity Bank, in partnership with FSDT, implemented a new agent banking model using centralized and highly automated technology: smart phones (to enable real time bank account creation by capturing a photograph of the applicant and submitting completed forms) and point of sale (PoS) terminals to conduct transactions.

This programme also distinguished itself by making Equity Bank the first FSP in Tanzania to provide financial education free of charge. It trained its own staff on financial inclusion and these staff members ran a series of free financial literacy workshops for target clients. The workshops help people understand the basics of savings, budgeting and debt management. They also make them aware of what banking services and products can offer.

This project has also enhanced the market infrastructure in Tanzania and highlighted FSDT's role in supporting FSPs, who want to play a constructive role in financial inclusion. Looking ahead, it will be interesting to see whether the Equity Bank programme has fostered competition among banks to tap into the lower-income, marginalised customer segment and whether other FSPs will replicate the agent banking model and financial literacy training.



FSDT aims to advance financial inclusion, thereby improving the capacity and sustainability of the financial sector in Tanzania. FSDT supports financial sector stakeholders when it comes to implementing policies, regulations and solutions which are innovative and responsive to the needs of poor people, smallholder farmers and micro, small and medium-sized enterprises (MSMEs).

Employing donor funds and using its own expertise, the FSDT conducts research, forges partnerships with key stakeholders and undertakes the adoption of new mechanisms to bring financial services to rural and urban individuals, households and enterprises.

Established in 2004, FSDT finances interventions in areas where it believes a rapid and lasting impact can be achieved – where lives can be improved and communities can benefit socially and economically. Its evidence gathering and programmes focus on four key areas of the financial sector: agricultural and rural finance, SME finance, digital finance and insurance.

FSDT's approach to promoting financial inclusion

Among the systemic constraints to achieving financial inclusion in Tanzania are gaps in the legal, policy and regulatory framework, information asymmetry between customers and Financial Service Providers (FSPs), low financial capability of customers and FSPs, lack of appropriate market infrastructure and unmet demand for financial services and relevant financial products. FSDT adopts a market-development approach to addressing these constraints so that financial markets can work for the poor. Leveraging its position as a thought leader in financial inclusion, FSDT pushes for facilitation in the market through a combination of convening, advocacy and engagement support delivered to FSPs, industry associations, regulators, policymakers and donors.

Through regular and comprehensive research, FSDT identifies actionable insights that enable it to design intervention programmes with implementing partners like Equity Bank. This programme falls into FSDT's Digital Finance arena where the organisation works to provide access to electronic and digital financial services through non-traditional banking infrastructure, usually using mobile technology.

Role of insights to project decision making at FSDT

FSDT's FinScope survey¹ provides an overview of the financial behaviour of Tanzanian adults in terms of how they generate income and how they manage their money. It provides insights into the extent of uptake and usage of financial services within this context and highlights factors that prohibit and drive uptake and usage.

By overlaying this data onto access point data, one can get a better understanding of access and how it influences uptake and usage of products and services, and in particular to identify both gaps in access points as well as opportunities for filling those gaps. FSDT initiated the geospatial mapping of all cash outlets in Tanzania in 2012 to better understand the supply side of financial inclusion and to analyse the proximity of financial services to where people live and transact in Tanzania.

The vast majority of financial access points – 77.7% -- lay in the coastal, northern and lake areas of Tanzania. Zanzibar had a mere 0.7% of the country's financial access points. Cash outlets in this case included commercial banks, community banks, ATMs, microfinance institutions, mobile money agents, bus stations and post offices.

¹ <http://www.fsd.tz/wp-content/uploads/2017/09/FinScope-Tanzania-2017-Insights-that-Drive-Innovation-1.pdf>



The Equity Bank agency banking programme aimed to:

- Increase access to relevant, appropriate and sustainable financial services for the poor, especially those currently excluded from financial services.
- Increase micro enterprise activity, particularly for women and young people, by providing opportunity to access financial services to acquire loans.
- Increase financial knowledge among the poor, enabling them to improve budgeting, saving and debt management.
- Provide support for FSPs committed to deepening financial inclusion.
- Support development of new products targeting key customer segments like women and youth.

Farmers in rural Zanzibar complete applications to open bank accounts.



Kenya-based Equity Bank² was founded in 1984 as Equity Building Society (EBS) and in 2004 it converted into a fully-fledged commercial bank, Equity Bank Limited (EBL). Equity Bank Tanzania was incorporated in 2011 and launched its operations in Tanzania in 2012.

The bank's vision is to be the champion of socio-economic prosperity of the people of Africa. The bank – which has operations in Kenya, Uganda, Rwanda, South Sudan, Tanzania and DRC – implements a strategy to enhance access, convenience and affordability of modern, inclusive financial services.

226
branches



14,000
agents

In particular, Equity Bank seeks to transform livelihoods of low income households by providing savings, loans, insurance, transfer payments, pension and investment products which enable recipients to invest in better education, health, housing and nutrition for their families. Equity Bank also works to scale up financial access for small enterprises and micro entrepreneurs who face financing constraints.

Although, beginning as a "brick-and-mortar" service provider, Equity Bank has embraced the agency banking model, which allows it to bring its services to the people who need them. The bank – with around 226 branches and almost 14,000 agents -- is considered one of the fastest growing FSPs in East and Central Africa and has been able to achieve this through a robust IT infrastructure operating within a centralised shared services centre based in Nairobi. Equity Bank has multi-channel capacity on SMS Banking, Secure USSD banking, corporate and consumer Internet Banking, Automated Teller Machines banking and online tellers, which are all integrated to the core banking system with real-time and non-stop processing. The bank has also integrated Point of Sale (POS) terminals and online Electronic Funds Transfer for cash back services and debit/credit card payments.

Equity Bank Agency Model

One key determinant of success in their model, according to Equity Bank, is its strategy to rollout and manage agents through its own branches instead of using a third-party agent network management company. Every activity necessary for agent management – recruitment, training, branding, marketing, liquidity management, operations support and monitoring -- is run through the bank's branches with high level support from the head office and a centralised contact centre.

In Tanzania, Equity has planned to roll out a total of 15 branches by the end of 2017. Every branch would be responsible for up to 200 agents distributed within a radius of 100km of the respective bank branch. Almost all EBT branches will be located in urban areas. The agent network coverage of 100km radius allows EBT to serve rural clients without having to put up a full bank branch infrastructure.

Each branch will have a customer care service team, responsible to address all key customer concerns during bank operation hours. After bank branch operating hours, a team of Tanzanian employees at the Equity Bank Group 24-hour customer care centre will answer all customer questions and redirect to the responsible local Tanzanian branch. This is critical for all agency banking operations where agents work beyond the traditional banking hours, and customers may be using their mobile phones to access Equity Bank services.

The bank has also created a separate agency banking department which reports directly to Director of Operations. At the head office, the agency banking team is divided into six pillars - business development; distribution; operations; training; customer experience; and quality assurance. At the branch level, a dedicated Agency Supervisor (AS) is recruited specifically to take care of the agency business. The AS reports to the Branch Manager and to the agency banking team at head office.



"It was very useful because now that I am budgeting, I have savings and I am working towards my goals."

~ Margaret Raphael, a member of the Youth Farming Group on the outskirts of Morogoro who underwent financial education training.

² <http://equitybankgroup.com/>

Tanzanians aren't using banks for three key reasons, according to Joseph Iha, Managing Director of Equity Bank Tanzania.



Together with FSDT, Equity Bank set out to change this by implementing an innovative expansion of the agent banking network while simultaneously raising awareness within the targeted communities of the benefits brought by using banking products and services.

The programme was rolled out nationwide but focused on Mbeya, Dodoma, Morogoro and Zanzibar where financial access points were less prolific.

Objectives:

1 New Model using innovative and integrated technology

Numerous banks in East Africa operate the agent banking model. However, this programme aimed to test a new model in the Tanzanian context. The bank would rapidly recruit agent bankers according to strict criteria and the agents would be trained in offering services via integrated technology.

This project area received 53% of the allocated funding.

Output 1: Extend agent banking network.

Equity planned to rapidly expand its agent banking network by recruiting credible members of the community who had liquid, registered, well-located businesses. Equity Bank now has about 2,055 agent bankers. And is aiming for 3,000 agents by the end of 2018.

Output 2: Innovative and integrated technology.

Agents would use a smart phone to capture photographs and data, upload that to a centralised system to open bank accounts for clients in real time. Agents would then use a PoS machine to conduct transactions e.g. savings, credit and insurance.

Output 3: Increase the number of people using banks.

The programme aimed to see an increase in the number of people living within 5km radius of a financial access point.

2 Financial education

Equity Bank set itself apart from other FSPs with this programme by designing, developing and rolling out a series of financial literacy workshops. The reasoning behind this objective was that people can't use banking services if they don't know what they are and so the programme was designed to give basic understanding of savings, budgeting, debt management and loans.

This project areas received 24% of the allocated funding.

Output 1: Training of Equity Bank staff in raising awareness of financial services.

Equity Bank aimed to train its own staff in how to deliver financial awareness workshops and 60 trainers have been trained since March 2016.

Output 2: Training marginalised and disadvantage people in financial literacy.

Equity Bank aimed to train 250 people in financial literacy each quarter. The training programme has far exceeded this goal with around 40,000 people having attended workshops so far. This figure is expanding organically as more word spreads and more groups request training. Equity Bank says it is seeing many new customers coming through from the financial education workshops.

Output 3: Improved financial inclusion.

Having an increased understanding of how financial services work empowers people to want to open bank accounts and become banked. The financial education training was aimed at existing savings groups or other community groups but is now having a ripple effect with more and more people approaching Equity Bank asking for training. In particular, women who receive training tend to implement it in their own households and entire communities benefit. This training programme has been so successful that other banks have approached Equity Bank asking for advice on how to implement it.

3 Equity Bank capacity and product expansion.

The training of trainers among Equity Bank staff would increase the bank's capacity to understand the financial needs of the under-served and unbanked segments of the Tanzanian population.

This project areas received 23% of the allocated funding.

Output 1: Local recruitment.

Equity Bank recruited Tanzanians locally and trained them in financial inclusion, microfinance and how to manage the agency banking model.

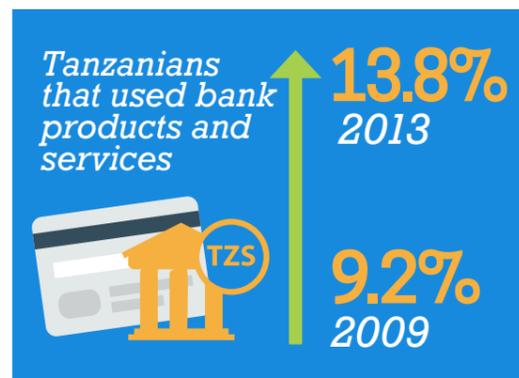
Output 2: Product development.

Equity Bank is gathering intelligence from its network of agent bankers and branch financial inclusion experts to help develop products that would meet the needs of the target client base e.g. agribusiness, SMEs, youth and women.

Members of the Youth Farming Group co-operative in Morogoro, who attended a two-day workshop on budgeting for essential and non-essential spending.



To understand the motivation behind this programme we need to examine the financial landscape in Tanzania ahead of the project's launch. For this we turn to FSDT's FinScope reports from 2009³ and 2013⁴. These reports show that in 2009, 9.2% of Tanzanians used bank products and services. This figure inched up to 13.8% in 2013 – still extremely low and despite there being significant growth in the number of licensed banks operating in the country, Tanzanians significantly lagged other sub-Saharan countries when it came to adults using banking products and services.



FinScope Tanzania 2013 also showed that those employed in agriculture were least likely to access bank products and services (7.1% in Agribusiness and 4.9% of subsistence farmers). Of those running their own businesses, only 19.6% accessed banking products and services, while 78.6% of those formally employed used them.

The report also showed the gender gap with the number of Tanzanian women using formal bank products in 2013 was only 10.1% of those surveyed with men comprising 17.9%.



Between 2009 and 2013, Tanzania saw significant growth in the number of people that have access to formal financial services, offered by both bank and non-bank service providers from 16% in 2009 to 57% in 2013. Overall exclusion dropped from 11.7 million (55.4%) adults excluded in 2009 to just about 6.6 million (27.4%) excluded in 2013 with the greatest area of growth being the use of mobile financial services.

Even with this significant achievement of increasing financial inclusion, the contribution of banks remained very low. In the period 2009 – 2013, Tanzania saw less than 5% growth in the number of people with access to banking products.

Equity Bank said, “Less than 100,000 people use banks exclusively, showing that the banks do not meet the needs of majority of Tanzanians. When compared to most of the sub-Saharan countries in Africa, Tanzania ranks second from last in terms of access to formal banking products, but ranks 6th when mobile money is taken into account,” the bank said in its project proposal “Scaling Agency Banking: Equity Bank Tanzania”.

Simply put, the surveys showed that despite improved financial inclusion Tanzania over the last decade, the number of adults using bank products and services remained small.

³ <http://www.fsd.or.tz/wp-content/uploads/2016/04/Download-FinScope-Summary-Report-2009-English-Version.pdf>

⁴ <http://www.fsd.or.tz/wp-content/uploads/2016/04/FinScope-Brochure-2013-Summary-1.pdf>

The FinScope Tanzania surveys identified the reasons for this, people said⁵:

they lacked sufficient income to justify the cost of operating an account

bank branches were simply too far away it took time and money to get there

they did not know how to open a bank account or understand the conditions

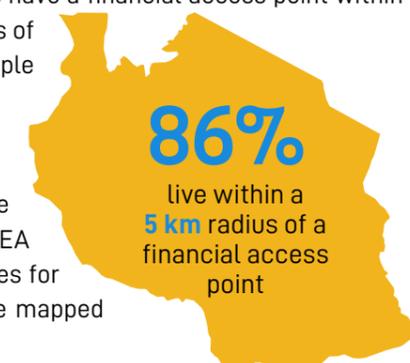
they didn't understand how access to bank products and services would benefit them

“Most people have too little money and feel that banks have too many conditions and are too far away opportunity and other costs of operating a bank account can also be a barrier. Anyone who has to travel to use a bank has to bear a cost – the cost of his or her time away as well as the cost of travel itself,” according to FinScope 2009.

“A lack of knowledge is a substantial barrier to access. There are low levels of awareness and high levels of ignorance about many financial products and terms. Most people say they understand what a loan is, but less than 60% understand what an interest rate is,” the report said. FinScope Tanzania 2017⁶.

With the Equity Bank agency banking programme due to end in January 2018, it is worth sharing some key findings of the FinScope 2017 survey. This mapped all financial service providers in the randomly selected enumeration areas (EAs) and those which are in a 5km radius in rural areas.

FinScope Tanzania 2017 shows that 78% of Tanzanian adults in rural EAs have a financial access point within a 5km radius. Nationally, 86% of Tanzanian adults live within a 5km radius of a financial access point. The 2017 results indicate a 12% increase of people living within a 5km radius of a financial access point in rural areas.



When overlaying the 2014 GIS Census of financial access points with the FinScope Tanzania 2017 EAs, only 66% of people were within reach. The majority of financial service providers found within a 5km radius of the EA were mobile money agents. 55% of mobile money agents provide services for multiple providers. It is also worth noting that almost two thirds of the mapped bank agents are also mobile money agents.

The established benefits of agency banking in Tanzania.

Taking the above into account, the agent banking model hand-in-hand with technological innovation enables those who are unserved and underserved to access financial products and services affordably and more efficiently.

- the delivery of financial services to customers located in areas where banks may not be able to cost-effectively operate a branch.
- reducing queues in bank branches by letting the customers receive banking services elsewhere
- providing access to banking services within reach of the customer and in the comfort and security of their own neighbourhood or village⁷.
- significant reduction in the costs that go with financial services delivery especially to people in rural or other marginalised areas where it is hard to run bank branches profitably.

⁵ <http://www.fsd.or.tz/wp-content/uploads/2016/04/FinScope-Brochure-2013-Summary-1.pdf>

⁶ <http://www.fsd.or.tz/wp-content/uploads/2016/04/FinScope-Brochure-2013-Summary-1.pdf>

⁸ FinScope 2013 showed that although lack of income is still the main barrier to people using banking services, people are more likely to cite supply-side barriers as reasons for not being banked.

Challenges, Risks and Solutions

The following challenges and risks facing the programme were identified and the partners implemented a range of solutions:

Challenge/Risk	Context
High poverty levels	The agent banking model hinges on agents receiving a commission based on the number of transactions conducted. The risk here was that the targeted communities and individuals may be too poor to generate the expected transactions.
Lack of financial awareness	The FinScope surveys highlighted the fact that targeted communities and individuals did not know how to open bank accounts and did not understand how using banking products and services could benefit them. With the vast majority of those targeted only holding a primary school education, there was a severe lack of knowledge about how to budget, save and manage debt.
Agent and customer security risk	Handling large amounts of cash could put the agents and therefore the customers at risk of theft.
Poor telecommunication coverage	Communications network coverage is vital to the success of the agent banking model. Poor network coverage in certain areas could jeopardise the efficiency with which transactions are conducted.
Absence of Tiered KYC (know your customer criteria)	At the time of planning the programme, agent banking regulations did not allow agents to initiate account opening due to KYC regulations. Agents were only useful when it came to "cash in" and "cash out" transactions. At the time, they could not address the eligibility of account applicants and this slowed client on-boarding.
Competition in sector	At the time of planning the project, nine banks held agency banking licences with five offering services through agents in Tanzania. It was a challenge to successfully compete for business.
Lack of qualified branch staff	Equity bank may be lack qualified staff to operate at branch level within the agent banking network, managing agents.

SOLUTIONS

High poverty levels

Equity Bank specialises in offering "no-frills" banking products that have minimal cost for the client. There is no charge to open a bank account or pay in money. The only charge that exists is a handling fee for withdrawals. Furthermore, the new digital model puts the agent cost of operation on the bank, which pays for the network connections. The agent receives a commission based on transactions but does not have to outlay funds to operate.

Lack of financial awareness

Equity Bank is the first bank to offer financial literacy workshops not only to prospective Equity Bank customers but to the targeted communities and individuals in general. Equity Bank launched and continues to implement financial literacy workshops that provide training in budgeting, savings, debt management and loans.

Agent and Client Security Risk

Those recruited as agents are already operating highly liquid businesses within the communities and so were already implementing security precautions against theft. Agents use their existing floats to pay out so there is little change to the funding level. Customers are not at risk because agents are well vetted by Equity Bank and the Bank of Tanzania. Furthermore, because transactions are digital a customer's money is moves quickly into their account with the agent then carrying the shortfall until reimbursed by Equity Bank. Equity Bank continuously monitors and evaluates transaction records, cash flow and any change to an agent's reputation so that any increased risk can be identified.

Equity Bank only engages people that are well respected in the community to become agents. An agent's business has to meet minimum security requirements and hold business registrations, licenses and insurance.

Poor telecommunication coverage

Equity Bank's digital model uses a hybrid of phone and a PoS system. It also integrates land, cellular and satellite capabilities to provide smooth operations of the agency banking model. A variety of sim cards for multiple network operators are provided so that agents can switch to better coverage whenever needed. The cost of this is covered by Equity Bank.

Absence of Tiered KYC

FSDT successfully negotiated with the Tanzania Bankers Association and the Banking Supervision Directorate at the Bank of Tanzania to establish tiered KYC that can be used by banks to allow better use of agents. The criteria applied to recruiting and training agents is strict with paperwork held by Equity Bank and available for scrutiny by the BoT.

Competition in sector

Although the number of banks offering agent banking services is increasing, the uptake of these services remains low indicating there is still enormous opportunity for banks to operate. Equity Bank claims a competitive advantage because of its expansive experience of implementing this model in more than three African countries. Furthermore, the implementation of financial awareness workshops has raised the profile of Equity Bank within the targeted communities, arguably making it a byword for agent banking among those who are new to the service.

Lack of qualified branch staff

As part of the programme, Equity bank ensured each branch in the regions it was targeting had adequately qualified and trained staff to manage the agent recruitment and network.

DESIGN

Realising that agent banking was a potential solution to meeting the financial inclusion gap in Tanzania, Equity Bank engaged with the Bank of Tanzania. The bank sponsored BoT representatives visit Kenya and Brazil to see how the model operated. By 2014 the BoT had issued guidelines for agency banking and in 2015 Equity Bank approached FSDT for support in rolling out an agency banking expansion plan.

Equity Bank opted to implement its tried-and-tested hub-and-spoke model, whereby a banking branch would recruit, train, manage and monitor a network of agent bankers to operate as far afield as 100kms from the branch hub.

This hinged upon banks having qualified staff who could successfully identify and recruit agents from communities surrounding the branches. The agents would then need to be trained and managed by the specialist branch staff. "We needed to start and strengthen the whole value chain. We had to train agents from being users of banking services to now being employees of banks," said Joseph Iha, Managing Director of Equity Bank Tanzania.

Equity Bank developed a training course and manual to ensure its bank staff were capable and equipped with the ability to roll out the recruitment programme. They also produced training manuals for agent bankers.

In addition to this, the bank conducted focus group surveys to determine the level of financial awareness and literacy among the targeted communities. Using the information gathered, Equity Bank designed and developed financial literacy workshops and training manuals to roll-out in the communities.

IMPLEMENTATION

ROLL-OUT: AGENT BANKING NETWORK

Equity Bank identified members of its own branch staff to be trained as agent banking programme managers. These managers set out to recruit potential agent bankers who would undergo a rigid vetting process before being approved and trained. Recruitment was conducted in two ways: managers raised awareness within the communities they operated in and they sought out likely candidates from among established business owners and respected community leaders. There were three parts to how Equity Bank recruited and deployed agent bankers:

1 Selection

The bank selected individuals who were financially stable and who had business skills. They must own an established business within the community and the business must have been in existence for more than two years, operating with a business license. The candidate must prove their liquidity because agents need to operate a cash float.

Potential bank agents must be known and trusted within their own communities. Equity Bank insists upon references for each candidate. The candidate must supply all kinds of documentation: a business registration certificate, all Bank of Tanzania (BoT) required KYC documents, bank statements.

Furthermore, the agent's place of business must be in a visible and secure location. Equity Bank provides the BoT with all documentation relating to a potential agent and the BoT must approve the appointment of the agent before s/he can begin operating. Equity Bank must maintain copies of the documentation and these files are subject to a BoT audit at any time.

2 Training

Agents undergo training in how to use the PoS machine and the smart phone simultaneously, how to open new accounts and how to conduct transactions. They receive training in how to know their customers, how to identify fraud and money laundering and what steps to take if they come across this.

They also receive background training about Equity Bank, its vision and its products. Agents operate on commission: they receive a percentage of transactions conducted as their payment so they more products and services they can offer, the higher their income.

"Simply put, we empower the agents to do what our branch staff would do. They need to understand how we work because they need to market our products," Iha says.

Agents continue to receive regular training from bank officers who support the agent banking network. They are trained in new products and new services as these are launched.

3 Monitoring

Equity Bank officers responsible for the agent networks monitor day-to-day activities of the agents and provide follow-up guidance and solutions. Their role is to solve the challenges faced by agent bankers, such as network connectivity issues or broken PoS machines.

ROLL-OUT: FINANCIAL LITERACY WORKSHOPS

Equity Bank trained at least one branch staff member in each branch to become a financial education expert. These individuals were trained as financial literacy trainers who would ensure that workshops were run regularly.

The trainers approach savings groups, community development officers and religious groups to offer the financial literacy workshops. Increasingly, groups are approaching Equity Bank, having heard of the workshops from others.

Trainers conduct a training needs assessment per workshop by surveying those likely to attend. Each workshop is then structured to meet those needs.

The training model avoids lecturing and focuses on practical exercises and learning by doing with trainers breaking each component down to the simplest level possible to ensure maximum participation. Workshops usually run for 2-3 days and the topics are: budgeting, savings, debt management.

Budgeting

Participants are trained to know their income and plan their expenditure. They are shown the difference between business budgeting and household budgeting; how to realise profit and avoid reckless spending; how to plan ahead and look at a seasonal calendar to determine when spending occurs and the monthly differences.

Savings

Participants are trained to identify when they are able to save and how much. They are shown how banking services and products can help them save and what works better in the longer or shorter term.

Debt management

Participants are trained to understand what makes a loan good and bad. They are advised on what they need to consider when taking a loan and how they can they pay it back. This training includes the fundamentals of a loan: interest rate, repayment time, loan processing fee etc.

Achieving Objectives

1. AGENT BANKERS

Region	Target	Actual
Morogoro	72	96
Dodoma	230	195
Mbeya	300	184
Zanzibar	150	155

Agent Bankers
**recruited 1,868 by
 end of Jan. 2018**



3,295 - 4,5000
 avg. transactions

2. CUSTOMERS SERVED BY AGENT BANKING NETWORK

By the end of the programme, Equity Bank aimed to serve 8,000 customers per day via its agent banking network. The bank says its agent bankers now serve 2,400 customers on average per day.

Region	Target	Actual
Morogoro	100	290
Dodoma	300	575
Mbeya	300	650
Zanzibar	350	765

3. FINANCIAL EDUCATION WORKSHOPS

Equity Bank has
31 trainers
across Tanzanian branches

33,755
people trained
 by Dec. 2017



771 workshops
 May 2016 - December 2017



Agent Bankers: Trust and Training

Ezra E. Mnyampi-Microphas, is an agent banker and clothing shop owner in Morogoro. Like restaurateur Tumaini Eludi, Ezra believes the most important quality an agent banker can have is to be trustworthy. Ezra says the success of his service hinges on the fact that he is credible and he is known.

“The first hurdle is always convincing someone to open account; to convince them that this is not a Ponzi scheme, that it is actually backed by Equity Bank.”

~ Ezra E. Mnyampi-Microphas



Tumaini echoes his sentiments: “Trust remains the biggest challenge. It took me ages to convince one customer, a boda boda driver, but now he saves with me every day.”

For both, business started slow but as referrals take place, it is now picking up. Not willing to wait for clients, Ezra and Tumaini head out into their communities to speak to people about the services and products on offer. In fact, it is this pro-active approach that has increased their daily transactions from 1-2 a day to between six and 10.

The biggest challenge facing an agent banker is network connectivity, they say, but praise Equity Bank’s branch support staff for providing solid training and support when it is needed. Ezra believes that agents should receive continual training to ensure they remain up-to-speed with new banking products, changes in regulations and technological developments. He also believes that more marketing materials (signage, business cards etc) should be made available to agents and also that Equity Bank should set agents performance targets and bank staff should advise them on how to achieve these new targets.

Tumaini is a proponent of Equity Bank’s financial education programme. She believes that increasing people’s awareness goes a long way to helping them make better financial choices.



Agent bankers: Initiative and Advertising

Abdulla Salum Said is an agent banker in Zanzibar. Although business is going well, he believes that a lack of financial awareness still prevents people from banking. Said has taken matters into his own hands. He now runs his own financial education workshops for students at the local university and trains about 10 savings groups.

“ I have to spend a lot of time raising awareness about agent banking but this is part of the responsibility of an agent banker. The future for agent banking looks great. People are becoming more aware and are opening accounts.”

~ Abdulla Salum Said

Said, however, added that it takes far too long to enrol an agent banker and that it there would be more agent bankers if the process could be streamlined.

Fellow Zanzibar agent banker Elbeneza Cecilia Athanas Mahega also has some advice for others. She says that the location of the agent banker and access to marketing materials is vital. Although Mahega is successfully enrolling the members of her own savings group, she struggles to draw outside customers due to the fact she is not located on a main thoroughfare or able to advertise widely.



Budgeting workshops: Making money work

Iddy Juma is a member of The Assembly savings group in Morogoro, which recently received financial education training for its 35 members. Equity Bank trainers held a three-day workshop on the essential elements of a budget and how to apply them. Since attending the course, Juma has saved enough money to purchase to motorbikes which he now rents out to others. Now an entrepreneur, Juma wants more training in how to run a business.

Fellow savings group member Salum S. Bajah also says his life has changed since being educated in budgeting:



“There should be more training and more education so that we can learn from people who have been successful. I’ve learned not to spend money on frivolous stuff. I used to buy a lot of beers and now I only do it for one day a week and I’ve got money.” ~ Abdulla Salum Said

Elsewhere in Morogoro, Ernest Josephat Mkdue praised Equity Bank. Mkdue is a member of the Youth Farming Group (20 members). “No other banks have reached out to us to give us training and education. This is the first bank,” he said.

Financial education trainers: adapting to local needs

Understanding the specific needs of the local groups is vital to successful training. People have to tend to farms and other forms of employment. Women who want training are mothers and need to work around families' needs.

"Time-keeping is an issue. This is due to business and home issues because so many people who want training are mothers and have to look after their children. We dealt with this by changing workshop venues to accommodate them and we also try to combine training workshops with a group's standard meeting,"

~ Equity Bank trainer Nelea Maganga



"Savings are a very important lesson. Before financial education, our savings were non-existent. Through this education, we are now able to understand. We're very enthusiastic about saving. However, the distance between us and banking services is still too big and we want a closer agent to enable us,"

~ Mwatuma Juma Musa

Juliana Luvanda added: "We've often had to postpone meetings because of poor time-keeping but overall it's been a big success and a lot of people are now spending less and saving more."

Financial education: valuable but more support wanted

Juma Mura Juma, the self-appointed "motivator" of a federation of small savings groups in Kaibona-Unguja Ukuu, Zanzibar, said that people in this rural area have benefitted enormously from the training provided but emphasised that it should not stop there.

"One of the first things we were taught is always have final goals and work towards them. In other words, have a plan. More training is important but so is financial support."

~ Juma Mura Juma



The Assembly savings group in Morogoro where many members benefitted from financial education training.

"This education has taught us how to be more responsible with our money. Before we'd put it in something like a used cake tin where it could get stolen or rats would eat it. Now we put our money in the bank with the agent. But we want more education and access to loans."

~ Hamid Mohamed Sheikh



Financial Sector Deepening Trust
2nd Floor "De Ocean Plaza"
Plot 400 Toure Drive Oysterbay
PO Box 4653
Dar es Salaam, Tanzania

www.fsd.or.tz